



## IG Group Holdings plc

*(incorporated under the laws of England and Wales with registered number 04677092)*

### **£1,000,000,000 Euro Medium Term Note Programme**

Any notes (“Notes”) issued pursuant to this base prospectus (the “**Base Prospectus**”) under the £1,000,000,000 Euro Medium Term Note Programme of IG Group Holdings plc (the “**Programme**”) on or after the date of this Base Prospectus are issued subject to the provisions described herein. Under the Programme, IG Group Holdings plc (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes. The aggregate principal amount of Notes issued by the Issuer outstanding under the Programme will not at any time exceed £1,000,000,000 (or the equivalent in other currencies) (the “**Programme Limit**”).

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the “**FCA**”) under Part VI of the Financial Services and Markets Act 2000 (“**FSMA**”) as a base prospectus issued in compliance with Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (as amended, the “**UK Prospectus Regulation**”) for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of 12 months from the date of approval of this Base Prospectus. This Base Prospectus comprises a base prospectus for the purpose of Article 8 of the UK Prospectus Regulation. Applications have been made for the Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List of the FCA (the “**Official List**”) and to trading on the main market of the London Stock Exchange plc (the “**London Stock Exchange**”). The main market of the London Stock Exchange (the “**Market**”) is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (as amended, “**UK MiFIR**”). References in this Base Prospectus to Notes being “**listed**” (and all related references) shall, unless the context otherwise requires, mean that such Notes have been admitted to the Official List and admitted to trading on the Market.

This Base Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as (a) an endorsement of the Issuer; or (b) an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Base Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on the Market. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws, and the Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

The Notes are not deposit liabilities of the Issuer and are not covered by the United Kingdom Financial Services Compensation Scheme (“**FSCS**”) or insured by the U.S. Federal Deposit Insurance Corporation or any other governmental agency of the United States, the United Kingdom or any other jurisdiction.

As of the date of this Base Prospectus, Fitch Ratings Limited (“**Fitch**”) has assigned the Issuer an issuer rating of BBB-. Fitch is established in the United Kingdom (the “**UK**”) and registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). If a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer or the rating(s) assigned to Notes already issued. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “*Risk Factors*” herein.**

*Arranger*

**Barclays**

*Dealers*

**Barclays**

**HSBC**

**Lloyds Bank Corporate Markets**

**NatWest Markets**

## IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purpose of Article 8 of the UK Prospectus Regulation for the purpose of giving information with regard to the Issuer and the Issuer and its subsidiaries taken as a whole, and the Notes to be issued by the Issuer during the period of 12 months from the date of this Base Prospectus, 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 and of the rights attaching to the Notes.

### Responsibility for this Base Prospectus

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Final Terms in relation to Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus (or the relevant Final Terms, as the case may be) is in accordance with the facts and this Base Prospectus (or the relevant Final Terms, as the case may be) makes no omission likely to affect the import of such information.

None of the Arranger nor the Dealers (each as defined below) nor any of their respective affiliates shall be responsible for any act or omission of the Issuer or any other person (other than the Arranger or the relevant Dealer or affiliate) in connection with the Programme and the issue and offering of Notes thereunder.

### Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Conditions**”) as completed by a document specific to such Tranche called final terms (the “**Final Terms**”) which will be delivered to the FCA and, where listed on the Market, the London Stock Exchange, or in a separate prospectus specific to such Tranche (the “**Drawdown Prospectus**”) as described under “*Final Terms and Drawdown Prospectuses*” below.

### The Notes

Notes may only be issued under the Programme which have a denomination of at least €100,000 (or its equivalent in any other currency).

Each Tranche of Notes in registered form (“**Registered Notes**”) will be represented by either (a) individual note certificates in registered form (“**Individual Certificates**”); or (b) one or more global note certificates (“**Global Certificates**”).

Each Note represented by a Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the new safekeeping structure (“**NSS**”), registered in the name of a common depositary (or its nominee) for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant

Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in new global note (“**NGN**”) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

### **Other relevant information**

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base 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.

The Issuer has confirmed to the Dealers that the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information and contains all information in respect of it that is material in the context of the issue and offering of Notes (including all information that is necessary to enable investors to make an informed assessment of (a) its assets and liabilities, financial position, profits and losses and prospects; (b) the rights attaching to the Notes; and (c) the reasons for the issuance of such Notes and the impact of such issuance on the Issuer, as required by the UK Prospectus Regulation). The Issuer has also confirmed that such information is true and accurate in all material respects and not misleading and does not omit to state any other fact required (in the context of the Programme or the issue, offering and sale of the Notes) to be stated therein or the omission of which would make any information contained herein misleading in any material respect and it has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information.

To the fullest extent permitted by law, none of the Dealers, the Arranger, BNY Mellon Corporate Trustee Services Limited in its capacity as trustee (the “**Trustee**”), The Bank of New York Mellon, London Branch in its capacity as principal paying agent and transfer agent (the “**Principal Paying Agent**” and “**Transfer Agent**” respectively), the calculation agent (as specified from time to time in the Final Terms, the “**Calculation Agent**”), The Bank of New York Mellon SA/NV, Dublin Branch in its capacity as registrar (the “**Registrar**” and together with the Principal Paying Agent, the Calculation Agent and the Transfer Agent, the “**Agents**”) or PricewaterhouseCoopers LLP in its capacity as auditor of the Issuer nor any of their respective affiliates accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger, the Trustee, the Agents or a Dealer or any of their respective affiliates or on their behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger, the Trustee, each Dealer and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Base Prospectus or any such statement. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer under or in connection with the Notes.

References in this Base Prospectus to a “**Holder**” or “**Noteholder**” are to the holder of a Bearer Note or the person in whose name a Registered Note is registered, as the case may be.

### **Unauthorised Information**

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus and, if given or made, such information or representation should not be

relied upon as having been authorised by the Issuer, the Arranger, the Trustee, the Agents, any Dealer or any of their respective affiliates.

None of the Arranger, the Dealers or any of their respective affiliates, the Trustee or the Agents has authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy, adequacy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arranger, the Dealers, the Agents, the Trustee and their respective affiliates expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealers, the Trustee, the Agents or their respective affiliates. Investors should review, *inter alia*, the most recent published financial statements of the Issuer when evaluating the Notes.

### **Restrictions on distribution**

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. If a jurisdiction requires that the offering of Notes be made by a licensed broker or dealer and any Dealer or any affiliate of any Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in that jurisdiction. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

**NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

**EU PRIIPs/IMPORTANT – NO SALES TO EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes include a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available

to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or
- (b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**UK PRIIPs/IMPORTANT – NO SALES TO UK RETAIL INVESTORS** – If the Final Terms in respect of any Notes include a legend entitled “*Prohibition of Sales to UK Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II PRODUCT GOVERNANCE/TARGET MARKET** – If applicable, the Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance/Target Market” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET** – If applicable, the Final Terms in respect of any Notes will include a legend entitled “UK MiFIR Product Governance/Target Market” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the

Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

## **Benchmark Regulation**

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate (“**EURIBOR**”), the Sterling Overnight Index Average (“**SONIA**”) or the Secured Overnight Financing Rate (“**SOFR**”), which are provided by the European Money Markets Institute (as administrator of EURIBOR), the Bank of England (as administrator of SONIA) and the Federal Reserve Bank of New York (as administrator of SOFR) respectively. As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR), the Bank of England (as administrator of SONIA) and the Federal Reserve Bank of New York (as administrator of SOFR) do not appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law by virtue of the EUWA (the “**UK BMR**”).

As far as the Issuer is aware, the Bank of England and the Federal Reserve Bank of New York as administrator of SONIA and SOFR, respectively, are not required to be registered by virtue of Article 2 of the UK BMR. As far as the Issuer is aware, the transitional provisions in Article 51 of the UK BMR apply, such that the European Money Markets Institute, as administrator of EURIBOR, is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).

## **Investors to make own investigations**

Neither this Base Prospectus nor any Final Terms nor any of the documents incorporated by reference constitutes an offer or an invitation to subscribe for or purchase any Notes and are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Trustee, the Arranger or any of the Dealers that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The Notes are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risk of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes or where the currency for principal or interest payments is different from the currency in which such investor’s financial activities are principally denominated;

- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (e) be 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 its investment and its ability to bear the applicable risks; and
- (f) understand the accounting, legal, regulatory and tax implications of purchasing, holding and disposing of an interest in the relevant Notes.

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 or other 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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **Programme Limit**

The maximum aggregate principal amount of Notes issued by the Issuer outstanding at any one time under the Programme will not exceed the Programme Limit.

For these purposes, any Notes denominated in another currency shall be translated into pounds sterling at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement (as defined under “*Subscription and Sale*”)).

The Programme Limit may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

### **Certain definitions**

Unless otherwise indicated, all references in this Base Prospectus to “**sterling**”, “**pounds sterling**” or “**£**” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the “**United Kingdom**” or the “**UK**”). All references to the “**Euro**”, “**euro**” or “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended. All references to “**dollars**” or “**U.S.\$**” are to the lawful currency of the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia (the “**United States**” or “**U.S.**”).

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in pounds sterling.

Unless otherwise indicated, references to the “**Group**” are to the Issuer and its consolidated subsidiaries.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

### **Stabilisation**

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. 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 cease 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 Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

## **Singapore SFA Product Classification**

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified and amended from time to time, the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **SUPPLEMENTAL BASE PROSPECTUS**

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the UK Prospectus Regulation, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplemental base prospectus as required by Article 23 of the UK Prospectus Regulation.

## **FORWARD-LOOKING STATEMENTS**

This Base Prospectus and the information incorporated by reference into this Base Prospectus include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could”, “should” or “likely” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and the information incorporated by reference into this Base Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer or the Group concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Issuer and the sectors and markets in which they operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Issuer’s ability to control or predict. Forward-looking statements are not guarantees of future performance.

The Issuer’s actual operating results, financial condition and the development of the sectors and markets in which it operates may differ materially from the impression created by the forward-looking statements contained in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus. In addition, even if the operating results and financial condition of the Issuer, and the development of the sectors and markets in which it operates, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this Base Prospectus, those results or developments may not be indicative of results or the development of such sectors and markets in subsequent periods. Important factors that could cause these differences include, but are not limited to, general political, economic and business



conditions, sector and market trends, changes in government, changes in law or regulation, stakeholder perception of the Issuer and/or the sectors or markets in which it operates and those risks described in the section of this document headed “Risk Factors”.

Investors are advised to read this Base Prospectus and the information incorporated by reference into this Base Prospectus in their entirety, and, in particular, the section of this document headed “Risk Factors”, for a further discussion of the factors that could affect the Issuer’s future performance and the sectors and markets in which they operate. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

Other than in accordance with its legal or regulatory obligations, the Issuer does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

## CONTENTS

	<b>Page</b>
INFORMATION INCORPORATED BY REFERENCE.....	11
PRESENTATION OF INFORMATION.....	13
ALTERNATIVE PERFORMANCE MEASURES.....	14
FINAL TERMS AND DRAWDOWN PROSPECTUSES.....	15
OVERVIEW OF THE PROGRAMME.....	16
RISK FACTORS.....	23
TERMS AND CONDITIONS OF THE NOTES.....	51
FORM OF FINAL TERMS.....	113
FORMS OF THE NOTES.....	126
USE OF PROCEEDS.....	131
INFORMATION ON THE GROUP.....	132
SUPERVISION AND REGULATION.....	143
TAXATION.....	152
SUBSCRIPTION AND SALE.....	154
GENERAL INFORMATION.....	161

## INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the information contained in:

1. the audited consolidated financial statements of the Issuer for the financial year ended 31 May 2021, together with the audit report thereon, as set out on pages 125 to 167 and 118 to 124, respectively of the Issuer's annual report and accounts for the financial year ended 31 May 2021 (the "**2021 Financial Statements**");
2. the audited consolidated financial statements of the Issuer for the financial year ended 31 May 2020, together with the audit report thereon, as set out on pages 152 to 198 and 144 to 151, respectively of the Issuer's annual report and accounts for the financial year ended 31 May 2020 (the "**2020 Financial Statements**" and, together with the 2021 Financial Statements, the "**Financial Statements**");
3. the table which appears under the heading "Pillar 1 risk exposure amounts (REA)" on page 49 of the Issuer's annual report and accounts for the financial year ended 31 May 2020;
4. the announcement entitled "First Quarter Revenue Update", published by the Issuer on 16 September 2021 (other than the final sentence of the second bullet point (beginning "Pro forma revenue") of that announcement, which is not incorporated by reference in, and does not form part of, this Base Prospectus);
5. the document entitled "IG Group Holdings plc – Pillar 3 Disclosure 2021";
6. the table which appears under the heading "Liquidity" in the left hand column of page 44 of the Issuer's annual report and accounts for the financial year ended 31 May 2021;
7. the tables which appear under the headings "Adjusted net trading revenue" and "Adjusted profit before taxation and earnings per share" on page 178 of the Issuer's annual report and accounts for the financial year ended 31 May 2021;
8. the slide entitled "*OTC leverage revenue*" on page 13 of the document entitled "*Results presentation – Accelerating strategic momentum – Full year ended 31<sup>st</sup> May 2021*";
9. the Consolidated Statement of Financial Position and the Consolidated Cash Flow Statement on page 102 and page 104, respectively, of the Issuer's annual report and accounts for the financial year ended 31 May 2018;
10. the table which appears under the heading "Available Liquidity" on page 29 together with the table which appears under the heading "Group Consolidated Capital Resources and Requirements" on page 30 of the Issuer's annual report and accounts for the financial year ended 31 May 2018;
11. the Statements of Financial Position and the Cash Flow Statements on page 103 and 104, respectively, of the Issuer's annual report and accounts for the financial year ended 31 May 2017;
12. the table which appears under the heading "Liquidity" on page 141 together with the table which appears under the heading "Regulatory Capital" on page 142 of the Issuer's annual report and accounts for the financial year ended 31 May 2017; and
13. the table which appears under the heading "The Group's Liquidity Requirements" on page 129 together with the table which appears under the heading "Capital Resources" on page 155 of the Issuer's annual report and accounts for the financial year ended 31 May 2016,

each of which is available (without charge) on the Issuer's website at <https://www.iggroup.com/>, and has been previously published by the Issuer and has been approved by the FCA or filed with it.

Such information in those documents shall be incorporated in and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Those parts of the documents incorporated by reference in this Base Prospectus which are not specifically incorporated by reference into this Base Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Prospectus. Any documents referred to in the documents incorporated by reference in this Base Prospectus do not form part of this Base Prospectus.

## **PRESENTATION OF INFORMATION**

### **Historical financial information**

The historical financial information in this Base Prospectus has been prepared in accordance with the requirements of the UK Prospectus Regulation and the Listing Rules. The historical financial information incorporated by reference in this Base Prospectus consists of the Financial Statements, which have been prepared in accordance with the EU adopted International Financial Reporting Standards (“**IFRS**”), interpretations issued by the IFRS Interpretations Committee (the “**IFRS IC**”) and with the Companies Act 2006 as applicable to companies reporting under IFRS.

### **Non-financial information operating data**

The non-financial operating data included in this Base Prospectus has been extracted without material adjustment from the management records of the Issuer and is unaudited.

### **Rounding**

Percentages and certain amounts in this Base Prospectus, including financial, statistical and operational information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

### **Market, economic and industry data**

Certain information in this Base Prospectus has been sourced from third parties. The Issuer confirms that all third-party information contained in this Base Prospectus has been accurately reproduced and, so far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this Base Prospectus, the source of such information has been identified.

### **No incorporation of website information**

The contents of the Issuer’s website, any website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Base Prospectus, and investors should not rely on such information.

## ALTERNATIVE PERFORMANCE MEASURES

The Group uses non-IFRS financial measures and/or Alternative Performance Measures (“APMs”) as defined in the ESMA guidelines on APMs (the “**ESMA Guidelines**”) for management purposes. The principal non-IFRS financial measures and/or APMs discussed herein are adjusted net trading revenue, adjusted profit before taxation and adjusted profit before tax margin, which are used in addition to, and in conjunction with results presented in accordance with IFRS.

The aforementioned non-IFRS financial measures and/or APMs should not be relied upon to the exclusion of IFRS financial measures, but rather reflect additional measures of comparability and means of viewing aspects of the Group’s operations that, when viewed together with the IFRS results, provide a more complete understanding of factors and trends affecting the Group’s business.

Non-IFRS financial measures and APMs are not standardised and therefore it may not be possible to compare the Group’s measures with other companies’ non-IFRS financial measures and APMs having the same or a similar name. Management encourages investors to review the Group’s financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

### **Adjusted net trading revenue**

Represents the transaction fees paid by clients (client income), net of introducing partner commissions, the Group’s external hedging costs, client trading profit and losses, and corresponding hedging profits and losses, on an adjusted basis.

### **Adjusted profit before taxation**

Represents profit before taxation, one-time costs relating to the tastytrade acquisition and the Group’s external hedging costs, on an adjusted basis.

### **Adjusted profit before tax margin**

Measures the profit that the Group generates as a percentage of net trading revenue, prior to tax charges, on an adjusted basis.

## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression “**necessary information**” means, in relation to any Tranche of Notes, the necessary information which is material to investors for making 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, and the reasons for issuance of the relevant Series of Notes and its impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

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

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in this Base Prospectus as completed 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 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 Base 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.

## OVERVIEW OF THE PROGRAMME

*The following overview is a general description of the Programme, must be read as an introduction to this Base Prospectus, and is qualified in its entirety by the remainder of this Base Prospectus and the information incorporated by reference herein (and, in relation to any Tranche of Notes, the relevant Final Terms). Words and expressions defined in “Forms of the Notes” or “Terms and Conditions of the Notes” below shall have the same meanings in this Overview of the Programme.*

*The Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980, as it forms part of domestic law by virtue of the EUWA.*

<b>Issuer:</b>	IG Group Holdings plc
<b>Issuer’s Legal Entity Identifiers (LEI):</b>	2138003A5Q1M7ANOUD76
<b>Website of the Issuer:</b>	<a href="https://www.iggroup.com/">https://www.iggroup.com/</a>
<b>Arranger:</b>	Barclays Bank PLC
<b>Dealers:</b>	Barclays Bank PLC, HSBC Bank plc, Lloyds Bank Corporate Markets plc, NatWest Markets Plc and any other Dealer appointed from time to time by the Issuer in accordance with the Dealer Agreement either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Trustee:</b>	BNY Mellon Corporate Trustee Services Limited
<b>Principal Paying Agent and Calculation Agent:</b>	The Bank of New York Mellon, London Branch
<b>Registrar and Transfer Agent:</b>	The Bank of New York Mellon SA/NV, Dublin Branch
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series (as defined below) of Notes issued under the Programme. See “ <i>Risk Factors</i> ”.
<b>Admission to Listing and Trading:</b>	Applications have been made for Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List of the FCA and to trading on the Market.
<b>Clearing Systems:</b>	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of such Notes, any other clearing system as may be specified in the relevant Final Terms.
<b>Programme Limit:</b>	Up to £1,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes issued by the Issuer may be outstanding at any one time.  The Issuer may increase the Programme Limit in accordance with the terms of the Dealer Agreement.



**Issuance in Series:**

Notes will be issued in series (each a “**Series**”). Each Series may comprise one or more tranches (each a “**Tranche**”) issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Final Terms or Drawdown Prospectus:**

Each Tranche of Notes will be issued on the terms set out in the Conditions as completed by the relevant Final Terms or Drawdown Prospectus.

**Forms of Notes:**

Notes may be issued in bearer form or in registered form.

***Bearer Notes***

Bearer Notes will be sold outside the United States to persons that are not U.S. persons in “offshore transactions” within the meaning of Regulation S. In respect of each Tranche of Bearer Notes, the Issuer will deliver a Temporary Global Note or (if TEFRA is specified as non-applicable or if TEFRA C is specified as applicable) a Permanent Global Note.

Each Temporary Global Note will be exchangeable for a Permanent Global Note. Each Permanent Global Note will be exchangeable for Notes in definitive bearer form (“**Definitive Notes**”) in accordance with its terms. Definitive Notes will, if interest-bearing, have interest coupons (“**Coupons**”) attached and, if appropriate, a talon (“**Talon**”) for further Coupons.

Each global note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and each global Note which is not intended to be issued in NGN form (a “**CGN**”), as specified in the relevant Final Terms, will be deposited on or before the relevant issue date with a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg.

***Registered Notes***

Each Tranche of Registered Notes will be represented by either (a) Individual Certificates; or (b) one or more Global Certificates.

Each Note represented by a Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in

the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

**Currencies:**

Notes may be denominated in pounds sterling, euro, U.S. dollars or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Status of the Senior Notes:**

The Senior Notes (and the Coupons relating thereto, if any) constitute direct, unconditional, unsubordinated and (subject to Condition 3(a)(ii)) unsecured obligations of the Issuer. The Senior Notes and any Coupons relating thereto rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Senior Note or any beneficial interest therein, each Holder of a Senior Note and each Holder of a Coupon relating to a Senior Note acknowledge and agree that the Senior Notes and any such Coupons rank *pari passu* with all other outstanding unsecured and unsubordinated deposits with, and loans to, the Issuer, present or future (other than obligations of the Issuer which rank or are expressed to rank junior to the Senior Notes and other than such deposits, loans or other obligations of the Issuer which are given priority pursuant to applicable statutory provisions).

**Status of the Tier 2 Capital Notes:**

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) constitute direct and unsecured obligations of the Issuer. The Tier 2 Capital Notes and any Coupons relating thereto rank junior to Senior Claims, including claims in respect of the Senior Notes of the Issuer and any Coupons relating thereto. The Tier 2 Capital Notes rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Tier 2 Capital Note or any beneficial interest therein, each Holder of a Tier 2 Capital Note and each Holder of a Coupon relating to a Tier 2 Capital Note acknowledge and agree that if a Winding-Up occurs, the rights and claims of the Holders and the Couponholders (and the Trustee on their behalf) against the Issuer in respect of, or arising under, each Tier 2 Capital Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Tier 2 Capital Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Tier 2 Capital Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Tier 2 Capital Note or any related Coupon, provided however that such rights and claims shall be subordinated as

provided in Condition 3(b) (*Tier 2 Capital Notes*) and in the Trust Deed to all Senior Claims but shall rank in the manner specified in Condition 3(b) (*Tier 2 Capital Notes*).

**Issue Price:**

Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealers at the time of issue in accordance with prevailing market conditions.

**Specified Denominations:**

The Notes may be issued in such denominations as may be specified in the relevant Final Terms, save that no Notes may be issued under the Programme which have a denomination of less than €100,000 (or its equivalent in any other currency at the relevant Issue Date).

**Maturities:**

Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Interest:**

Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate, a resetting rate or a floating rate (or a fixed/floating rate or floating/fixed rate).

**Fixed Rate Notes:**

Fixed Rate Notes will bear interest at the fixed rate(s) of interest specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.

**Reset Notes:**

Reset Notes will, in respect of an initial period, bear interest at the Initial Rate of Interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-swap rate for the relevant Specified Currency, a benchmark gilt rate or another reference bond rate, and for a period equal to the relevant reset period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their principal amount or at a discount to their principal amount and will not bear interest.

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or
- (b) by reference to a reference rate appearing on the agreed screen page of a commercial quotation service or by reference to a reference rate index rate appearing on the website of an index administrator, each as set out in the

relevant Final Terms, subject to Condition 10 (*Benchmark Discontinuation*),

in any such case as adjusted for any applicable margin specified in the relevant Final Terms.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.

**Interest Rate Adjustment:**

The relevant Final Terms in respect of a Series of Fixed Rate Notes or Floating Rate Notes will state whether a Step Down Rating Change/Step Up Rating Change will apply to such Notes, in which case, the rate of interest in respect of such Notes may be subject to adjustment as specified in the relevant Final Terms. See Condition 9 (*Interest Rate Adjustment*).

**Benchmark Discontinuation (in respect of Floating Rate Notes and Reset Notes):**

Notwithstanding the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – Benchmark Gilt Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA or SOFR*), Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*), Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination)*), Condition 6(f) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Non-Index Determination)*) or Condition 6(g) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Index Determination)*), if a Benchmark Event or Benchmark Transition Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of the relevant Series of Notes and the application of an adjustment spread (which could be positive or negative or zero)). See Condition 10 (*Benchmark Discontinuation*).

**Redemption:**

Unless previously redeemed or purchased and cancelled or substituted Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest (as specified in the relevant Final Terms) on the Maturity Date.

**Optional Redemption:**

Notes may be redeemed before the Maturity Date at the option of the Issuer (as described in Condition 11(b) (*Redemption at the option of the Issuer (Call Option)*) and, if applicable in respect of the relevant Series of Senior Notes, Condition 11(e) (*Redemption at the option of the Issuer (Clean-up Call Option)*), to the extent (if at all) specified in the relevant Final Terms, subject (in the case of Tier 2 Capital Notes) to obtaining Supervisory

**Early Redemption:**

Permission for redemption and complying with certain pre-conditions (see Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)).

Except as described in “*Optional Redemption*” above, early redemption will only be permitted (a) for tax reasons, as described in Condition 11(c) (*Redemption for Tax Event*); and (b) in the case of Tier 2 Capital Notes, for regulatory reasons, as described in Condition 11(d) (*Redemption for Capital Disqualification Event*), subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)).

**Substitution and Variation of Tier 2 Capital Notes:**

Unless otherwise specified in the relevant Final Terms for a Series of Tier 2 Capital Notes, the Issuer may, upon occurrence of a Tax Event or a Capital Disqualification Event, either substitute all of the Notes for, or vary the terms of the Notes so that or provided that (as the case may be) they remain or, as appropriate, become, Qualifying Tier 2 Securities, subject to the Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)). See Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*)).

**Negative Pledge:**

Applicable only to Senior Notes. See Condition 3(a)(ii) (*Senior Notes – Negative Pledge*).

**Cross Acceleration:**

Applicable only to Senior Notes where “Non-Restrictive Events of Default” is specified as “Applicable” in the relevant Final Terms. See Condition 15(a) (*Non-Restrictive Events of Default*).

**Withholding Tax and Additional Amounts:**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall, in respect of payments of interest (if any) only and not principal, pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 14 (*Taxation*).

**Substitution:**

Subject to Condition 19(e) (*Supervisory Permission*) in the case of any Tier 2 Capital Notes, the Trustee may in certain circumstances, without the consent of the Noteholders, agree to the substitution of the Issuer, as described in Condition 19(c)

(*Substitution*). In the case of any substitution of the Issuer, as provided above, the Trustee may agree, without the consent of Holders, to a change in the law governing the subordination and waiver of set-off provisions in the Conditions and the Trust Deed.

**Governing Law:**

English law.

**Ratings:**

As of the date of this Base Prospectus, Fitch has assigned the Issuer an issuer rating of BBB-. Fitch is established in the United Kingdom and registered under the UK CRA Regulation.

If a Tranche of Notes were to be rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer or the rating(s) assigned to Notes already issued.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the EEA, the United Kingdom, Japan, Hong Kong, Singapore, France and Belgium, see “*Subscription and Sale*” below.

## RISK FACTORS

*Prospective investors should consider carefully the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the Issuer's or the Group's business, operations, financial condition or prospects and the industry in which they operate which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme and confirms that the risks that are stated to apply to the Group below apply also to the Issuer. All of these factors are contingencies which may or may not occur. Factors which the Issuer believes may be material for the purpose of assessing the market risks in relation to the Group 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 and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective purchasers should consider carefully the risks and uncertainties described below, together with all other information contained in this Base Prospectus and the information incorporated by reference herein before making any investment decision.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this Risk Factors section.*

### **Risks relating to the Issuer and the Group**

#### **Regulatory environment risk**

##### ***The Group is exposed to the risk of legislative and regulatory change***

As explained in the section of this Base Prospectus entitled "*Supervision and Regulation*", the Group operates in a highly regulated environment that is continually evolving. In the financial year ended 31 May 2021, over three quarters of the Group's revenue from Over-the-Counter ("**OTC**") leveraged products was generated from clients in jurisdictions where restrictions on the sale and marketing of contracts for difference ("**CFDs**") have been implemented. Governments or regulators may introduce legislation or new regulations and requirements in any of the jurisdictions in which the Group currently operates. For example, regulations made by the Australian Securities and Investments Commission ("**ASIC**") came into effect from 29 March 2021 for OTC leveraged derivatives, and from 3 May 2021 for binary options. Following its acquisition of tastytrade, Inc. ("**tastytrade**"), the Group has become subject to additional regulatory requirements in the US.

The Group faces the risk that regulatory developments could result in an adverse effect on its business or operations, reducing its revenue, raising costs or increasing its capital and liquidity requirements. As described in the section of this Base Prospectus entitled "*Supervision and Regulation – UK IFPR*", from 1 January 2022, it is expected that the UK will implement a new prudential regulatory regime for investment firms, which will apply to the Group. The application of certain elements of this regime to the Group is currently uncertain. Whilst the Group does not expect the new regime to have an adverse impact on the Group, there can be no assurance that the new regime will be implemented in line with the Group's current expectations or that the application

of the new regime will not lead to an increased regulatory burden for the Group thereby having an adverse impact on the Group's business and operations.

The Group aims to operate to the highest regulatory standards. The Group maintains constructive relationships with its key regulators and actively seeks to converse with them in an effort to keep abreast of emerging regulatory trends or developments. Unfavourable legislative or regulatory change in any of the jurisdictions in which the Group operates could reduce the range of products that the Group is able to offer, result in some or all of the products offered by the Group becoming subject to additional or stricter regulation (including without limitation if certain of the Group's products were to be re-characterised and become subject to gambling laws and regulations), require changes to the nature of the products offered by the Group or restrict the clients to whom the Group's products can be offered. Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group faces risks associated with its compliance with a wide range of laws and regulations***

The Group is exposed to risk associated with compliance with laws and regulations, including failure to meet regulatory expectations which might be attributed to external events outside of the Group's control.

Regulatory and legal actions pose a number of risks to the Group, including the risk of incurring substantial monetary damages or fines, the amounts of which are difficult to predict and may exceed the amount of any provisions set aside to cover such risks. In addition, the Group may be subject to other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation or otherwise, the potential for criminal prosecution in certain circumstances and regulatory restrictions on the Group's business, all of which could have a negative effect on the Group's reputation as well as taking a significant amount of management time and resources away from the implementation of the Group's strategy.

The Group may settle litigation or regulatory proceedings prior to a final judgement or determination of liability to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes that it has no liability or when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where the Group does not believe that it is legally compelled to do so. Failure to manage these risks adequately could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group faces risk associated with developments in global tax laws***

Governments are looking for new ways to raise revenues following the Covid-19 pandemic, and this could result in new or additional taxes on the Group's products and clients, as well as on the Group's profits. The headline UK corporate tax rate will increase to 25 per cent. in April 2023, and it is expected that corporate tax rates in the US will increase in due course. In addition, a new global minimum corporate tax rate of 15 per cent. is expected to be introduced from 2023.

Changes to corporate tax rates in the UK and US will have a significant impact on the amount of tax payable by the Group. Consequently, the Group expects its effective tax rate to increase over time. The full effect of the UK's corporate tax rate increase (for example) will be felt by the Group from the 2024 financial year. The Group's business model and tax strategy mean that the vast majority of profit arises in countries with a tax rate higher than 15 per cent. such that a global minimum tax is not expected to impact the Group materially.

The EU maintains its ambition to establish an EU-wide financial transaction tax. An EU-wide financial transaction tax could have a significant impact on the Group in the future if certain derivatives transactions are not exempt.



Together with increases in headline tax rates, adverse tax law changes, including the introduction of a financial transactions tax, could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group faces risks associated with climate change and with regulatory developments relating to the management of climate change risks***

Climate change has become a mainstream topic of conversation with customers, investors, employees and regulators. Not only are companies expected to have a clear understanding of their impact on the environment and of their exposure to climate related risks, but there is an expectation for companies to have in place a clear plan to manage these responsibly.

The Group has increased its understanding of its exposure to climate-related risks and opportunities, and made improvements to the governance of these risks. In doing so, the Group has made significant progress towards aligning with the recommendations of the Task Force on Climate-related Financial Disclosures. The Group has progressed its carbon management strategy; offsetting its historic emissions and committing to the identification of an appropriate pathway to net zero.

Failure to anticipate and address climate-related risks, as well as future regulatory developments relating to climate-related risks, could have a material adverse effect on the Group's business, results of operations and financial condition.

**Commercial risk**

***The Group may not be able to deliver on its strategic priorities successfully***

The board of directors (the "Board") of the Issuer holds a series of strategy days annually to consider and agree the strategic priorities for the Group's business. Planning processes are extensive, with stakeholders across the Group's business being involved, and may include external assistance. The Group undertakes external consultation and extensive market research before committing to its strategy, which involves testing and validating concepts. Projects are managed via a phased investment process, with regular review periods, in order to assess performance and determine if further investment is justified. The Board also considers specific strategic actions and initiatives during its normal schedule of Board meetings. The successful execution of its strategy and initiatives requires ongoing subjective and complex judgements, including forecasting. The Group's ability to execute its strategic initiatives successfully may be adversely impacted by: a significant global macroeconomic downturn, limitations in the Group's management or operational capacity and capability or significant and unexpected regulatory change in the jurisdictions in which the Group operates.

Failure to execute the Group's strategic initiatives successfully could have an adverse effect on the Group's ability to achieve stated targets and other expected benefits of chosen initiatives, and there is also a risk that the costs associated with implementing chosen initiatives may be higher than expected or benefits may be lesser than expected. Failure to implement the Group's strategy successfully could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group is subject to risks arising from changes in market conditions***

The Group's trading revenue reflects the transaction fees paid by clients less the transaction costs incurred in hedging market exposures. The extent of client trading activity and the number of active clients in any period are the key determinants of revenue in that period. The ability of the Group to attract new clients, and the willingness of clients to trade, depends on the level of trading opportunity that clients perceive to be available to them in the markets. The Group's revenue is therefore partly dependent on market conditions and in particular the risk that reduced levels of market volatility can result in reduced trading activity and therefore reduced

revenues for the Group. See further the risk factor entitled “*The Group is exposed to the risk of volatility in financial markets*”.

A high proportion of the Group’s revenues are generated in the UK (net trading revenue generated in the UK represented 40.6 per cent. of the Group’s net trading revenue for the year ended 31 May 2021) and therefore any significant macroeconomic deterioration in the UK could result in a reduction in client trading activity in the UK.

Adverse changes affecting macroeconomic conditions and the markets in the countries in which the Group operates and client sensitivity to adverse market conditions could therefore have a material adverse effect on the Group’s business, results of operations and financial condition.

***The Group is exposed to the impact of the Covid-19 pandemic***

The Covid-19 pandemic has caused a period of exceptional market volatility. The Group’s employees have, as a result, handled unprecedented levels of client trading activity and account applications, whilst adjusting to significant changes in their working environment. The Group’s long-term investment in communications and technology has enabled its employees to work safely from home throughout the period.

The Group has demonstrated an ability to perform strongly throughout the Covid-19 pandemic but has also been faced with exceptional demands which have identified areas for improvement.

The Group has followed the letter and spirit of local government guidance in the countries in which it operates. The Group’s offices have been adapted to comply with that advice so that employees who want to return can do so safely.

The Group has initiated a program across its operations teams to implement a target operating model that will deliver high-quality service to its clients through the most appropriate channels in order to continue to provide a seamless trading experience, now and in the future. The Group intends to keep its business well-positioned to continue successfully navigating the impacts of the Covid-19 pandemic no matter where its people are working.

The Covid-19 pandemic could be prolonged or worsened by recurring or prolonged outbreaks or the development of new strains of the virus, which could result in the continuation, imposition or reintroduction of lockdowns, travel bans, curfews, quarantines and other measures aimed at mitigating the spread of Covid-19. There is no certainty that economic conditions will recover to pre-pandemic levels or that vaccine programmes globally will be sufficiently effective to contain the impacts of the Covid-19 pandemic and to mitigate its social and economic impacts.

The Group experienced higher trading volumes, and therefore increased revenues, during the market volatility created by the Covid-19 pandemic. In addition to the risk that the prolongation of the Covid-19 pandemic may place additional pressures on the Group’s business, the Group is also subject to the risk that a rapid emergence from the Covid-19 pandemic could lead to lower levels of market volatility and reduction in trading activity, which could adversely impact the Group’s revenues.

The Covid-19 pandemic may continue to have a material adverse effect on the global economy and on financial markets which may, in turn, have a material adverse effect on the Group’s business, results of operations and financial condition.

***The Group operates in a highly competitive environment and faces the risk of increased competition***

The Group operates in a highly competitive environment, which includes some unregulated operators who are sometimes willing to adopt practices which the Group would not consider to be appropriate. The Group works to maintain a clear distinction in the market in terms of product, service and ethics, and closely monitors the activity and performance of its competitors, including detailed comparison of the terms of product offers.

The Group maintains strong ethical values and the Group would therefore not be prepared to offer certain products or to deploy practices which may be offered or deployed by certain of its competitors, regardless of whether they would prove to be commercially attractive to its clients. This could result in actual or potential clients perceiving certain products offered by the Group's competitors to be more attractive than the products offered by the Group. Nevertheless, the Group aims to ensure that its product offering remains attractive, taking into account the other benefits that it offers its clients, including trade execution quality, brand, strength of technology and client service quality. However, it remains the case that competitors may offer new products which are regarded as more attractive by clients, new competitors may emerge or existing competitors may be materially strengthened.

In particular, within the Group's core OTC product set, the Group operates in a highly competitive environment. The Group's competitor set has evolved considerably over the past five years, with its traditional competitors being displaced by leisure entrants.

With heightened demand for these products over the 2021 financial year, the Group has seen elevated marketing spend from competitors. Currently, relevant market spend is focused on the leisure end of the retail trader market, attracting new and mostly younger traders to the category.

The expansion of the OTC category could lead to further regulatory scrutiny. The way the Group's competitors act in response to regulation, and the extent of their compliance with both the letter and spirit of the regulations, may affect the Group's competitive position. It may also affect the reputation of the industry as a whole.

In addition, the competitive environment in which the Group operates may in the future be influenced by legislative or governmental intervention, especially if there is a perceived lack of competition in the markets in which the Group operates. This may impact the competitive position of the Group relative to its competitors, which may be subject to different or lesser forms of intervention.

Any of the above could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group is exposed to risks in relation to services provided by suppliers***

The Group is dependent on services provided by third party suppliers. These suppliers range from the banking industry to key technology firms, and cover matters such as the provision of corporate and client money bank accounts, client payment services, hedging and custodial services, and advertising and marketing channels. The Group exercises limited control over the activities and business practices of its suppliers and cannot control the consistency and quality of services provided.

The Group aims to avoid concentration risk in its range of business partners, whether in Information Technology ("IT") or other services, and considers this potential risk as part of its partner selection process. However, the Group remains exposed to the risk that a key supplier could fail, and this is represented as one of the operational risk scenarios when it calculates its operational risk capital requirement.

The failure of a supplier or the Group's inability to maintain a supplier relationship could have a material adverse effect the Group's business, results of operations and financial condition.

***The Group faces risks in relation to client services***

As its revenues are determined by levels of client trading activity and client demand for its products, the Group depends on achieving sufficient levels of client satisfaction in order to generate and grow its trading revenues. The Group therefore faces the risk of client dissatisfaction arising from expected service levels not being met, or the perception that expected service levels are not being met, which can result in reduced trading activity and account closures. This risk may be particularly acute due to business stretch in times of high volatility and increased client contact, thereby causing a deterioration in service levels and an increase in client attrition rates.

Widespread client dissatisfaction with the service levels provided by the Group could have a material adverse effect on the Group's business, results of operations and financial condition.

## **Business model risk**

### ***The Group is exposed to market risk***

The Group does not seek to generate returns from actively taking market risk. The Group does not take proprietary trading positions, and its revenue is not dependent on the direction of market movements.

The Group accepts some market risk to facilitate instant execution of client trades. The Group manages this market risk by internalising client flow through netting the exposure created through clients' trades so as to offset against each other, and uses external hedging when the residual exposures reach defined limits. The Group's real-time market position-monitoring system allows it to constantly manage its market exposures against its market risk limits. If exposures exceed predetermined limits, the Group executes hedges to bring the exposure back within the limits.

The Group has a market risk policy which sets out how its business manages market risk exposures. The market risk policy incorporates a methodology for setting market risk limits, consistent with its risk appetite, for each financial market in which clients can trade, as well as certain groups of markets or assets which it considers to be correlated. The Group determines these limits with reference to the expected liquidity and volatility of the underlying financial product or asset class, and represents the maximum (long or short) net exposure it will hold without hedging.

The Group then sets its market risk limits with the objective of achieving the optimal efficiency between allowing client trades to be internalised, the cost of external hedging, and the variability of daily revenue.

Residual market risk can crystallise if a market 'gaps' or fluctuates sharply, which occurs when a price changes suddenly in a single large movement, sometimes at the opening of a trading day, rather than in small incremental steps. This can mean that the Group is unable to execute or adjust its hedging in a timely manner, resulting in potential market risk exposure. This may create a gain or a loss for the Group.

In the event that the Group is unable to manage market risk sufficiently and in a timely manner, it faces the risk of incurring a significant loss, which could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***The Group is exposed to the risk of volatility in financial markets***

Higher volatility tends to generate more opportunities in the financial markets, which attracts new clients to the Group, increasing trading activity and client income generation.

However, volatility also affects the Group's ability to convert client income into net trading revenue, with very high volatility sometimes causing conversion to fall. The Group seeks to maximise its hedging efficiency, while remaining within its risk appetite and offering the best trading experience.

In January 2021, client demand reached new highs. Interest from retail clients in US stocks peaked in response to the short squeeze initiated on a small number of US stocks by retail traders communicating through the online subreddit forum 'WallStreetBets'. This led to a spike in the Group's daily account applications to over 10 times the yearly average, and put unprecedented demand on the Group's systems and people.

The 2021 financial year was characterised by sustained high volatility, creating exceptional demand for the Group's products. Any future reduction in volatility is likely to have a detrimental effect on the Group's revenue, driven by overall numbers of active clients and each client's activity – both impacted by market conditions.

The demand created by the WallStreetBets phenomenon led to a degradation of service to some clients, concentrated around the US market open, for a three-day period between 27 and 29 January 2021. The Group responded quickly, deploying technology upgrades overnight and restricting new account opening for a short time to preserve service levels to existing clients.

Whilst the Group continues to invest in technology to position the business to deliver future growth, failure to mitigate the impacts of significant increases in volatility and reductions in volatility could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***The Group is subject to credit risk***

The Group faces the risk that either a client or a financial counterparty may fail to meet its obligations to the Group, resulting in a financial loss.

As a result of offering leveraged trading products, the Group accepts that client credit losses can arise as a cost of its business model. Client credit risk principally arises when a client's total funds deposited with the Group are insufficient to cover any trading losses incurred. In addition, a small number of clients are granted credit limits to cover running losses on open trades and margin requirements.

The Group maintains a Client Credit Risk Policy to mitigate credit risk. Client margin requirements are set to reflect the market price risk for each instrument, and tiered margining is used for the majority of client trades so that larger positions are subject to proportionately higher margin requirements. In addition to cash funding by clients, the Group may also accept collateral in the form of shares from professional clients held in their stock trading accounts. There can be no assurance that such collateral will be sufficient to cover any losses incurred by the Group as a result of a client default.

The Group monitors the majority of client positions in real time via the close-out monitor ("COM"), and gives clients the ability to set a level at which an individual deal will be closed (the 'stop' level or 'guaranteed stop' level).

The COM automatically identifies accounts that have insufficient margin and triggers an automated process to close positions on those accounts. Where client losses are such that the client's total equity falls below the specified liquidation level, positions are liquidated to bring the account back to within margin requirements, resulting in reduced credit exposure for the Group.

In some jurisdictions, the Group provides negative balance protection for retail clients, which is a guarantee that clients cannot lose more than the total amount of equity held on their account. This, together with COM and client-initiated 'stops', results in the transfer of an element of the market risk from the client to the Group. This market risk arises following the closure of a client position, as the Group may hold a corresponding hedging position that will, assuming sufficient market liquidity, be unwound. The Group has significant financial exposure to a number of financial institutions, owing to its placement of financial assets at banks and its hedging of market risk in the wholesale markets, which requires it to place margin with its hedging brokers.

The Group maintains a Financial Institution Counterparty Credit Risk Policy to mitigate financial institution credit risk.

Under various regulatory regimes, the Group is responsible for the stewardship of client money and assets. In a small number of operating jurisdictions where the Group maintains accounts to provide local banking facilities for clients, it can be difficult to find a banking counterparty satisfying the Group's minimum rating requirements. In such cases, the Group may use a locally systemically important institution.

The Group may therefore be exposed to the risk of financial loss if a client, custodian or financial counterparty fails to meet its obligations to the Group. Any such failure could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***The Group is exposed to liquidity and interest rate risk***

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. This is managed by the application of the Group's Liquidity Risk Management Policy.

The Group takes the approach of ensuring that it has sufficient liquidity to meet its broker margin requirements and other financial liabilities when due, under both normal circumstances and stressed conditions. These liquidity requirements must be met from the Group's own liquidity resources, as the Group does not use client money to fund its operations.

The Group holds liquid assets to: (i) enable the funding of broker margin requirements, (ii) ensure sufficient funds are held in non-UK entities, (iii) place appropriate prudent margins and buffers in segregated client money accounts, (iv) maintain a liquid assets buffer, (v) make dividend payments to shareholders, (vi) cover profits and losses on client trading and hedging positions, and (vii) make tax and other payments.

The Group manages liquidity within the UK Defined Liquidity Group ("**UK DLG**") comprising IG Markets Limited ("**IGM**") and IG Index Limited ("**IGI**"). The UK DLG includes IGM, the Group's primary market risk management vehicle, which internalises and hedges market risk on behalf of the other entities in the Group. Key liquidity decisions are discussed at the Executive Risk Committee and then the Executive Committee, as necessary.

The UK DLG carries out an Individual Liquidity Adequacy Assessment ("**ILAA**") each year. This assesses the key drivers of liquidity for the UK DLG and whether it has sufficient liquidity to continue in operation, including under liquidity stress. The Contingency Funding Plan ("**CFP**"), contained within the ILAA, identifies mitigation options and steps to improve the liquidity position in a stress scenario, through the implementation of management actions. The Group uses a number of key risk indicators for managing liquidity risk, including G3 cash held in UK DLG bank accounts, forecasted UK DLG available liquidity and UK DLG stressed liquidity after management actions.

The Group is required to fund initial margin payments to brokers on demand. Broker initial margin requirements are dependent on client trading positions, the level of internalisation the Group can achieve from client trading, the product mix in its hedging positions and any natural offset in correlated products within its hedging positions.

In addition to its liquid assets, the Group mitigates liquidity risk through access to committed, unsecured bank facilities.

Finally, the Group is exposed to interest rate risk through its debt and holdings of cash and investments. The Group maintains a Group Liquidity Risk Management Policy in respect of the liquidity risk related to these investments.

Despite the measures described above, the Group cannot guarantee that its current liquidity levels and contingency credit lines will be adequate during periods of stress or in the event of higher demands for liquidity. Failure to maintain or access sufficient liquidity could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***The Group is subject to capital adequacy risk***

The Group operates authorised and regulated businesses worldwide, supervised by the FCA in the UK and by various regulators across other jurisdictions. As a result of this supervision, it is required to hold sufficient regulatory capital at both Group and individual entity levels to cover its risk exposures, valued according to applicable rules, and any additional regulatory financial obligations imposed. The levels of regulatory capital which the Group is required to hold may increase as a result of legislative changes and action by regulators.

The Group is supervised on a consolidated basis by the FCA. In addition to its two UK FCA-regulated entities, its operations in Australia, Japan, Singapore, South Africa, Bermuda, the United States of America, Cyprus, Germany, Switzerland and United Arab Emirates (Dubai International Financial Centre) are directly authorised by the respective local regulators. Individual capital requirements in each regulated entity are taken into account, among other factors, when managing the global distribution and level of its capital resources, as part of the Group Capital Management Framework.

The Group manages capital adequacy risk through its Regulatory Capital Policy, and it works to ensure that at all times it holds sufficient capital to operate its business successfully and to satisfy all regulatory requirements. The Group manages its capital resources with the objectives of facilitating business growth, maintaining its dividend policy, and complying with the regulatory capital resources requirements set by its regulators around the world.

The Group undertakes an annual Internal Capital Adequacy Assessment Process (“ICAAP”) through which it assesses its capital requirements, by applying a series of stress-testing scenarios to its baseline financial projections. This assessment is reviewed and challenged by the ICAAP and ILAA Committee as well as its Board Risk Committee, which recommends the result to its Board for review and approval.

The Group operates a monitoring framework over its capital resources and minimum capital requirements daily, calculating the credit and market risk requirements arising on the exposures at the end of each business day. It also monitors internal warning indicators as a component of its Board Risk Dashboard, and any breaches are escalated to the Board, with a recommendation for appropriate remedial action.

Entity-level capital requirements monitoring and management is carried out locally according to each jurisdiction’s requirements.

Notwithstanding the above measures, if the Group has, or is perceived to have, a shortage of regulatory capital, it may be subject to regulatory interventions and sanctions and may suffer a loss of confidence in the market with the result that access to sources of liquidity and funding may become constrained, more expensive or unavailable, or that clients trading activity may decrease. This, in turn, may have a material adverse effect on the Group’s business, results of operations and financial condition.

## **Operational risk**

### ***The Group is subject to risks associated with technology and data security***

Technology risk is the risk of loss caused by breakdown or other disruption to technology performance and service availability, or by information security incidents. It also includes new technology and technology that fails to meet business requirements.

The Group manages technology risk through its technology risk framework, which is overseen by its Technology Risk Committee. Key performance indicators, incidents and outages are raised to a committee, comprising technology, information security, operations and risk experts. To manage cyber risk and external threats to systems and data, it has an Information Security Forum, through which senior management is made aware of ongoing and potential threats, with policies and processes continuously refreshed to maintain validity within an evolving landscape. There is also a 24/7 Security Operations Centre to review and triage information security incidents, and employ mitigation services for cyber security threats such as denial-of-service (“DOS”), ransomware and malware attacks.

The Group undertakes regular performance and stress-testing to ensure that its platforms have sufficient headroom and resilience to perform in times of heightened volatility and increased demand. It also tests its disaster recovery capability regularly to ensure that standby services are effective and minimise the impact to its services.

In addition, the Group is subject to the risk of accidental loss of data by its employees or service providers, which could expose the Group to potential liabilities and could adversely impact its relationships with its clients. Unauthorised disclosure or loss of data or data corruption, including of customer data, could lead to fines and other potential liabilities and could damage the Group's reputation. The Group's systems could be subject to physical and electronic attacks, cyber crime and other disruptions caused by unauthorised tampering, including as a result of computer viruses, terrorist attacks or other incidents which could render the Group's systems inaccessible to its employees or customers for an extended period of time and which could lead to the loss of data.

Any technological failure or disruption may affect the availability of the Group's services, which could cause direct or indirect financial losses. Any such failure, disruption, breach or fine could also have an adverse effect on the Group's reputation, which could lead to reduced levels of client trading activity. Any of the above could have a material adverse effect on the Group's business, results of operations and financial condition.

#### ***The Group is exposed to people risk***

People risk is the risk of a loss intentionally or unintentionally caused by an employee, such as employee error or misdeeds, or involving employees, such as in the area of employment disputes. It includes risks relating to employment law, health and safety, and HR practices. People risk also includes the risk that the Group is unable to attract and retain the staff it requires to operate its business successfully. The Group monitors for any strain on resources, and tries to ensure sufficient staffing levels are in place for key business teams, so that processes are run effectively with controls maintained. The unexpected loss of a member of its key management or the failure of the Group to attract and retain sufficiently qualified staff to enable it to implement its strategy, could have a material adverse effect on the Group's business, results of operations and financial condition.

#### ***The Group is subject to operational risk***

Operational risk arises from inadequate or failed processes as a result of design or execution, systems or security, from people-related causes such as roles and responsibilities or external events.

The Group's business is dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness or errors in these processes, systems or security could have an adverse effect on the Group's results, reporting of such results, and on the ability to deliver appropriate client outcomes during the affected period which may lead to an increase in complaints and damage to the reputation of the Group.

The Group has a mature Operational Risk Framework which has visibility of key risks and controls. It focuses on clear accountability for controls and escalation and reporting mechanisms, through which risk events are identified and managed and appropriate action is taken to improve controls.

The Group's Risk and Control Self-Assessment ("RCSA") methodology focuses on areas of the business identified as a priority. It uses an operational risk event self-reporting process which provides increased visibility over events and control actions to be taken. These are monitored through a consolidated Control Action List.

Any prolonged failure in respect of any of the Group's key processes could have a material adverse effect on the Group's business, results of operations and financial condition.

#### ***The Group faces external risk***

External risk is the risk of loss due to third-party relationships and outsourcing, damage to physical and non-physical property or assets from natural or non-natural external causes, and external fraud.



The Group Business Continuity Policy, and the framework to that document, provide a clear statement of its commitment to ensure that critical business activities can be maintained during a disruption.

However, there can be no assurance that such measures will be sufficient to maintain business continuity in all scenarios. Failure to maintain business continuity could have a material adverse effect on the Group's business, results of operations and financial condition.

## **Conduct risk**

### ***The Group is subject to conduct risks in relation to its clients***

The Group manages and monitors the risk of clients failing to understand the functionality of its products and suffering poor outcomes. It recognises that some of its products are not appropriate for certain clients, and operates a process to identify potential new clients for whom the product may not be suitable. The Group supports clients with education and training, and offers account types that limit a customer's risk. Client outcomes are monitored and reported to the Group's Board.

A vulnerable client policy generally applies across the Group, which places responsibility on first-line client-facing staff to monitor for signs of vulnerability in clients (e.g. the type of language used by clients in their communications to the Group).

The client team also monitors the funding of client accounts in tandem with information held on clients regarding their financial position. This is done with the intention of identifying scenarios where affordability of losses may be called into question.

There can be no assurance that these controls will be sufficient to prevent adverse outcomes for clients. Significant adverse outcomes could result in regulatory intervention and could have an adverse impact on the Group's reputation, which could have a material adverse effect on the Group's business, results of operation and financial condition.

### ***The Group is exposed to risks associated with markets and financial crime***

The Group recognises the risk of causing poor market outcomes if proper controls are not in place, for example, failure to detect instances of market abuse which must then be reported on. The Group is exposed to the risk of engaging in, or failing to manage, conduct which could constitute market abuse, undermine the integrity of a market in which it is active, distort competition or create conflicts of interest. Clients may also attempt to use the Group to commit fraud or launder money. By virtue of the Group's activities, the Group has a significant responsibility for preventing illegal activities such as fraud, money laundering, market manipulation, corruption or tax evasion. The Group also faces the risk that its responsibilities in these areas may be increased as a result of future legislative and regulatory changes.

The Group maintains robust policies and standards to comply with financial crime laws and regulations; however, there is no guarantee that the Group's policies and standards will prevent all instances of money laundering or bribery, including actions by the Group's employees, for which the Group might be held responsible.

Failure to prevent such risks materialising may result in regulatory censure, regulatory intervention or enforcement, the imposition of lengthy remedial redress programmes, the imposition of significant financial penalties or sanctions, any of which could lead to financial loss to the Group and/or reputational damage to the Group, which may in turn have a material adverse effect on the Group's business, results of operations and financial condition.

### ***The Group faces risks in relation to its culture and its people***

The Group recognises the risk that the actions or inactions of its staff or its culture could result in misconduct or misjudgements which lead to poor service levels or adverse outcomes for clients, or adverse impacts on the financial markets. It works to ensure that its staff is appropriately trained, managed and incentivised to ensure that their behaviour and activities don't inadvertently result in poor outcomes for clients or the markets. The Group also reviews remuneration policies and incentive schemes to ensure that they are appropriate and conducive to good conduct by staff. Nevertheless, the risk remains that staff may perform services poorly, or there might be instances of employee misconduct, which could adversely affect the Group's ability to deliver products and services to clients and otherwise to conduct its business. Remedying the incident and replacing such staff could also entail delay and expense. Conduct failures by the Group and its staff could lead to regulatory intervention and could have a material adverse effect on the Group's business, results of operations and financial condition.

### **Acquisition and disposal risk**

#### ***The Group faces the risks of not achieving the anticipated benefits of acquisitions and disposals***

The Group may, from time to time, enter into acquisitions and disposals for portfolio optimisation purposes. Acquisitions and disposals may strain the Group's management and financial resources.

The Group may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses, such as costs and issues relating to monitoring, hiring and training of new personnel or the integration of accounting and internal control systems. IT infrastructure and data elements of the integration process may fail or not be managed so as to achieve the Group's operational objectives. The Group may incur costs associated with developing appropriate risk management and internal control structures for operating in new markets, or complying with accompanying new regulatory schemes. Increased investment may also be needed in order to understand such new markets and follow trends in these markets in order to effectively compete. Further, acquisitions may not achieve other expected benefits, including as a result of the termination of material contracts due to change of control mechanisms in place.

Significant management time and resources will need to be committed in order to achieve the anticipated benefits of acquisitions pursued by the Group. The relative scale and scope of acquired businesses such as tastytrade may give rise to integration challenges and additional complexity in the process of realising anticipated benefits. No assurance can be given that any acquisition will deliver all or substantially all of the expected benefits, or that such benefits will be realised in a timely manner.

Failure to efficiently integrate any acquired business within the proposed timeframes, realise anticipated cost or synergies, retain employees or clients and avoid unforeseen costs or delay, could have an adverse effect on the Group's business, results of operations and financial condition.

Additional information may become available to the Group subsequent to any acquisition and unanticipated events or liabilities may arise which could result in a delay or a reduction in the benefits derived from that acquisition, or an increase in costs significantly in excess of those estimated.

All of these considerations are relevant to the acquisition of tastytrade, which represents a significant corporate transaction for the Group. The total consideration paid by the Issuer for the acquisition was U.S.\$1.0 billion, as further explained in the section entitled "*Information on the Group*". Depending on their scale and scope, the same considerations are likely to be relevant in respect of other acquisitions which may be pursued by the Group in the future. In addition, any disposals pursued by the Group may result in the Group retaining residual exposure to liability as a result of representations, warranties and indemnities provided pursuant to such transactions and as a result of any transitional arrangements agreed as part of such transactions.

To the extent that the benefits achieved by the Group from the tastytrade acquisition or from other future acquisitions or disposals are less than expected, and to the extent that the Group incurs additional liabilities as a result of any such transaction, it could have a material adverse effect on the Group's business, results of operations and financial condition.

## **Risks Relating to Benchmark Reform**

### ***The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes***

Investors should be aware that the market continues to develop in relation to SONIA and SOFR as reference rates in the capital markets and their adoption as alternatives to Sterling and Dollar London Inter-Bank Offered Rates ("LIBOR"). In particular, market participants and relevant working groups continue to explore alternative reference rates based on SONIA and SOFR, including various ways to produce term versions of SONIA or SOFR (which seek to measure the market's forward expectation of an average SONIA or SOFR rate over a designated term, as it is an overnight rate). The market or a significant part thereof may adopt an application of SONIA or SOFR that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a SONIA or SOFR rate issued under this Base Prospectus. In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Notes may be calculated could change during the life of the Notes. Furthermore, the Issuer may in future issue Notes referencing SONIA or SOFR that differ materially in terms of interest determination when compared with any previous SONIA- or SOFR-referenced Notes issued under the Programme. The nascent development of SONIA and SOFR as interest reference rates for the debt capital markets, as well as continued development of SONIA- and SOFR-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA- or SOFR-referenced Notes issued under the Programme from time to time.

Furthermore, interest on Notes which reference SONIA or SOFR is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SONIA or SOFR to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-based securities, if Notes referencing SONIA or SOFR become due and payable as a result of an event of default under Condition 15 (*Default*), the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable and shall not be reset thereafter.

In addition, the manner of adoption or application of SONIA or SOFR reference rates in the debt capital markets may differ materially compared with the application and adoption of SONIA or SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA or SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA or SOFR.

Further, if SONIA or SOFR do not prove to be widely used in securities such as the Notes, the trading price of such Notes linked to SONIA or SOFR may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to any such relevant Notes.

***Changes or uncertainty in respect of EURIBOR and/or other interest rate benchmarks may affect the value or payment of interest under the Notes***

Various interest rate benchmarks (including EURIBOR) are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, including the UK BMR and Article 36 of Regulation (EU) 2016/1011 (the “EU BMR”), whilst others are still to be implemented.

The EU BMR and the UK BMR contain requirements with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union and the United Kingdom, respectively. In particular, the EU BMR and the UK BMR, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based or non-UK-based, as applicable, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities or UK-supervised entities, as applicable, of benchmarks of administrators that are not authorised or registered (or, if non-EU-based or non-UK based, as applicable, deemed equivalent or recognised or endorsed).

As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“ESMA”) pursuant to Article 36 of the EU BMR but does not appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK BMR. As far as the Issuer is aware, the Bank of England and the Federal Reserve Bank of New York as administrator of SONIA and SOFR, respectively, are not required to be registered by virtue of Article 2 of the UK BMR or the EU BMR, as applicable, and the transitional provisions in Article 51 of the UK BMR apply, such that the European Money Markets Institute (as administrator of EURIBOR) is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).

The EU BMR and/or the UK BMR could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU BMR and/or the UK BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

On 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to SONIA over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021 (as further described under “*The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes*” above).

Separate workstreams are underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (“€STR”) as the new risk-free rate. €STR has been published by the European Central Bank since October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system. Further, on 24 July 2020, the European Commission (“EC”) made a formal proposal to the European Parliament and the European Council to amend the EU BMR which would, amongst other things, give the EC the power to impose a statutory

replacement rate where a benchmark whose cessation would result in significant disruption in the functioning of financial markets in the European Union ceases to be published. The proposal notes that, in determining the appropriate statutory replacement rate, the EC would have regard to the recommendations of the various risk-free rate working groups. Policy around benchmark reform continues to progress. On 15 February 2021, the euro risk-free rates working group (the “**Working Group**”) published the results of its public consultation with market participants, which showed widespread support for the fallback triggers proposed by the Working Group.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Based on the foregoing, prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- (b) if EURIBOR is discontinued or is otherwise unavailable, then in circumstances where an amendment as described in paragraph (c) below has not been made at the relevant time, the rate of interest on the Notes will be determined for a period by the fall-back provisions provided for under Condition 5(d) (*Fallback – Mid-Swap Rate*) or Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA or SOFR*) of the Conditions of the Notes, although such provisions, in cases where they are dependent in part upon the provision by reference banks of offered quotations for leading banks in the Euro-zone interbank market, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available. See “*Fallbacks under the Conditions of the Notes*” below for more details; and
- (c) while an amendment may be made under Condition 10 (*Benchmark Discontinuation*) of the Conditions of the Notes to change the base rate on the Notes from EURIBOR to an alternative base rate under certain circumstances broadly related to EURIBOR dysfunction or discontinuation and subject to certain conditions being satisfied, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) will be made prior to any date on which any of the risks described in in this risk factor may become. See “*Benchmark Events and Benchmark Transition Events*” below for more details.

Moreover, any of the above matters (including an amendment to change the base rate of a Series of Notes as described in paragraph (c) above) or any other significant change to the setting or existence of EURIBOR or any other relevant interest rate benchmark could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of EURIBOR or any other relevant interest rate benchmark could result in adjustment to the Conditions, discretionary valuation by the Calculation Agent, or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue

to exist. Investors should consider these matters and consult their own independent advisers when making their investment decision with respect to the Notes.

#### ***Fallbacks under the Conditions of the Notes***

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate such as EURIBOR or other relevant reference rates (including, without limitation, mid-swap rates and any page on which such benchmark may be published), becomes unavailable. Where the Rate of Interest is to be determined by reference to the Relevant Screen Page and the Relevant Screen Page is not available or the relevant rate does not appear on the Relevant Screen Page, the Conditions of the Notes provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate applied in the prior interest period or, in the case of Reset Notes, the application of the Reset Rate of Interest for a preceding Reset Period or, as the case may be, the application of the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Notes.

#### ***Benchmark Events and Benchmark Transition Events***

If a Benchmark Event (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, and will determine, in consultation with such Independent Adviser (if any), a Successor Rate or Alternative Rate (and, in either case, an Adjustment Spread) to be used in place of the Original Reference Rate. Where the Original Reference Rate is SOFR and “SOFR Benchmark Replacement” is specified as “Applicable” in the relevant Final Terms, if a Benchmark Transition Event and its related Benchmark Replacement Date occurs, the Benchmark Replacement will replace the Original Reference Rate for all purposes relating to the Notes.

The use of any such Successor Rate or Alternative Rate, together with an Adjustment Spread, or the use of such Benchmark Replacement, to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

In particular, any such Adjustment Spread (or, in the case of a Benchmark Replacement, any Benchmark Replacement Adjustment included therein) may not be effective to reduce or eliminate the relevant prejudice to the Noteholders and Couponholders.

Furthermore, if a Successor Rate or Alternative Rate (and, in either case, an Adjustment Spread) is determined by the Issuer, in consultation with the Independent Adviser (if any), the Conditions of the Notes provide that the Issuer may vary the Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate (and Adjustment Spread), without any requirement for consent or approval of the Noteholders. Where Condition 10(e) (*SOFR Benchmark Replacement*) applies, the Issuer may vary the Conditions of the Notes if the Issuer considers that it may be necessary to make Benchmark Replacement Conforming Changes, without any requirement for the consent or approval of Noteholders.

Where the Issuer is unable to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread (or the formula or methodology for determining such Adjustment Spread) before the next Interest Determination Date or a Benchmark Replacement (as the case may be), the Rate of Interest for the next

succeeding Interest Period will be the Rate of Interest applicable as of the last preceding Interest Determination Date before the occurrence of the Benchmark Event or Benchmark Transition Event (as the case may be), or, where the Benchmark Event or Benchmark Transition Event (as the case may be) occurs before the first Interest Determination Date, the Rate of Interest will be the Initial Rate of Interest. Applying the Initial Rate of Interest, or the Rate of Interest applicable as of the last preceding Interest Determination Date before the occurrence of the Benchmark Event or Benchmark Transition Event (as the case may be), will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread or a Benchmark Replacement (as the case may be) could be determined.

Where the Issuer has failed to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread or a Benchmark Replacement (as the case may be) in respect of any given Interest Period, the Issuer will continue to attempt to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread to apply to the next succeeding and any subsequent Interest Periods, as necessary.

If the Issuer fails to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread or a Benchmark Replacement (as the case may be) for the life of the relevant Notes, the Initial Rate of Interest, or the Rate of Interest applicable as of the last preceding Interest Determination Date before the occurrence of the Benchmark Event or Benchmark Transition Event (as the case may be), will continue to apply to maturity. This will result in the relevant Floating Rate Notes or Reset Notes, in effect, becoming fixed rate Notes.

Investors should note that the provisions described in this risk factor may operate differently from any equivalent benchmark discontinuation provisions in any hedging product entered into by an investor in respect of its investment in any Notes. The resultant mismatch between the interest rate applicable to the Notes and the rates of interest referenced in such hedging product could mean that such hedging products no longer achieve their desired effect.

### **Risks relating to a particular structure of Notes**

A wide range of Notes may be issued under the Programme and some Notes may have features which contain particular risks for potential investors. Set out below is a description of certain risks relating to particular structures of Notes:

#### ***The obligations of the Issuer in respect of Tier 2 Capital Notes are unsecured and subordinated***

The Tier 2 Capital Notes will constitute unsecured and subordinated obligations of the Issuer. On a Winding-Up, all claims in respect of the Tier 2 Capital Notes will rank junior to all Senior Claims. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Tier 2 Capital Notes. If there are sufficient assets to enable the Issuer to pay the claims of more senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Tier 2 Capital Notes and all other claims that rank *pari passu* with the Tier 2 Capital Notes in full, Holders will lose some (which may be substantially all) of their investment in the Tier 2 Capital Notes.

For the avoidance of doubt, the Holders of Tier 2 Capital Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Although the Tier 2 Capital Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Tier 2 Capital Notes will lose all or some of the value of their investment should the Issuer become insolvent.

***Holders may not require the redemption of Notes prior to their maturity***

The Issuer is under no obligation to redeem Notes at any time prior to their stated Maturity Date and the Holders of such Notes have no right to require the Issuer to redeem or purchase such Notes at any time. Furthermore, any redemption, purchase, substitution or variation of any Notes by the Issuer will be subject always to Supervisory Permission (if so required under the Conditions) and (in the case of Tier 2 Capital Notes) to compliance with prevailing Regulatory Capital Requirements, and the Holders may not be able to sell such Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

***Holders of Tier 2 Capital Notes will, and Holders of Senior Notes may, have limited remedies***

Condition 15(b) (*Restrictive Events of Default*), which provides for limited remedies in the event of a breach by the Issuer of its obligations pursuant to the Notes, will apply to all Tier 2 Capital Notes. The Issuer may also specify in the relevant Final Terms in respect of a Series of Senior Notes that Condition 15(a) (*Non-Restrictive Events of Default*) does not apply to that Series of Senior Notes, in which case Condition 15(b) (*Restrictive Events of Default*) will apply to that Series of Senior Notes.

Accordingly, the remedies available to Holders of Tier 2 Capital Notes, and to Holders of Senior Notes where the relevant Final Terms specify that Condition 15(a) (*Non-Restrictive Events of Default*) does not apply and the limited events of default set out in Condition 15(b) (*Restrictive Events of Default*) are therefore applicable, following a breach of the Issuer's obligations pursuant to the Notes will be limited. In particular, the Holders of such Notes would have no remedy in the event that other indebtedness of the Issuer is accelerated following an event of default or if various other events occur, such as the cessation of all or substantially all of the Issuer's business or the enforcement of security against the Issuer.

Holders may not at any time demand repayment or redemption of such Notes, although in a Winding-Up, the Holders will have a claim for an amount equal to the principal amount of the Notes plus any accrued interest.

The sole remedy in the event of any non-payment of principal or interest under such Notes, subject to certain conditions as described in Condition 15 (*Default*), is that the Trustee, on behalf of the Holders may, at its discretion, or shall at the direction of an Extraordinary Resolution of Holders or of the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes subject to applicable laws, institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any winding-up or other insolvency proceedings in respect of such non-payment.

The remedies under such Notes are more limited than those typically available to the Issuer's unsubordinated creditors, including Holders of Senior Notes where the relevant Final Terms specify that the events of default set out in Condition 15(a) (*Non-Restrictive Events of Default*) are applicable. For further details regarding the limited remedies of the Trustee and the Holders, see Condition 15 (*Default*).

***Waiver of set-off***

The Holders of the Notes waive any right of set-off in relation to the Notes insofar as permitted by applicable law. Therefore, Holders will not be entitled (subject to applicable law) to set-off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

***The terms of certain Notes may be modified, or certain Notes may be substituted, by the Issuer without the consent of the Holders in certain circumstances, subject to certain restrictions***

Unless the relevant substitution and variation provisions are marked "Not Applicable" in the relevant Final Terms, in the event of certain specified events relating to taxation (a Tax Event) or following the occurrence of a Capital Disqualification Event, the Issuer may (subject to certain conditions) at any time substitute all (but



not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Holders.

Qualifying Tier 2 Securities must have terms not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing. However, there can be no assurance that, due to the particular circumstances of a Holder of Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Notes. Further, the tax and stamp duty consequences could be different for Holders of Notes once such Notes have been varied or substituted as described above.

***The Notes may be subject to early redemption at the option of the Issuer upon the occurrence of certain regulatory events or on any Optional Redemption Date(s) (Call)***

Subject to obtaining prior Supervisory Permission and to compliance, in the case of Tier 2 Capital Notes, with prevailing Regulatory Capital Requirements, the Issuer may, at its option, redeem all (but not some only) of the Tier 2 Capital Notes at their principal amount plus interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date upon the occurrence of a Capital Disqualification Event at any time or on any Optional Redemption Date(s) (Call), if applicable.

As described in the section of this Base Prospectus entitled “*Supervision and Regulation – UK IFPR*”, from 1 January 2022, it is expected that the UK will implement a new prudential regulatory regime for investment firms, which will apply to the Group. As at the date of this Base Prospectus, the FCA has not proposed changes to the eligibility criteria for Tier 2 Capital of investment firms. However, it remains possible that such eligibility criteria could be changed as a result of the implementation of UK IFPR (as defined below), and any such change could result in a Capital Disqualification Event occurring in respect of any Tier 2 Capital Notes issued under the Programme.

An optional redemption feature is likely to limit the market value of such Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that such Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Issuer redeems such Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem such Notes, and if so whether the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes if the Issuer’s funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If such Notes are so redeemed, there can be no assurance that Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

***The Issuer is a holding company***

The Notes issued by the Issuer are the obligations of the Issuer only. The Issuer is a holding company and conducts substantially all of its operations through its subsidiaries, and accordingly the claims of the

Noteholders under the Notes will be structurally subordinated to the claims of creditors of the Issuer's subsidiaries. The Issuer's rights to participate in the assets of any of its subsidiaries if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except in the limited circumstance where the Issuer is a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. The Issuer's subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Notes.

As well as the risk of losses in the event of a subsidiary's insolvency, the Issuer may suffer losses on its loans to, and investments in, such a subsidiary. The Issuer has in the past made, and may continue to make, loans to, and investments in, its subsidiaries, including with the proceeds received from the Issuer's issuance of debt instruments (and may do so in respect of the Notes issued under this Programme).

The Issuer retains its absolute discretion to restructure such loans to, and any other investments in, any of its subsidiaries at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary, as part of wider changes made to the Group's corporate structure or otherwise as part of meeting regulatory requirements. A restructuring of a loan or investment made by the Issuer in its subsidiary could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of insolvency proceedings in relation to such subsidiary, and the inclusion of a mechanism that provides for an automatic write-down and/or conversion into equity upon specified triggers. Any restructuring of the Issuer's loans to, and investments in, any of the subsidiaries in the Group may be implemented by the Issuer without prior notification to, or consent of, the Noteholders.

If one of the Issuer's subsidiaries were to be wound up, liquidated or dissolved, (i) the Noteholders would have no right to proceed against the assets of such subsidiary, and (ii) the liquidator of such subsidiary would first apply the assets of such subsidiary to settle the claims of the creditors (and holders of preference shares or other tier 1 capital instruments ranking ahead of any such entity's ordinary shares) of such subsidiary (such creditors and holders of preference shares may include the Issuer) ranking ahead of the holders of ordinary shares of such subsidiary.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

***The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes***

Reset Notes will initially bear interest at the Initial Rate of Interest from (and including) the Interest Commencement Date specified in the relevant Final Terms until (but excluding) the First Reset Date. On the First Reset Date and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate, Benchmark Gilt Rate or Reference Bond Rate and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes) such calculation to be made by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, being a "Subsequent Reset Rate of Interest"). The Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that converts 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 such Notes since the Issuer may be expected to allow the rate to convert 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 the 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 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 and could affect the market value of an investment in the relevant Notes.

### ***Notes where denominations involve integral multiples***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Holder who (as a result of trading such amounts) holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his 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 printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

### ***Risks relating to the Notes generally***

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

### ***The application of recovery and resolution powers to the Notes could result in investors losing some or all of their investment in the Notes***

As described in the section of this Base Prospectus entitled "*Supervision and Regulation – UK Recovery and Resolution Regime*", the Banking Act 2009 (the "**Banking Act**") confers extensive resolution powers which can be applied to certain UK investment firms and their affiliates, including the Issuer, under the Special Resolution Regime ("**SRR**"). Whilst as of the date of this Base Prospectus, the Bank of England's preferred resolution strategy for UK investment firms is insolvency (as opposed to exercising the specific powers described below), it remains possible that the Bank of England could apply such powers to the Issuer.

If the Issuer were made subject to the SRR, the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities) subject to certain protections in respect of the Issuer. Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (including the Notes) without the consent of the Holders, including (among other things):

- transferring the Notes out of the hands of the Holders;
- delisting the Notes;
- writing down (which may be to nil) the Notes or converting the Notes into another form or class of securities such as ordinary shares; and/or
- modifying or disapplying certain terms of the Notes.

The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes.

The taking of any such actions could materially adversely affect the rights of Holders, and such actions (or the perception that the taking of such actions may be imminent) could materially adversely affect the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Holders may have limited or no rights to challenge and/or seek a suspension of any decision of the relevant UK resolution authority to exercise its resolution powers (including the bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise. In such circumstances, Holders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Holders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

The Banking Act also grants the Bank of England the power to permanently write-down, or convert into equity, Tier 2 capital instruments (such as the Tier 2 Capital Notes which can be issued under the Programme) at the point of non-viability of the relevant entity or group. See “*Supervision and Regulation – UK Recovery and Resolution Regime*”. Tier 2 Capital Notes may therefore be subject to write-down or conversion into equity on application of such powers (without requiring the consent of such Holders), which may result in such Holders losing some or all of their investment in such Tier 2 Capital Notes.

The exercise of such mandatory write-down and conversion power under the Banking Act or any perceived increased likelihood of such exercise could, therefore, materially adversely affect the rights of Holders of Tier 2 Capital Notes and could materially adversely affect the price or value of their investment in the Tier 2 Capital Notes and/or the ability of the Issuer to satisfy its obligations under the Tier 2 Capital Notes.

***A downgrade of the credit rating assigned by any credit rating agency to the Issuer could adversely affect the liquidity or market value of the Notes. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies***

As of the date of this Base Prospectus, Tranches of Notes issued under the Programme will not be rated. If a Tranche of Notes were to be rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Any rating assigned to the Issuer may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency’s judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency’s assessment of: the Issuer’s strategy and management’s capability; the Issuer’s financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the Group’s key markets; the level of political support for the industries in which the Group operates; and legal and regulatory frameworks affecting the Issuer’s legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to an issuer within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer’s credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer’s ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer, or if such a withdrawal, suspension or downgrade is

anticipated (or any credit rating agency places the credit ratings of the Issuer on “credit watch” status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Notes (whether or not the Notes had an assigned rating prior to such event).

***If the status of the rating agency rating of the Issuer changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, EEA and/or UK regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, which may impact the value of the Notes and their liquidity in the secondary market***

As of the date of this Base Prospectus, Fitch has assigned the Issuer an issuer rating of BBB-. Fitch is established in the UK and registered under the UK CRA Regulation. As such, Fitch is included in the list of credit rating agencies published by the FCA on its website (<https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras>) in accordance with the UK CRA Regulation. As of the date of this Base Prospectus, Fitch Ratings Ireland Limited currently endorses ratings issued by Fitch for regulatory purposes in the EEA in accordance with Regulation (EC) No. 1060/2009 (the “**EU CRA Regulation**”). Fitch Ratings Ireland Limited is established in Ireland and has been registered under the EU CRA Regulation and is included in the list of rating agencies published by ESMA on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with EU CRA Regulation. There can be no assurance that Fitch Ratings Ireland Limited will continue to endorse ratings issued by Fitch.

In general, EEA regulated investors are restricted under the EU CRA Regulation from using ratings for regulatory purposes in the EEA unless such ratings are issued by a rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of ratings issued by non-EEA rating agencies, unless the relevant ratings are endorsed by an EEA-registered rating agency or the relevant non-EEA rating agency is certified in accordance with the EU 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 on the ESMA register in accordance with the EU 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 register.

Similarly, UK regulated investors are restricted under the UK CRA Regulation from using ratings for regulatory purposes in the UK unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of ratings issued by non-UK rating agencies, unless the relevant ratings are endorsed by a UK-registered rating agency or the relevant non-UK rating agency is certified in accordance with the UK 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 on the FCA register in accordance with the UK 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 FCA register.

If the status of the rating agency rating of the Issuer changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, EEA and/or UK regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, which may impact the value of the Notes and their liquidity in the secondary market.

***There is no limit on the amount or type of further bonds or other indebtedness that the Issuer may issue, incur or guarantee***

There is no restriction on the amount of notes, bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such Notes or the incurring of any such other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up or administration or resolution of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein. Furthermore, the Tier 2 Capital Notes do not contain a negative pledge, and the negative pledge contained in the terms and conditions of the Senior Notes only restricts the Issuer from granting security interests in respect of Relevant Indebtedness. The issue or granting of security in relation to any other liabilities may reduce the amount recoverable by Noteholders on a winding-up of the Issuer. On the winding-up of the Issuer and after payment of the claims of its respective more senior ranking creditors, there may not be a sufficient amount to satisfy the amounts owing to the Noteholders under the relevant Series of Notes.

***The Issuer may not be liable to pay certain taxes***

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall, subject to the paragraph below, pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 14 (*Taxation*).

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the Noteholders and Couponholders will be liable for payment of any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in Condition 14 (*Taxation*).

In addition, the Tier 2 Capital Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the Issuer would not be required to pay any Additional Amounts under the terms of such Tier 2 Capital Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under such Tier 2 Capital Notes, Noteholders and Couponholders may receive less than the full amount due under such Tier 2 Capital Notes and the market value of such Tier 2 Capital Notes may be adversely affected.

***Changes in law may adversely affect the rights of Holders***

Changes in law after the date hereof may affect the rights of Holders as well as the market value of the Notes. The Conditions are based on English law in effect as of the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, any change in law or regulation that triggers a Tax Event or a Capital Disqualification Event would, in the case of certain Notes, entitle the Issuer, at its option (subject to, amongst other things, obtaining prior Supervisory Permission), to redeem the Notes, in whole but not in part, as provided under Condition 11(c) (*Redemption for Tax Event*) or 11(d) (*Redemption for Capital Disqualification Event*), as the case may be.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

Legislative and regulatory uncertainty could affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent of any impact on the Notes that one or more regulatory or legislative changes, including those described above, could have. In particular, following the UK's withdrawal from the EU, UK law may diverge from EU law over time. The Issuer is not able to predict how UK legislation might develop. Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's, performance and financial condition. It is not yet possible to predict the detail of such legislation or regulatory rule-making or the ultimate consequences to the Group or the Holders, which could be material to the rights of Holders of the notes and/or the ability of the Issuer to satisfy its obligations under such Notes.

***The Notes are not 'protected liabilities' for the purposes of any Government compensation scheme***

The FSCS established under the Financial Services and Markets Act 2000 is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together **"Protected Liabilities"**).

The Notes are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the UK or any other jurisdiction.

***Investors to rely on the procedures of Euroclear and Clearstream, Luxembourg or any other clearing system specified in the relevant Final Terms for transfer, payment and communication with the Issuer***

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates which may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or any other clearing system specified in the relevant Final Terms (each of Euroclear and Clearstream, Luxembourg and any such other clearing system, a **"Clearing System"**). If the Global Notes are NGN or if the Global Certificates are to be held under the NSS, they will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Notes or, as the case may be, Global Certificates. While the Notes are represented by one or more Global Notes, or as the case may be, Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes or, as the case may be, Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or, for Global Notes that are NGN and Global Certificates to be held under the NSS, the common safekeeper for Euroclear and Clearstream, Luxembourg. A Holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such Holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

### ***The Issuer may be substituted as principal debtor in respect of the Notes***

At any time, the Trustee may (subject to prior Supervisory Permission and compliance with Regulatory Capital Requirements) agree to the substitution in place of the Issuer as the principal debtor under the Notes of certain entities, in each case subject to the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Holders and to certain other conditions set out in the Trust Deed being complied with. In the event of any such substitution, the Trustee shall be entitled to agree to amendments of the Conditions of the Notes and the Trust Deed without the consent of the Holders, including amendments to change the law governing the subordination and waiver of set-off provisions set out in the Conditions and the Trust Deed.

### ***The Conditions of the Notes may be modified without the consent of the Noteholders pursuant to the Corporate Insolvency and Governance Act 2020***

Where the Issuer encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, the Issuer may propose a restructuring plan (a “Plan”) with its creditors under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors whose rights are affected are organised into creditor classes and can vote on any such Plan (subject to any classes being excluded from the vote by the English courts for having no genuine economic interest in the Issuer). Provided that one class of creditors (who would receive a payment, or have a genuine economic interest in the Issuer) has approved the Plan, and in the view of the English courts any dissenting class(es) who did not approve the Plan are no worse off under the Plan than they would be in the event of the “relevant alternative” (such as, broadly, liquidation or administration), then the English courts can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to an Issuer may, therefore, adversely affect the rights of the relevant Noteholders and the price or value of their investment in the relevant Notes, as it may have the effect of modifying or disapplying certain terms of the Notes (by, for example, writing down the principal amount of the Notes, modifying the interest payable on the Notes, the maturity date or dates on which any payments are due or substituting the Issuer).

### ***Modification and waivers***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions provide that the Trustee may, subject to certain exceptions, agree to (A) any modification of, or waiver or authorisation of any breach or proposed breach of, any of the Notes, the Trust Deed or the Agency Agreement which, in each case, in the opinion of the Trustee is not materially prejudicial to the interest of the Noteholders or, in the case of a modification, in the opinion of the Trustee is of a formal, minor or technical nature or to correct a manifest error; or (B) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such if, in the opinion of the Trustee, the interests of the relevant Noteholders will not be materially prejudiced thereby (except that the provisions relating to the Tier 2 Capital Notes shall only be capable of modification or waiver with prior Supervisory Permission and in compliance with prevailing Regulatory Capital Requirements).

The Conditions also provide that the Issuer may, without any requirement for the consent or approval of Noteholders, vary the Conditions, the Agency Agreement and/or the Trust Deed to give effect to any Benchmark Amendments or Benchmark Replacement Conforming Changes determined by the Issuer in accordance with the Conditions.



***A Holder's actual yield on the Notes may be reduced from the stated yield by transaction costs***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

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

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities. Zero Coupon Notes may also be more difficult to trade soon after they have been issued rather than nearer to their redemption date, as the returns on such Notes will be paid to investors only on their redemption date.

***The Issuer may change the stock exchange on which the Notes are listed***

The Trust Deed includes provisions enabling the Issuer to change the stock exchange on which the Notes are listed if the Issuer so chooses or if, after exercise of all reasonable endeavours, the Issuer is unable to comply with the requirements for maintaining such listing on the London Stock Exchange or another relevant stock exchange or if maintenance of any such listing becomes unduly onerous. In such provisions, the Issuer has undertaken to use its reasonable endeavours to obtain and maintain a listing of the Notes on such other stock exchange as it (acting reasonably) may select. Such other stock exchange shall be a market in the UK which complies with the requirements set out in Article 2(1)(13A) of UK MiFIR or a market which complies with the requirements set out in Article 4(1)(21) of MiFID II.

***Risks relating 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:

***There can be no assurance about the development or performance of a secondary trading market for the Notes***

The Notes issued under the Programme represent a new security for which no secondary trading market exists (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued) and there can be no assurance that one will 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. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and

general economic conditions, interest rates, currency exchange rates and inflation rates that may adversely affect the market price of the Notes, such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, while the Issuer and any subsidiary of the Issuer can (subject, in the case of Tier 2 Capital Notes, to Supervisory Permission and compliance with prevailing Regulatory Capital Requirements) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer (or on behalf of the Issuer) could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing credit market conditions, whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although an application has been made to admit the Notes issued under the Programme to trading on the Market, there can be no assurance that such application will be accepted, that the Notes will be so admitted, or that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Notes.

***There are exchange rate risks and exchange control risks associated with the Notes***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency equivalent yield on the Notes; (b) the Investor's Currency equivalent value of the principal payable on the Notes; and (c) 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 as measured in the Investor's Currency.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion in accordance with Part A of the relevant Final Terms, shall be applicable to Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms, or (ii) these terms and conditions as so completed shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in the terms and conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on Notes in definitive form or Certificates (as the case may be). The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Forms of the Notes—Summary of Provisions Relating to the Notes while in Global Form” above.*

This Note is one of a series (each a “**Series**”) issued pursuant to the £1,000,000,000 Euro Medium Term Note Programme of IG Group Holdings plc (the “**Issuer**”) (the “**Programme**”) established on 29 October 2021. This Note is constituted by a Trust Deed dated 29 October 2021 (as amended, restated, modified and/or supplemented as at the Issue Date (as defined below) of the first Tranche (as defined below) of the Notes of the relevant Series and as further amended, restated, modified and/or supplemented from time to time in respect of the relevant Series, the “**Trust Deed**”) between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**” which expression shall wherever the context so admits include its successors) and has the benefit of an Agency Agreement dated 29 October 2021 (as amended, restated, modified and/or supplemented as at the issue date of the first Tranche of Notes of the relevant Series and as further amended, restated, modified and/or supplemented from time to time in respect of the relevant Series, the “**Agency Agreement**”) made between, *inter alios*, the Issuer, the Trustee, The Bank of New York Mellon, London Branch as initial principal paying agent (the “**Principal Paying Agent**”) and as initial calculation agent (the “**Calculation Agent**”), The Bank of New York Mellon SA/NV, Dublin Branch as initial registrar (the “**Registrar**”) and as a transfer agent (a “**Transfer Agent**”) and the other agents named therein. Any other paying agents and transfer agents appointed in respect of a Series pursuant to the Agency Agreement are referred to below as the “**Paying Agents**” (which expression shall include the Principal Paying Agent) and “**Transfer Agents**” (which expression shall include the Registrar) respectively. The Trustee shall exercise the duties, powers, trusts, authorities and discretions vested in it by the Trust Deed separately in relation to each Series of Notes in accordance with the provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during normal business hours at the office for the time being of the Principal Paying Agent (being as at 29 October 2021, One Canada Square, London E14 5AL, United Kingdom) and may be emailed to any Noteholder upon proof of holding satisfactory to the Principal Paying Agent being provided.

Holders of Notes (as defined below) and, in relation to any Series of Bearer Notes (as defined below), any coupons (“**Coupons**”) or talons for further Coupons (“**Talons**”) appertaining thereto are entitled to the benefit of, are bound by, and will be deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

The term “**Notes**” means debt instruments, by whatever name called, issued under the Programme. The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”). All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Final Terms. Notes issued under the Programme are issued in Series and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of the relevant final terms (the “**Final Terms**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions.

## 1 Interpretation

(a) **Definitions:** In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Amounts**” has the meaning given in Condition 14(a) (*Gross up*);

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Adjustment Spread**” has the meaning given in Condition 10(h) (*Definitions*);

“**Agents**” means the Calculation Agent, the Principal Paying Agent, any other Paying Agent, the Registrar and any Transfer Agent;

“**Alternative Rate**” has the meaning given in Condition 10(h) (*Definitions*);

“**Authorised Signatories**” has the meaning given in the Trust Deed;

“**Benchmark Amendments**” has the meaning given in Condition 10(d) (*Benchmark Amendments*);

“**Benchmark Event**” has the meaning given in Condition 10(h) (*Definitions*);

“**Benchmark Frequency**” means, if “**Benchmark Gilt Rate**” is specified in the relevant Final Terms, semi-annual and in all other cases has the meaning given in the relevant Final Terms;

“**Benchmark Gilt Rate**” means in respect of a Reset Period and subject to Condition 5(e) (*Fallback – Benchmark Gilt Rate*), the gross redemption yield (as calculated by the Calculation Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 5, Section One: Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 8 June 1998, as amended or updated from time to time) or if such basis is no longer in customary market usage at such time, in accordance with generally accepted market practice at such time, on a semi-annual compounding basis) of the Benchmark Gilt, with the price of the Benchmark Gilt for the purpose of determining the gross redemption yield being the arithmetic mean of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 11.00 a.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. Such quotations shall be obtained by or on behalf of the Issuer and provided to the Calculation Agent. If at least four quotations are provided, the Benchmark Gilt Rate will be determined by reference to the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be determined by reference to the arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be determined by reference to the rounded quotation provided, where:

“**Benchmark Gilt**” means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new issues having a maturity date on or about the Subsequent Reset Date falling at the end of (but not included in) such Reset Period (if applicable) or (otherwise) the Maturity Date as the Calculation Agent (on the advice of the Reference Banks or, which failing, the advice of an independent investment bank or

independent financial adviser of international repute appointed by the Issuer at its own expense) may determine to be appropriate following any guidance published by the International Capital Market Association at the relevant time (if any); and

**“dealing day”** means a day on which the Market (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

**“Broken Amount”** means, in respect of any Notes, the amount (if any) that is specified in the relevant Final Terms;

**“Business Day”** means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**“Business Day Convention”**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **“FRN Convention”**, **“Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**“Calculation Amount”** has the meaning given in the relevant Final Terms;

a **“Capital Disqualification Event”** is deemed to have occurred in respect of a Series of Tier 2 Capital Notes if there is a change (which has occurred or which the Competent Authority considers to be sufficiently certain) in the regulatory classification of such Series of Tier 2 Capital Notes which becomes effective after the issue date of the last Tranche of the relevant Series of Tier 2 Capital Notes and that results, or would be likely to result, in some of or the entire principal amount of such Series of Tier 2 Capital Notes ceasing to be included in the Tier 2 Capital of (if the relevant Notes have previously been included in the Tier 2 Capital of the Issuer) the Issuer and/or (if the relevant Notes have previously been included in the Tier 2 Capital of the Group) the Group and, for the avoidance of doubt, any amortisation of the Tier 2 Capital Notes pursuant to Article 64 of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No. 648/2012 as it forms part of domestic law by virtue of the EUWA (or any equivalent or successor provision) shall not comprise a Capital Disqualification Event;

**“Code”** has the meaning given in Condition 14(b) (*FATCA*);

**“Competent Authority”** means the Financial Conduct Authority or such other authority having primary supervisory authority with respect to prudential matters, as applicable, concerning the Issuer and/or the Group;

**“Compounded Daily SONIA”** has the meaning given in Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*) or Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination)*), as applicable;

**“Coupon Sheet”** means, in respect of a Bearer Note, a coupon sheet relating to such Note;

**“Couponholders”** means the holders of the Coupons (whether or not attached to the relevant Notes);

**“Day Count Fraction”** means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **“Actual/Actual (ICMA)”** is so specified, means:

- (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
- (B) where the Calculation Period is longer than one Regular Period, the sum of:
  - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year; and
  - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year;

- (ii) if “**Actual/Actual (ISDA)**” is so specified, means 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 (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis is as follows:

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

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 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

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;

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

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

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 (1) that day is the last day of February or (2) 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 (1) that day is the last day of February but not the Maturity Date or (2) such number would be 31, in which case D<sub>2</sub> will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from (and including) the first day of the Calculation Period to (but excluding) the last day of the Calculation Period;

“**Designated Maturity**” shall have the meaning specified in the relevant Final Terms;

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**EURIBOR**” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

“**euro**” and “**€**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

“**EUWA**” means the European Union (Withdrawal) Act 2018;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**FATCA Withholding**” has the meaning given in Condition 14(b) (*FATCA*);



**“Final Redemption Amount”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“First Interest Payment Date”** means the date specified in the relevant Final Terms;

**“First Margin”** means the margin specified as such in the relevant Final Terms;

**“First Reset Date”** means the date specified in the relevant Final Terms;

**“First Reset Period”** means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date;

**“First Reset Rate of Interest”** means, in respect of the First Reset Period and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – Benchmark Gilt Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent));

**“Fixed Coupon Amount”** has the meaning given in the relevant Final Terms;

**“Fixed Rate Note”** means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

**“Floating Rate Note”** means a Note on which interest is calculated at a floating rate payable at intervals of one, two, three, six or 12 months or at such other intervals as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

**“Group”** means the Issuer and each entity (if any) which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time, if any;

**“Holder”**, in the case of Bearer Notes, has the meaning given in Condition 2(a) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(c) (*Title to Registered Notes*);

**“Independent Adviser”** has the meaning given in Condition 10(h) (*Definitions*);

**“Initial Mid-Swap Rate”** has the meaning specified in the relevant Final Terms;

**“Initial Mid-Swap Rate Final Fallback”** has the meaning given in the relevant Final Terms;

**“Initial Rate of Interest”** has, in relation to a Reset Note, the meaning specified in the relevant Final Terms;

**“Interest Amount”** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**“Interest Commencement Date”** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**“Interest Determination Date”** shall mean the date specified as such in the relevant Final Terms, or if none is so specified:

- (i) if the Reference Rate is SONIA, the fifth London Banking Day prior to the last day of each Interest Period, provided that a number lower than five may be so specified by the Issuer with the prior agreement of the Calculation Agent;
- (ii) if the Reference Rate is Compounded Daily SOFR or Weighted Average SOFR, the fifth U.S. Government Securities Business Day prior to the last day of each Interest Period, provided that a number lower than five may be so specified by the Issuer with the prior agreement of the Calculation Agent; or
- (iii) if the Reference Rate is EURIBOR, the second day on which TARGET2 is open prior to the start of each Interest Period;

**“Interest Payment Date”** means the First Interest Payment Date and any date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**“Interest Period”** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the first Interest Payment Date or next Interest Payment Date (as the case may be);

**“ISDA Definitions”** means the 2006 ISDA Definitions (as amended and updated as at the issue date of the first Tranche of Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**“Issue Date”** has the meaning given in the relevant Final Terms;

**“Last Observable Mid-Swap Rate Final Fallback”** has the meaning given in the relevant Final Terms;

**“Margin”** has the meaning given in the relevant Final Terms;

**“Market”** means the main market of the London Stock Exchange plc;

**“Maturity Date”** has the meaning given in the relevant Final Terms;

**“Maximum Redemption Amount”** has the meaning given in the relevant Final Terms;

**“Mid-Market Swap Rate”** means, for any Reset Period, the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Benchmark Frequency during the relevant Reset Period (calculated on the day count basis then customary for fixed rate payments in the Specified Currency) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis then customary for floating rate payments in the Specified Currency);

**“Mid-Market Swap Rate Quotation”** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**“Mid-Swap Floating Leg Benchmark Rate”** means EURIBOR if the Specified Currency is euro or the Reference Rate as specified in the relevant Final Terms;

**“Mid-Swap Maturity”** has the meaning given in the relevant Final Terms;

**“Mid-Swap Rate”** means, in relation to a Reset Determination Date and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*), either:

- (i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

**“Minimum Redemption Amount”** has the meaning given in the relevant Final Terms;

**“Noteholder”**, in the case of Bearer Notes, has the meaning given in Condition 2(a) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(c) (*Title to Registered Notes*);

**“Optional Redemption Amount (Call)”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“Optional Redemption Amount (Capital Disqualification Event)”** means, in respect of any Tier 2 Capital Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“Optional Redemption Amount (Clean-up Call)”** means, in respect of any Senior Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“Optional Redemption Date(s) (Call)”** has the meaning given in the relevant Final Terms;

**“Original Reference Rate”** has the meaning given in Condition 10(h) (*Definitions*);

**“Payment Business Day”** means:

- (i) if the currency of payment is euro, any day (other than a Saturday, Sunday or public holiday) which is:
  - (A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or

- (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent has its Specified Office; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day (other than a Saturday, Sunday or public holiday) which is:
  - (A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent has its Specified Office; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“**person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer;

“**Proceedings**” has the meaning given in Condition 25(b) (*Jurisdiction*);

“**Qualifying Tier 2 Securities**” means securities issued directly by the Issuer that:

- (i) have terms not materially less favourable to an investor than the terms of the relevant Series of Tier 2 Capital Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current requirements of the Competent Authority in relation to Tier 2 Capital; (2) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the relevant Series of Tier 2 Capital Notes; (3) rank *pari passu* with the ranking of the relevant Series of Tier 2 Capital Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Series of Tier 2 Capital Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral; and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (ii) if the relevant Series of Tier 2 Capital Notes is listed on a stock exchange or market, are listed on (aa) the same stock exchange or market as the relevant Series of Tier 2 Capital Notes, (bb) the official list of the Financial Conduct Authority and admitted to trading on the Market or (cc) any other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer;

**“Rate of Interest”** means (i) in the case of Notes other than Reset Notes, the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms; and (ii) in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

**“Recognised Stock Exchange”** means a recognised stock exchange as defined in section 1005 of the United Kingdom Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

**“Record Date”** has the meaning given in Condition 13(f);

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Capital Disqualification Event) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**“Reference Banks”** (i) in the case of Notes other than Reset Notes, has the meaning given in the relevant Final Terms or, if none, five major banks selected by the Issuer in the market that is most closely connected with the Reference Rate; and (ii) in the case of Reset Notes, has the meaning given in the relevant Final Terms or, if none (1) in the case of the calculation of a Mid-Market Swap Rate, five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer or (2) in the case of the calculation of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers as selected by the Issuer;

**“Reference Bond”** means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer as having an actual or interpolated maturity date on or about the last day of such Reset Period and that (in the opinion of the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

**“Reference Bond Dealer”** means each of five banks which are primary government securities dealers or market makers in pricing corporate bond issuances, as selected by the Issuer;

**“Reference Bond Dealer Quotations”** means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) as at the Reference Bond Relevant Time in the principal financial centre of the Specified Currency (which, if the Specified Currency is euro, shall be Frankfurt) on the relevant Reset Determination Date and quoted in writing to the Issuer by such Reference Bond Dealer and notified to the Calculation Agent;

**“Reference Bond Price”** means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Issuer obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations, or (c) if the Issuer obtains only one Reference Bond Dealer Quotation or if the Issuer obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different First Margin

or Subsequent Margin (as the case may be) specified in the relevant Final Terms is to be applied to the relevant Reset Period from that which applied (if any) to the last preceding Reset Period, the First Margin or Subsequent Margin (as the case may be) relating to the relevant Reset Period in place of that relating to that last preceding Reset Period);

**“Reference Bond Rate”** means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond (as calculated by the Calculation Agent), assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price;

**“Reference Bond Relevant Time”** has the meaning given in the relevant Final Terms;

**“Reference Price”** has the meaning given in the relevant Final Terms;

**“Reference Rate”** shall mean (i) EURIBOR, (ii) SONIA, (iii) Compounded Daily SOFR or (iv) Weighted Average SOFR, in the case of (i) for the relevant period as specified in the relevant Final Terms;

**“Regular Period”** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) one Interest Payment Date to (but excluding) the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**“Regulatory Capital Requirements”** means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Competent Authority or the United Kingdom relating to capital adequacy and applicable to the Issuer and/or the Group;

**“Relevant Date”** means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it 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 seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate or Bearer Note representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

**“Relevant Financial Centre”** has the meaning given in the relevant Final Terms;

**“Relevant Jurisdiction”** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any

authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, premium (if any) and/or interest on the Notes;

**“Relevant Nominating Body”** has the meaning given in Condition 10(h) (*Definitions*);

**“Relevant Screen Page”** means the page, section or other part of a particular information service (or any successor or replacement page, section or other part of a particular information service, including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Final Terms;

**“Reset Date”** means the First Reset Date and each Subsequent Reset Date (as applicable);

**“Reset Determination Date”** means, unless otherwise specified in the relevant Final Terms, the second Business Day prior to each relevant Reset Date;

**“Reset Maturity Initial Mid-Swap Rate Final Fallback”** has the meaning given in the relevant Final Terms;

**“Reset Note”** means a Note which bears interest at a rate of interest which is recalculated at specified intervals;

**“Reset Period”** means the First Reset Period or a Subsequent Reset Period, as the case may be;

**“Reset Period Maturity Initial Mid-Swap Rate”** has the meaning given in the relevant Final Terms;

**“Reset Rate”** means (i) if “Mid-Swap Rate” is specified in the relevant Final Terms, the relevant Mid-Swap Rate; (ii) if “Benchmark Gilt Rate” is specified in the relevant Final Terms, the relevant Benchmark Gilt Rate; or (iii) if “Reference Bond” is specified in the relevant Final Terms, the relevant Reference Bond Rate;

**“Senior Claims”** means the aggregate amount of all claims admitted in a Winding-Up in respect of creditors of the Issuer (a) who are unsubordinated creditors of the Issuer including, for the avoidance of doubt, holders of Senior Notes; and (b) whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Holders in respect of the Tier 2 Capital Notes or related Coupons);

**“Specified Currency”** has the meaning given in the relevant Final Terms;

**“Specified Denomination(s)”** has the meaning given in the relevant Final Terms;

**“Specified Office”** has the meaning given in the Agency Agreement;

**“Specified Period”** has the meaning given in the relevant Final Terms;

**“Subsequent Margin”** means the margin(s) specified as such in the relevant Final Terms;

**“Subsequent Reset Date”** means the date or dates specified in the relevant Final Terms;

**“Subsequent Reset Period”** means the period from (and including) the first Subsequent Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

**“Subsequent Reset Rate of Interest”** means, in respect of any Subsequent Reset Period and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – Benchmark Gilt Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent));

**“Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback”** has the meaning given in the relevant Final Terms;

**“Subsequent Reset Rate Mid-Swap Rate Final Fallback”** has the meaning given in the relevant Final Terms;

**“Subsidiary”** has the meaning given to it in Section 1159 of the Companies Act 2006;

**“Substitute Obligor”** has the meaning given in Condition 19(c) (*Substitution*);

**“Successor Rate”** has the meaning given in Condition 10(h) (*Definitions*);

**“Supervisory Permission”** means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under prevailing Regulatory Capital Requirements (if any);

**“Talon”** means a talon for further Coupons;

**“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 19 November 2007;

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

**“Tax Event”** is deemed to have occurred if, as a result of a Tax Law Change:

- (i) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or
- (ii) the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is reduced; or
- (iii) the Notes are, or will be, prevented from being treated as loan relationships for United Kingdom tax purposes; or
- (iv) the Issuer is not, or will not be, able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the issue date of the last Tranche of the relevant Series of the Notes or any similar system or systems having like effect as may from time to time exist); or
- (v) the Notes or any part thereof are, or will be, treated as a derivative or an embedded derivative for United Kingdom tax purposes,

and, in any such case, the Issuer could not avoid the foregoing by taking measures reasonably available to it;

**“Tax Law Change”** means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant



Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the issue date of the last Tranche of Notes of the relevant Series, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the issue date of the last Tranche of Notes of the relevant Series;

“**Tier 1 Capital**” has the meaning given to it from time to time by the Competent Authority or the applicable prudential rules;

“**Tier 2 Capital**” has the meaning given to it from time to time by the Competent Authority or the applicable prudential rules;

“**Winding-Up**” means if:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) following the appointment of an administrator of the Issuer, such administrator gives notice that it intends to declare and distribute a dividend; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount or any premium payable in respect of a Note, any Additional Amounts in respect of principal which may be payable under Condition 14 (*Taxation*) and any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any Additional Amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed or any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed; and

- (vii) if an expression is stated in Condition 1(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “Not Applicable” then such expression is not applicable to the Notes.

## **2 Form, Denomination, Title and Transfer**

(a) ***Bearer Notes***

Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(a) ***Title to Bearer Notes***

Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.

(b) ***Registered Notes***

Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(c) ***Title to Registered Notes***

The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

(d) ***Ownership***

The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

(e) ***Transfers of Registered Notes***

Subject to Conditions 2(i) (*Closed periods*) and 2(j) (*Regulations concerning transfers and registration*), a Registered Note may be transferred in whole or in part upon the surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Registered

Notes will be issued to the transferor and in any case a further new Certificate will be issued to the transferee in respect of the part transferred.

(f) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the Holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(g) ***Registration and delivery of Certificates***

Within three business days of the surrender of a Certificate in accordance with Condition 2(e) (*Transfers of Registered Notes*), the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 2(g) (*Registration and delivery of Certificates*), "**business day**" means a day on which commercial banks and foreign exchange markets settle payments generally in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) ***No charge***

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) ***Closed periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 11(b) (*Redemption at the option of the Issuer (Call Option)*), 11(c) (*Redemption for Tax Event*), 11(d) (*Redemption for Capital Disqualification Event*) or 11(e) (*Redemption at the option of the Issuer (Clean-up Call Option)*), (iii) after the Notes have been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

(j) ***Regulations concerning transfers and registration***

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

(k) ***No exchange***

Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

### 3 Status

The Notes are either senior Notes (“**Senior Notes**”) or tier 2 capital Notes (“**Tier 2 Capital Notes**”), as specified in the relevant Final Terms.

#### (a) Senior Notes

##### (i) Status

The Senior Notes (and the Coupons relating thereto, if any) constitute direct, unconditional, unsubordinated and (subject to Condition 3(a)(ii)) unsecured obligations of the Issuer. The Senior Notes and any Coupons relating thereto rank *pari passu* without any preference among themselves.

The Senior Notes and any such Coupons rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present or future (other than obligations of the Issuer which rank or are expressed to rank junior to the Senior Notes and other than such obligations of the Issuer which are given priority pursuant to applicable statutory provisions).

##### (ii) Negative Pledge

This Condition 3(a)(ii) is only applicable to Senior Notes.

So long as any Senior Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Material Subsidiaries (as defined in Condition 15(a)) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each, a “**Security Interest**”) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto (a) according to the Senior Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) providing such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution.

In this Condition 3(a)(ii), “**Relevant Indebtedness**” means any indebtedness for moneys borrowed which (i) has an original maturity of at least one year and (ii) is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which, with the agreement of the Issuer, are quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other recognised securities market.

#### (b) Tier 2 Capital Notes

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) constitute direct and unsecured obligations of the Issuer. The Tier 2 Capital Notes and any Coupons relating thereto rank junior to Senior Claims, including claims in respect of the Senior Notes and any Coupons relating thereto. The Tier 2 Capital Notes rank *pari passu* without any preference among themselves.

If a Winding-Up occurs, the rights and claims of the Holders and the Couponholders (and the Trustee on their behalf) against the Issuer in respect of, or arising under, each Tier 2 Capital Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Tier 2 Capital Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Tier 2 Capital Note

or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Tier 2 Capital Note or any related Coupon, provided however that such rights and claims shall be subordinated as provided in this Condition 3(b) (*Tier 2 Capital Notes*) and in the Trust Deed to all Senior Claims but shall rank:

- (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith; and
- (ii) in priority (x) to the claims of holders of all undated or perpetual subordinated obligations of the Issuer and any other obligations of the Issuer which rank, or are expressed to rank, junior in right of payment to the Tier 2 Capital Notes and (y) to the claims of holders of all classes of share capital of the Issuer.

(c) **No set-off**

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with any Notes, any Coupons or the Trust Deed and each Holder shall, by virtue of his holding of any Note or Coupon, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with any Notes or any related Coupons is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as the case may be, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount on trust for the Issuer or, as the case may be, the liquidator or administrator of the Issuer and accordingly any such discharge shall be deemed not to have taken place.

(d) **Trustee Expenses**

Nothing in this Condition 3 (*Status*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

#### **4 Fixed Rate Note Provisions**

(a) ***Application***

This Condition 4 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Fixed Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount so specified.

(d) ***Calculation of Interest Amount***

Except in the case of Notes where a Fixed Coupon Amount is specified in the applicable Final Terms, the amount of interest payable in respect of each Note for any period shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## **5 Reset Note Provisions**

(a) ***Application***

This Condition 5 (*Reset Note Provisions*) is applicable to the Notes only if the Reset Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest:

- (i) from (and including) the Interest Commencement Date specified in the relevant Final Terms to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (ii) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Reset Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Rate of Interest***

The Rate of Interest applicable for each Reset Period shall, subject to Condition 10 (*Benchmark Discontinuation*), be determined by the Calculation Agent at or as soon as practicable after each time at which the Rate of Interest is to be determined on each Reset Determination Date. The Interest Amount payable on the Notes shall be calculated in accordance with the provisions for calculating amounts of interest in Condition 4 (*Fixed Rate Note Provisions*) and, for such purposes, Condition 4 (*Fixed Rate Note Provisions*) shall be construed accordingly.

(d) ***Fallback – Mid-Swap Rate***

Where the Reset Rate is specified as “Mid-Swap Rate” in the relevant Final Terms and if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Issuer with Mid-Market Swap Rate Quotations on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)).

If only one of the Reference Banks provides the Issuer with a Mid-Market Swap Rate Quotation on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)).

If on any Reset Determination Date none of the Reference Banks provides the Issuer with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(d) (*Fallback – Mid-Swap Rate*):

- (i) in the case of the first Reset Determination Date only, the First Reset Rate of Interest shall be equal to the sum of:
  - (A) if Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent));
  - (B) if Reset Maturity Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Reset Period Maturity Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or
  - (C) if Last Observable Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)),provided that (in the case of an issue of Tier 2 Capital Notes) if the application of (i)(B) or (i)(C) could, in the determination of the Issuer, reasonably be expected to prejudice the qualification of the relevant Series of Tier 2 Capital Notes as Tier 2 Capital, then (i)(A) above will apply; or
- (ii) in the case of any Reset Determination Date other than the first Reset Determination Date, the Subsequent Reset Rate of Interest shall be equal to the sum of:

- (A) if Subsequent Reset Rate Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or
- (B) if Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)),

provided that (in the case of an issue of Tier 2 Capital Notes) if the application of this paragraph (ii)(B), in the determination of the Issuer, could reasonably be expected to prejudice the qualification of the relevant Series of Tier 2 Capital Notes as Tier 2 Capital, then (ii)(A) above will apply,

all as determined by the Calculation Agent in accordance with the provisions set out above.

(e) ***Fallback – Benchmark Gilt Rate***

Where the Reset Rate is specified as “Benchmark Gilt Rate” in the relevant Final Terms and where no quotations with respect to the Benchmark Gilt are provided by the relevant Reference Banks, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different First Margin or Subsequent Margin (as the case may be) specified in the relevant Final Terms is to be applied to the relevant Reset Period from that which applied (if any) to the last preceding Reset Period, the First Margin or Subsequent Margin (as the case may be) relating to the relevant Reset Period in place of that relating to that last preceding Reset Period).

(f) ***Publication***

The Calculation Agent will cause each Rate of Interest determined by it and any other amount(s) required to be determined by it together with the relevant payment date(s) to be notified to the Issuer, the Paying Agents and the Trustee as soon as possible after such determination but in any event not later than the fourth Business Day thereafter and the Issuer shall thereafter notify, as soon as possible, each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and, in accordance with Condition 22 (*Notices*), the Holders.

(g) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Reset Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Trustee, the Paying Agents, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders, Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.



## 6 Floating Rate Note Provisions

### (a) *Application*

This Condition 6 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

### (b) *Accrual of interest*

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Floating Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

### (c) *Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA or SOFR*

Where, in respect of a Series of Floating Rate Notes, Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the relevant Final Terms do not specify that the Reference Rate is SONIA or SOFR, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent, subject to Condition 10 (*Benchmark Discontinuation*), on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
  - (A) one rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the period of time designated in the Reference Rate, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable;

- (A) the Issuer will request each of the Reference Banks to provide to the Calculation Agent a quotation of the Reference Rate as at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (B) the Calculation Agent will determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period or, in the absence of a preceding Interest Period, the Rate of Interest applicable to the Notes during such Interest Period shall be the Initial Rate of Interest (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest specified in the relevant Final Terms is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

(d) ***Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)***

Where, in respect of a Series of Floating Rate Notes, (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, (ii) the relevant Final Terms specify that the Reference Rate is SONIA and (iii) Index Determination is specified as “Not Applicable” in the relevant Final Terms, the Rate of Interest for each Interest Period will, subject to Condition 10 (*Benchmark Discontinuation*) and as provided below, be Compounded Daily SONIA plus or minus (as indicated in the relevant Final Terms) the applicable Margin.

“**Compounded Daily SONIA**” means with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-PLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in:

- a. where “Lag” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- b. where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

“**d<sub>o</sub>**” means the number of London Banking Days in:

- a. where “Lag” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- b. where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

“**i**” is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including:

- a. where “Lag” is specified as the Observation Method in the relevant Final Terms, the first London Banking Day in the relevant Interest Period to, and including, the last London Banking Day in the relevant Interest Period; or
- b. where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the first London Banking Day in the relevant Observation Period to, and including, the last London Banking Day in the relevant Observation Period;

“**London Banking Day**” or “**LBD**” means any day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n<sub>i</sub>**”, for any London Banking Day “**i**”, means the number of calendar days from and including such London Banking Day “**i**” up to but excluding the following London Banking Day;

“**Observation Period**” means, in respect of an Interest Period, the period from and including the date falling “**p**” London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “**p**” London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling “**p**” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means:

- a. where “Lag” is specified as the Observation Method in the relevant Final Terms, the number of London Banking Days in the Observation Look-Back Period specified in the relevant Final Terms (or, if no such number is specified, five London Banking Days, provided that a number lower than five may only be so specified by the Issuer with the prior agreement of the Calculation Agent); or
- b. where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the number of London Banking Days included in the Observation Shift Period specified in the relevant Final Terms (or, if no such number is specified, five London Banking Days, provided that a number lower than five may only be so specified by the Issuer with the prior agreement of the Calculation Agent);

the “**SONIA reference rate**”, in respect of any London Banking Day, means a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by

the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

“SONIA<sub>i-PLBD</sub>” means:

- a. where “Lag” is specified as the Observation Method in the relevant Final Terms, in respect of any London Banking Day “i”, the SONIA reference rate for the London Banking Day falling “p” London Banking Days prior to such London Banking Day “i”; or
- b. where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, in respect of any London Banking Day “i”, the SONIA reference rate for that day.

If, in respect of any London Banking Day, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).

In the event the Bank of England publishes guidance as to (i) how the SONIA reference rate is to be determined; or (ii) any rate that is to replace the SONIA reference rate, the Calculation Agent shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA reference rate for any London Banking Day “i” for the purpose of the relevant Series of Notes for so long as the SONIA reference rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest specified in the relevant Final Terms is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 15 (*Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(e) ***Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination)***

Where, in respect of a Series of Floating Rate Notes, (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, (ii) the relevant Final Terms specify that the Reference Rate is SONIA and (iii) Index Determination is specified as “Applicable” in the relevant Final Terms, the Rate of Interest for each Interest Period will, subject to Condition 10 (*Benchmark Discontinuation*) and as provided below, be the SONIA Compounded Index Rate plus or minus (as indicated in the relevant Final Terms) the applicable Margin.

“**SONIA Compounded Index Rate**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling overnight reference rate as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) on the Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left( \frac{\text{SONIA Compounded Index}_{END}}{\text{SONIA Compounded Index}_{START}} - 1 \right) \times \frac{365}{d}$$

where:

“**London Banking Day**” and “**Observation Period**” have the meanings set out under Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*);

“**d**” means the number of calendar days in the relevant Observation Period;

“**p**” means, for any Interest Period, the number of London Banking Days included in the SONIA Compounded Index Observation Shift Period specified in the relevant Final Terms (or, if no such number is specified, five London Banking Days, provided that a number lower than five shall only be so specified with the prior agreement of the Calculation Agent);

“**SONIA Compounded Index**” means the index known as the “SONIA Compounded Index” administered by the Bank of England (or any successor administrator thereof);

“**SONIA Compounded Index<sub>END</sub>**” means the SONIA Compounded Index Value on the last day of the relevant Observation Period;

“**SONIA Compounded Index<sub>START</sub>**” means, with respect to an Interest Period, the SONIA Compounded Index Value on the first day of the relevant Observation Period; and

“**SONIA Compounded Index Value**” means, in relation to any London Banking Day, the value of the SONIA Compounded Index as published on the Relevant Screen Page on such London Banking Day or, if the value of the SONIA Compounded Index cannot be obtained from the Relevant Screen Page, as published on the Bank of England’s website at [www.bankofengland.co.uk/boeapps/database/](http://www.bankofengland.co.uk/boeapps/database/) (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) in respect of the relevant London Banking Day.

Subject to Condition 10 (*Benchmark Discontinuation*), if the SONIA Compounded Index Value is not available by 5:00 p.m. (London Time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date in relation to any Interest Period on the Relevant Screen Page or the Bank of England’s website (or such other page or website referred to in the definition of

“SONIA Compounded Index Value” above) for the determination of either or both of SONIA Compounded Index<sub>START</sub> and SONIA Compounded Index<sub>END</sub>, the Rate of Interest for such Interest Period shall be “Compounded Daily SONIA” determined as set out in Condition 6(d) (*Screen Rate Determination – Floating Rates Referencing SONIA (Non-Index Determination)*) above plus or minus (as indicated in the relevant Final Terms) the applicable Margin and as if Index Determination were specified in the applicable Final Terms as being “Not Applicable”, and for these purposes: (A) (i) the “Observation Method” shall be deemed to be “Observation Shift” and (ii) the “Observation Shift Period” shall be deemed to be equal to the “SONIA Compounded Index Observation Shift Period”, as if those alternative elections had been made in the applicable Final Terms; and (B) the “Relevant Screen Page” shall be deemed to be the “Relevant Fallback Screen Page” specified in the relevant Final Terms.

If the relevant Series of Notes become due and payable in accordance with Condition 15 (*Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(f) ***Screen Rate Determination – Floating Rate Notes Referencing SOFR (Non-Index Determination)***

Where, in respect of a Series of Floating Rate Notes, (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, (ii) the relevant Final Terms specify that the Reference Rate is either Compounded Daily SOFR or Weighted Average SOFR and (iii) Index Determination is specified as “Not Applicable” in the relevant Final Terms, the Rate of Interest for each Interest Period will, subject to Condition 10(e) (*SOFR Benchmark Replacement*) be as provided below.

Where the relevant Final Terms specify that the Reference Rate is Compounded Daily SOFR, the provisions of paragraph (A) below of this Condition 6(f) apply.

Where the relevant Final Terms specify that the Reference Rate is Weighted Average SOFR, the provisions of paragraph (B) below of this Condition 6(f) apply.

(A) ***Compounded Daily SOFR***

Where this paragraph (A) applies, the Rate of Interest for each Interest Period will, subject to Condition 10 (*Benchmark Discontinuation*) and as provided below, be Compounded Daily SOFR plus or minus (as indicated in the relevant Final Terms) the applicable Margin.

“**Compounded Daily SOFR**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily U.S. dollars secured overnight financing rate as reference rate for the calculation of interest) as calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

“**d**” is the number of calendar days in:

- (i) where “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
  - (ii) where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the relevant SOFR Observation Period;
- “D”** means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);
- “d<sub>o</sub>”** means the number of U.S. Government Securities Business Days in:
- (i) where “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
  - (ii) where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the relevant SOFR Observation Period;
- “i”** is a series of whole numbers from one to “d<sub>o</sub>”, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:
- (i) where “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
  - (ii) where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the relevant SOFR Observation Period;
- “Lock-out Period”** means the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date;
- “New York Fed’s Website”** means the website of the Federal Reserve Bank of New York (or a successor administrator of SOFR) or any successor source;
- “n<sub>i</sub>”** for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day;
- “p”** means:
- (i) where “Lag” is specified as the Observation Method in the relevant Final Terms, the number of U.S. Government Securities Business Days included in the Observation Look-Back Period in the relevant Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);
  - (ii) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, zero U.S. Government Securities Business Days; or
  - (iii) where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the number of U.S. Government Securities Business Days included in the Observation Shift Period in the relevant Final Terms (or, if no such number is specified, five U.S. Government Securities Business Days);
- “Reference Day”** means each U.S. Government Securities Business Day in the relevant Interest Period, other than any U.S. Government Securities Business Day in the Lock-out Period;

“**SOFR**”, in respect of any U.S. Government Securities Business Day (“**USBD<sub>x</sub>**”), is a reference rate equal to the daily secured overnight financing rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed’s Website, in each case at or around 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such **USBD<sub>x</sub>**;

“**SOFR<sub>i</sub>**” means the SOFR for:

- (i) where “Lag” is specified as the Observation Method in the relevant Final Terms, the U.S. Government Securities Business Day falling “p” U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day “i”;
- (ii) where “Lock-out” is specified as the Observation Method in the relevant Final Terms:
  - (A) in respect of each U.S. Government Securities Business Day “i” that is a Reference Day, the SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; or
  - (B) in respect of each U.S. Government Securities Business Day “i” that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), the SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date); or
- (iii) where “Observation Shift” is specified as the Observation Method in the relevant Final Terms, the relevant U.S. Government Securities Business Day “i”;

“**SOFR Observation Period**” means the period from (and including) the date falling “p” U.S. Government Securities Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling “p” U.S. Government Securities Business Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other period) the date on which the relevant payment of interest falls due; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(B) *Weighted Average SOFR*

Where this paragraph (B) applies, the Rate of Interest for each Interest Period will, subject to Condition 10 (*Benchmark Discontinuation*) and as provided below, be Weighted Average SOFR plus or minus (as indicated in the relevant Final Terms) the applicable Margin, all as calculated by the Calculation Agent as of the Interest Determination Date (and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards), where:

“**Weighted Average SOFR**” means:

- (i) where “Lag” is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant SOFR Observation Period, calculated by multiplying each relevant SOFR by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant SOFR Observation Period. For these purposes, the SOFR in effect for any



calendar day which is not a U.S. Government Securities Business Day shall be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day; and

- (ii) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant SOFR by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, provided however that for any calendar day of such Interest Period falling in the Lock-out Period, the relevant SOFR for each day during that Lock-out Period will be deemed to be the SOFR in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall, subject to the proviso above, be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day.

Capitalised terms used in this paragraph (B) and not otherwise defined herein have the meanings given to them in paragraph (A) above of this Condition 6(f) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Non-Index Determination)*).

(C) *SOFR Unavailable*

Subject to Condition 10 (*Benchmark Discontinuation*), if, where any Rate of Interest is to be calculated pursuant to this Condition 6(f), in respect of any U.S. Government Securities Business Day in respect of which an applicable SOFR is required to be determined, such SOFR is not available, such SOFR shall be the SOFR for the first preceding U.S. Government Securities Business Day in respect of which the SOFR was published on the New York Fed’s Website.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6(f) but without prejudice to Condition 10 (*Benchmark Discontinuation*), the Rate of Interest shall be calculated in accordance, *mutatis mutandis*, with the provisions of the penultimate paragraph of Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*).

(D) *Rate of Interest following default*

If the relevant Series of Notes become due and payable in accordance with Condition 15 (*Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(g) ***Screen Rate Determination – Floating Rate Notes Referencing SOFR (Index Determination)***

Where (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, (ii) the relevant Final Terms specify that the Reference Rate is Compounded Daily SOFR and (iii) Index Determination is specified as “Applicable” in the relevant Final Terms, the Rate of Interest for each Interest Period will, subject to Condition 10 (*Benchmark Discontinuation*) and as provided below, be the SOFR Compounded Index Rate plus or minus (as indicated in the relevant Final Terms) the applicable Margin.

“**Compounded SOFR Index Rate**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily U.S. dollars secured overnight financing rate as the reference rate for the calculation of interest) as calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) as at the relevant Interest Determination Date in accordance with the following formula (expressed as a percentage and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \frac{360}{d_c}$$

where:

“**d<sub>c</sub>**” means the number of calendar days from (and including) the day in relation to which SOFR Index<sub>Start</sub> is determined to (but excluding) the day in relation to which SOFR Index<sub>End</sub> is determined;

“**Relevant Number**” means the number of U.S. Government Securities Business Days specified as such in the relevant Final Terms (or, if no such number is specified, five);

“**SOFR**” means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator’s Website;

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

“**SOFR Administrator’s Website**” means the website of the SOFR Administrator, or any successor source;

“**SOFR Index**”, with respect to any U.S. Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the SOFR Administrator’s Website at or around 3.00 p.m. (New York time) on such U.S. Government Securities Business Day (the “**SOFR Determination Time**”);

“**SOFR Index<sub>Start</sub>**”, with respect to an Interest Period, means the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding the first day of such Interest Period;

“**SOFR Index<sub>End</sub>**”, with respect to an Interest Period, means the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator’s Website by the SOFR Administrator, the Compounded SOFR Index Rate for the applicable Interest Period for which the relevant SOFR Index is not available shall be “Compounded Daily SOFR” determined in accordance with Condition 6(f) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Non-Index Determination)*) as if “Index Determination” were

specified in the relevant Final Terms as being ‘Not Applicable’, and for these purposes: (i) the “Observation Method” shall be deemed to be “Observation Shift” and (ii) the “Observation Shift Period” shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if such alternative elections had been made in the relevant Final Terms.

If the relevant Series of Notes become due and payable in accordance with Condition 15 (*Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(h) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option is as specified in the relevant Final Terms;
- (ii) the Designated Maturity is a period specified in the relevant Final Terms;
- (iii) the relevant Reset Date is as specified in the relevant Final Terms; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
  - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

The expressions “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” in this Condition 6(h) (*ISDA Determination*) have the respective meanings given to them in the ISDA Definitions.

(i) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise specified in the relevant Final Terms, the Minimum Rate of Interest shall be zero.

(j) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(k) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and the Trustee and the Issuer shall notify each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading as soon as possible after such determination but in any event not later than the fourth Business Day thereafter. Notice thereof shall also be given to the Noteholders by the Issuer in accordance with Condition 22 (*Notices*) as soon as possible after the determination or calculation thereof. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. Any such recalculation will promptly be notified to each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading and to the Noteholders in accordance with Condition 22 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(l) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Floating Rate Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Trustee, the Paying Agents, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders, Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

## **7 Zero Coupon Note Provisions**

(a) ***Application***

This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and

- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the issue date of the first Tranche of the relevant Series of Notes to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## 8 Fixed/Floating Rate Notes

### (a) *Application*

This Condition 8 (*Fixed/Floating Rate Notes*) is applicable to the Notes only if the Fixed Rate Note Provisions and the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

### (b) *Fixed/Floating Rate*

The Issuer may issue Notes (i) that the Issuer may elect to convert on the date set out in the relevant Final Terms from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note or (ii) that will automatically change from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note on the date set out in the relevant Final Terms, in either case, as set out in the relevant Final Terms.

## 9 Interest Rate Adjustment

This Condition 9 (*Interest Rate Adjustment*) applies to Floating Rate Notes and to Fixed Rate Notes.

- (a) If Step Down Rating Change/Step Up Rating Change is specified as “Applicable” in the relevant Final Terms, the Rate of Interest payable on the Notes will be the Initial Rate of Interest, subject to adjustment in accordance with the Interest Ratchet (each such adjustment, a “**Rate Adjustment**”). Any Rate Adjustment shall apply in respect of the Interest Period commencing on the Interest Payment Date falling on or immediately following the date of the relevant Step Up Rating Change or Step Down Rating Change, as the case may be, until either a further Rate Adjustment becomes effective or the Maturity Date specified in the relevant Final Terms, as the case may be.
- (b) Notwithstanding any other provision of this Condition 9 (*Interest Rate Adjustment*), there shall be no Rate Adjustment at any time after notice of redemption has been given by the Issuer pursuant to any of Conditions 11(b) (*Redemption at the Option of the Issuer (Call Option)*), 11(c) (*Redemption for Tax Event*), 11(d) (*Redemption for Capital Disqualification Event*) and 11(e) (*Redemption at the option of the Issuer (Clean-up Call Option)*).
- (c) There shall be no limit on the number of times that a Rate Adjustment may be made pursuant to this Condition 9 (*Interest Rate Adjustment*) during the term of the Notes, provided always that at no time during the term of the Notes will the rate of interest payable on the Notes be less than the Initial Rate of Interest or more than the Initial Rate of Interest plus the Step Up Margin specified in the relevant Final Terms.
- (d) In the event of a Rate Adjustment, any Maximum Rate of Interest or Minimum Rate of Interest specified in the relevant Final Terms shall (in the event of a Step Up Rating Change) be increased by the Step Up Margin specified in the relevant Final Terms or (in the event of a Step Down Rating Change) be restored to the Maximum Rate of Interest or Minimum Rate of Interest specified in the relevant Final Terms, as the case may be.

- (e) If the rating designations employed by a Rating Agency are changed from those which are ascribed to any Notes at the time of issuance, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine in good faith the rating designations of such Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of such Rating Agency (or of the Substitute Rating Agency, if such Substitute Rating Agency subsequently changes its rating designations) and this Condition 9 shall be read accordingly. The Issuer shall provide a certificate addressed to the Trustee signed by two Authorised Signatories of the Issuer stating the rating designations the relevant Rating Agency or Substitute Rating Agency as are most equivalent to the prior rating designations of such Rating Agency or Substitute Rating Agency and the Trustee shall be entitled to accept and rely on such certificate without enquiry or liability to any person.
- (f) The Issuer will cause the occurrence of an event giving rise to a Rate Adjustment pursuant to this Condition to be notified to the Trustee and the Principal Paying Agent and notice thereof to be given to Noteholders in accordance with Condition 22 (*Notices*) as soon as possible after the occurrence of the relevant event but in no event later than the tenth Business Day thereafter.
- (g) The Trustee is under no obligation to ascertain whether a Step Down Rating Change or a Step Up Rating Change or any event which could lead to the occurrence of or could constitute a Step Down Rating Change or a Step Up Rating Change has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Step Down Rating Change or Step Up Rating Change or other such event has occurred.

In these Conditions:

**“Initial Rate of Interest”** means (a) in the case of Fixed Rate Notes, the Rate of Interest (expressed as a percentage per annum) initially payable in respect of the Notes specified in the relevant Final Terms; (b) in the case of Floating Rate Notes, the Rate of Interest that is payable in respect of the Notes as calculated in accordance with Condition 6 (*Floating Rate Note Provisions*);

**“Interest Ratchet”** means the following rates of interest:

- (a) upon the occurrence of a Step Up Rating Change: the Initial Rate of Interest plus the Step Up Margin specified in the relevant Final Terms; and
- (b) upon the occurrence of a Step Down Rating Change: the Initial Rate of Interest;

**“Minimum Rating Requirement”** means that there shall be in existence a Rating equal to or higher than the Specified Threshold from at least one Rating Agency at any particular time;

**“Rating”** means a rating of the Notes;

**“Rating Agency”** means, to the extent that a rating of any Notes at the invitation or with the consent of the Issuer from such rating agency, Fitch Ratings Limited (**“Fitch”**), Moody's Investors Service Limited (**“Moody's”**) or S&P Global Ratings UK Limited (**“S&P”**) or any of their respective successors or any rating agency of equivalent international standing (a **“Substitute Rating Agency”**) substituted for any of them by the Issuer from time to time or any other rating agency specified in the relevant Final Terms;

**“Step Down Rating Change”** means the satisfaction of the Minimum Rating Requirement following the occurrence of a Step Up Rating Change;

**“Step Up Rating Change”** means a failure to meet the Minimum Rating Requirement at any time. For the avoidance of doubt, following a Step Up Rating Change, any further decrease in the Rating by any Rating Agency or any further withdrawal of Rating shall not constitute a further Step Up Rating Change; and

“**Specified Threshold**” means BBB- or above (in the case of Fitch or S&P) or Baa3 or above (in the case of Moody’s) or the equivalent rating level of any other Substitute Rating Agency or higher.

## 10 Benchmark Discontinuation

This Condition 10 (*Benchmark Discontinuation*) applies to Floating Rate Notes and to Reset Notes.

### (a) *Independent Adviser*

Subject to Condition 10(e) (*Benchmark Transition Event*) below and notwithstanding the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – Benchmark Gilt Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA or SOFR*), Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*), Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination)*), Condition 6(f) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Non-Index Determination)*) or Condition 6(g) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Index Determination)*), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the provisions of this Condition 10(a) (*Independent Adviser*) to Condition 10(d) (*Benchmark Amendments*) (inclusive) shall apply.

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise (in good faith and in a commercially reasonable manner) the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 10(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 10(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 10(d) (*Benchmark Amendments*)). If the Issuer is unable to appoint an Independent Adviser, the Issuer may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 10(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 10(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 10(d) (*Benchmark Amendments*)).

In making any such determination, the Issuer shall act in good faith and in a commercially reasonable manner. In the absence of fraud or wilful default, the Issuer and the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it and for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 10 (*Benchmark Discontinuation*).

If the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate and, in either case, an Adjustment Spread in accordance with this Condition 10(a) (*Benchmark Discontinuation – Independent Adviser*) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be determined using the Original Reference Rate last displayed on the Relevant Screen Page prior to the relevant Interest Determination Date. Where a different Margin, Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding

Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 10(a) (*Benchmark Discontinuation - Independent Adviser*).

(b) ***Successor Rate or Alternative Rate***

If the Issuer, following consultation with the Independent Adviser (if any), and acting in good faith and in a commercially reasonable manner, determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 10 (*Benchmark Discontinuation*)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 10 (*Benchmark Discontinuation*)).

(c) ***Adjustment Spread***

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be), including for each subsequent determination of a relevant Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable) subject to the subsequent operation of this Condition 10 (*Benchmark Discontinuation*).

If the Issuer, following consultation with the Independent Adviser (if any), and acting in good faith and in a commercially reasonable manner, is unable to determine the Adjustment Spread (or the formula or methodology for determining such Adjustment Spread) then the fallback provisions described in the final sub-paragraph of Condition 10(a) (*Independent Adviser*) shall apply. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first sub-paragraph of Condition 10(a) (*Independent Adviser*).

(d) ***Benchmark Amendments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 10 (*Benchmark Discontinuation*) and the Issuer, following consultation with the Independent Adviser (if any), and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 10(f) (*Notices, etc.*), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and each Agent which is party to the Agency Agreement of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 10(f) (*Notices, etc.*), the Trustee and each Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the



execution of a deed supplemental to or amending the Trust Deed and/or by an agreement supplemental to or amending the Agency Agreement) and the Trustee and each Agent shall not be liable to any party for any consequences thereof, provided that the Trustee and any Agent shall not be obliged so to concur if in the opinion of the Trustee and/or such Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way. For the avoidance of doubt, no Noteholder or Couponholders consent shall be required in connection with effecting any Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer, the Trustee or the Agents (if required).

In connection with any such variation in accordance with this Condition 10(d) (*Benchmark Amendments*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

In the case of Tier 2 Capital Notes, notwithstanding any other provision of this Condition 10 (*Benchmark Discontinuation*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer and/or the Group.

(e) ***SOFR Benchmark Replacement***

Notwithstanding the provisions above in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – Benchmark Gilt Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA or SOFR*), Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*) or Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination)*), Condition 6(f) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Non-Index Determination)*) or Condition 6(g) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Index Determination)*), if the Original Reference Rate is SOFR, “SOFR Benchmark Replacement” is specified as “Applicable” in the relevant Final Terms and a Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 10(e) (*SOFR Benchmark Replacement*) shall apply instead of the application of Conditions 9(a) (*Independent Adviser*) to 9(d) (*Benchmark Amendments*) above.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Original Reference Rate, the Benchmark Replacement will replace such Original Reference Rate for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 10(e) (*SOFR Benchmark Replacement*) with respect to such Benchmark Replacement).

Where this Condition 10(e) (*SOFR Benchmark Replacement*) applies, if the Issuer considers it may be necessary to make Benchmark Replacement Conforming Changes, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining (A) whether such Benchmark Replacement Conforming Changes are necessary and (B) the terms of the Benchmark Replacement Conforming Changes and the Issuer shall, subject to giving notice thereof in accordance with Condition 10(f) (*Notices, etc.*) without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and each Agent which is party to the Agency Agreement of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 10(f) (*Notices, etc.*), the Trustee and each Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Replacement Conforming Changes (including, inter alia, by the execution of a deed or an agreement supplemental to or amending the Trust Deed and/or by an agreement supplemental to or amending the Agency Agreement (as applicable)) and the Trustee and each Agent shall not be liable to any party for any consequences thereof, provided that the Trustee and any Agent shall not be obliged so to concur if in the opinion of the Trustee and/or such Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way.

If the Issuer fails to determine a Benchmark Replacement in accordance with this Condition 10(e) (*Benchmark Discontinuation - SOFR Benchmark Replacement*) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different Margin, Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 10(e) (*Benchmark Discontinuation - SOFR Benchmark Replacement*).

In connection with any such variation in accordance with this Condition 10(e) (*SOFR Benchmark Replacement*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

In the case of Tier 2 Capital Notes, notwithstanding any other provision of this Condition 10(e) (*SOFR Benchmark Replacement*), no rate determined in accordance with this Condition 10(e) (*SOFR Benchmark Replacement*) will be adopted, nor will any other amendment be made to effect the Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer and/or the Group.

In no event shall the Calculation Agent be responsible for determining any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by Issuer and will have no liability for such actions taken at the direction of the Issuer.

Any determination, decision or election that may be made by the Issuer in connection with a Benchmark Transition Event or a Benchmark Replacement, including any determination with respect to a rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer's sole discretion, and, will become effective without consent from any

other party. None of the Trustee or the Agents shall have any liability for any determination made by or on behalf of the Issuer in connection with a Benchmark Transition Event or a Benchmark Replacement.

For the purposes of this Condition 10(e) (*SOFR Benchmark Replacement*):

**“Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (A) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (B) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (C) the sum of: (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the Original Reference Rate for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

**“Benchmark Replacement Adjustment”** means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

**“Benchmark Replacement Conforming Changes”** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to any interest period, interest accrual period, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer (in consultation with the Independent Adviser) decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer (in consultation with the Independent Adviser) determines is reasonably necessary).

**“Benchmark Replacement Date”** means the earliest to occur of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (A) in the case of clause (A) or (B) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (or such component); or

- (B) in the case of clause (C) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Relevant Time on the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to the Relevant Time for such determination.

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Original Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide the Original Reference Rate (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative.

“**Compounded SOFR**” means the compounded average of daily SOFR rates for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate being established by the Issuer in accordance with:

- (A) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining Compounded SOFR; provided that:
- (B) if, and to the extent that, the Issuer determines that Compounded SOFR cannot be determined in accordance with sub-paragraph (A) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer giving due consideration to any industry-accepted market practice for U.S. dollar-denominated floating rate notes at such time.

“**Corresponding Tenor**” means with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate.

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate.

**“ISDA Fallback Rate”** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**“Relevant Governmental Body”** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

**“Unadjusted Benchmark Replacement”** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(f) ***Notices, etc.***

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes determined under this Condition 10 (*Benchmark Discontinuation*) will be notified promptly by the Issuer to the Trustee, the Agents and, in accordance with Condition 22 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments and Benchmark Replacement Conforming Changes, if any.

No later than notifying the Trustee and the Agents of the same, the Issuer shall deliver to the Trustee and the Agents a certificate signed by two Authorised Signatories of the Issuer:

- (i) where a Benchmark Event in relation to an Original Reference Rate has occurred:
  - (A) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate and, (C) the applicable Adjustment Spread and/or (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 10 (*Benchmark Discontinuation*); and
  - (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread; or
- (ii) where a Benchmark Replacement is determined in accordance with Condition 10(e) (*SOFR Benchmark Replacement*) above:
  - (A) confirming (A) that a Benchmark Transition Event has occurred, (ii) the Benchmark Replacement determined in accordance with Condition 10(e), specifying (1) the applicable Reference Rate for such purposes (whether the alternate rate selected or recommended by the Relevant Governmental Body, the ISDA Fallback Rate or an alternate rate selected by the Issuer) and (2) the applicable Benchmark Replacement Adjustment (if any), and (iii) the specific terms of the Benchmark Replacement Conforming Changes (if any); and
  - (B) certifying that the Benchmark Replacement Conforming Changes (if any) are necessary to ensure the proper operation of such Benchmark Replacement.

Each of the Trustee and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. For the avoidance of doubt, each of the Trustee and the Agents shall not be liable to the Holders or any other such person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate and the Adjustment Spread and the

Benchmark Amendments (if any) or, as the case may be, the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the Benchmark Replacement Conforming Changes (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) or, as the case may be, the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the Benchmark Replacement Conforming Changes (if any)) and without prejudice to the Trustee's and Agents' respective abilities to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents and the Noteholders and Couponholders.

(g) ***Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Condition 10(a) (*Independent Adviser*), Condition 10(b) (*Successor Rate or Alternative Rate*), Condition 10(c) (*Adjustment Spread*) Condition 10(d) (*Benchmark Amendments*) and Condition 10(e) (*SOFR Benchmark Replacement*), the Original Reference Rate and the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – Benchmark Gilt Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA or SOFR*), Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*), Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination)*), Condition 6(f) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Non-Index Determination)*) or Condition 6(g) (*Screen Rate Determination – Floating Rate Notes Referencing SOFR (Index Determination)*), as the case may be, will continue to apply unless and until (i) a Benchmark Event has occurred and the Trustee has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments (if any) or (ii) a Benchmark Transition Event has occurred and the Trustee has been notified of the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and Benchmark Replacement Conforming Changes (if any), in each case, in accordance with Condition 10(f) (*Notices, etc*). In making any determination pursuant to this Condition 10 (*Benchmark Discontinuation*), the Issuer shall act in good faith and, in the absence of bad faith or fraud, the Issuer shall have no liability whatsoever to the Trustee, , the Agents, or the Noteholders or Couponholders for any such determination made by it.

(h) ***Definitions***

As used in this Condition 10 (*Benchmark Discontinuation*):

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer, following consultation with the Independent Adviser (if any), determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions which reference the Original Reference Rate to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer, following consultation with the Independent Adviser (if any), determines that no such spread is customarily applied)
- (iii) the Issuer, following consultation with the Independent Adviser (if any), determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions

which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer, following consultation with the Independent Adviser (if any), determines that no such industry standard is recognised or acknowledged)

- (iv) the Issuer, following consultation with the Independent Adviser (if any), determines to be appropriate;

**“Alternative Rate”** means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser (if any), determines in accordance with Condition 10(b) (*Successor Rate or Alternative Rate*) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

**“Benchmark Amendments”** has the meaning given to it in Condition 10(d) (*Benchmark Amendments*);

**“Benchmark Event”** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of an underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement and, in each case, not the date of the relevant public statement;

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate experience appointed by the Issuer at its own expense under Condition 10(a) (*Independent Adviser*) and notified in writing to the Trustee;

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (or any relevant component part(s) thereof) (as applicable) used to determine the Rate of Interest (or any component part

thereof) on the Notes or, if applicable, any other successor or alternative rate or benchmark replacement (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 10 (*Benchmark Discontinuation*);

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (aa) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (bb) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (cc) a group of the aforementioned central banks or other supervisory authorities or (dd) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **11 Redemption and Purchase**

### **(a) *Scheduled redemption***

Unless previously redeemed, or purchased and cancelled or (pursuant to Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)) or Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*)) substituted, the Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest, on the Maturity Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*) (as applicable).

### **(b) *Redemption at the option of the Issuer (Call Option)***

Subject (in the case of Tier 2 Capital Notes) to Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), if Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date(s) (Call) on the Issuer giving not less than 30 nor more than 60 days’ notice to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Noteholders in accordance with Condition 22 (*Notices*), or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date(s) (Call) at the Optional Redemption Amount (Call) (together with any accrued but unpaid interest to (but excluding) the relevant Optional Redemption Date(s) (Call)).

### **(c) *Redemption for Tax Event***

Subject to Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes, or Condition 11(l) (*Pre-condition to Redemption of Senior Notes*) in the case of Senior Notes, if a Tax Event has occurred, the Notes may be redeemed at the option of the Issuer in whole, but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at their Early Redemption Amount (Tax), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the Issuer provides not less than 30 days’ nor more than 60 days’ prior notice



to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Noteholders in accordance with Condition 22 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 11(c) (*Redemption for Tax Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(c) (*Redemption for Tax Event*).

(d) ***Redemption for Capital Disqualification Event***

In the case of any Series of Tier 2 Capital Notes only and subject to Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), if a Capital Disqualification Event has occurred, the Issuer may, at its option, redeem the Tier 2 Capital Notes, in whole but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Capital Disqualification Event), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Holders of the Tier 2 Capital Notes in accordance with Condition 22 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 11(d) (*Redemption for Capital Disqualification Event*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(d) (*Redemption for Capital Disqualification Event*).

(e) ***Redemption at the option of the Issuer (Clean-up Call Option)***

This Condition 11(e) (*Redemption at the option of the Issuer (Clean-up Call Option)*) applies to each Series of Senior Notes where "Clean-up Call Option" is specified to be "Applicable" in the relevant Final Terms.

If 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes of the same Series issued pursuant to Condition 20 (*Further Issues*) will be deemed to have been originally issued) has been redeemed and/or purchased and cancelled, then the Issuer may, at its option, redeem the Notes, in whole but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Clean-up Call Option), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Holders of the Notes in accordance with Condition 22 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 11(e) (*Redemption at the option of the Issuer (Clean-up Call Option)*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(e) (*Redemption at the option of the Issuer (Clean-up Call Option)*).

(f) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 11(b) (*Redemption at the option of the Issuer (Call Option)*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as the Issuer considers appropriate, subject to compliance with applicable law and the rules of each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and the notice to

Noteholders referred to in Condition 11(b) (*Redemption at the option of the Issuer (Call Option)*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date(s) (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(g) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 11(a) (*Scheduled redemption*), 11(b) (*Redemption at the Option of the Issuer (Call Option)*), 11(c) (*Redemption for Tax Event*), 11(d) (*Redemption for Capital Disqualification Event*), 11(e) (*Redemption at the option of the Issuer (Clean-up Call Option)*) and 11(f) (*Partial redemption*) above.

(h) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the issue date of the first Tranche of the relevant Series of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 11(h) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) ***Purchase***

Subject to Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes and notwithstanding Condition 3 (*Status*), the Issuer or any of its subsidiaries may at any time purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise, provided that all unmatured Coupons are purchased therewith.

(j) ***Cancellation***

All Notes which are redeemed pursuant to this Condition 11 (*Redemption and Purchase*) will be cancelled (together, in the case of Bearer Notes, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may, subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer or any such subsidiary, cancelled.

(k) ***Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes***

This Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) applies to Tier 2 Capital Notes only.

Notwithstanding any other provision in this Condition 11 (*Redemption and Purchase*), any redemption, purchase, substitution or variation of the Tier 2 Capital Notes (and giving of notice thereof to the Holders if required) pursuant to Conditions 11(b) (*Redemption at the option of the Issuer (Call Option)*), 11(c)

(*Redemption for Tax Event*), 11(d) (*Redemption for Capital Disqualification Event*), 11(i) (*Purchase*) or 11(m) (*Substitution and Variation of Tier 2 Capital Notes*) shall, if and to the extent then required under prevailing Regulatory Capital Requirements, be subject to:

- (i) the Issuer obtaining prior Supervisory Permission therefor;
- (ii) in the case of any redemption or purchase prior to the Maturity Date either: (A) the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum requirements (including any applicable buffer requirements) by a margin that the Competent Authority considers necessary at such time; and
- (iii) in the case of any redemption or purchase prior to the fifth anniversary of the issue date of the last Tranche of the relevant Series of Notes, if and to the extent then required under prevailing Regulatory Capital Requirements:
  - (A) in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date of the last Tranche of the relevant Series of Notes; or
  - (B) in the case of redemption upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change (or pending change which the Competent Authority considers to be sufficiently certain) in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date of the last tranche of Notes of the relevant Series; or
  - (C) in the case of a purchase pursuant to Condition 11(i) (*Purchase*), the Issuer having demonstrated to the satisfaction of the Competent Authority that the Issuer has (or will have), before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Competent Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
  - (D) in the case of a purchase pursuant to Condition 11(i) (*Purchase*), the Notes being purchased for market-making purposes in accordance with the Regulatory Capital Requirements.

Notwithstanding the above conditions, if, at the time of any redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements permit the repayment, purchase, substitution or variation only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), the Issuer shall comply with such alternative and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 11(b) (*Redemption at the option of the Issuer (Call Option)*), 11(c) (*Redemption for Tax Event*), 11(d) (*Redemption for Capital Disqualification Event*) and 11(m) (*Substitution and Variation of Tier 2 Capital Notes*), the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant

Qualifying Tier 2 Securities comply with the definition thereof in Condition 1 (*Interpretation*) and (ii) in the case of a redemption pursuant to Condition 11(c) (*Redemption for Tax Event*) only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom and/or the Relevant Jurisdiction (as applicable) experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee may accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(l) ***Pre-condition to Redemption of Senior Notes***

This Condition 11(l) (*Pre-condition to Redemption of Senior Notes*) applies to Senior Notes only.

Prior to the publication of any notice of redemption of Senior Notes pursuant to Condition 11(c) (*Redemption for Tax Event*), the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied and (ii) an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom and/or the Relevant Jurisdiction (as applicable) experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee may accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(m) ***Substitution and Variation of Tier 2 Capital Notes***

This Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*) applies to each Series of Tier 2 Capital Notes unless “Tier 2 Capital Notes: Substitution and Variation” is expressly specified to be “Not Applicable” in the relevant Final Terms.

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) and having given not less than 30 nor more than 60 days’ notice to the Holders in accordance with Condition 22 (*Notices*), the Trustee, the Registrar (if applicable) and the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that or provided that (as the case may be) they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*)) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 11(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms, or as the case may be, substitute the Notes in accordance with this Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*). The Trustee shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that or provided that (as the case may be) they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the

Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or reduce its rights or protections.

In connection with any substitution or variation in accordance with this Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

## **12 Payments – Bearer Notes**

This Condition 12 (*Payments – Bearer Notes*) is only applicable to Bearer Notes.

### **(a) *Principal***

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency.

### **(b) *Interest***

Payments of interest shall, subject to Condition 12(h) (*Payments other than in respect of matured Coupons*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 12(a) (*Principal*).

### **(c) *Payments in New York City***

Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest and principal on the Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest and/or principal (as the case may be) at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### **(d) *Payments subject to fiscal laws***

Save as provided in Condition 14 (*Taxation*), payments in respect of the Bearer Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its agents are or agree to be subject and the Issuer or any of its Paying Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### **(e) *Deductions for unmatured Coupons***

If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented for payment without all unmatured Coupons relating thereto:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted

from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (1) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; provided, however, that where this Condition 12(e)(ii)(1) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (2) a sum equal to the aggregate amount of the Relevant Coupons will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 12(a) (*Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specify that the Reset Note Provisions are applicable or that the Floating Rate Note Provisions are applicable, on the due date for redemption of any Note or early redemption in whole of such Note pursuant to Condition 11(b) (*Redemption at the option of the Issuer (Call Option)*), 11(c) (*Redemption for Tax Event*), 11(d) (*Redemption for Capital Disqualification Event*) 11(e), (*Redemption at the option of the Issuer (Clean-up Call Option)*) or 15 (*Default*), all unmaturing Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 12(c) (*Payments in New York City*)).

(i) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

### **13 Payments – Registered Notes**

This Condition 13 (*Payments – Registered Notes*) is only applicable to Registered Notes.

(a) ***Principal***

Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(b) ***Interest***

Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(c) ***Payments subject to fiscal laws***

Save as provided in Condition 14 (*Taxation*), payments in respect of the Registered Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its agents are or agree to be subject and the Issuer or any of its agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days***

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day or otherwise from any delay in receipt of a payment made in accordance with this Condition 13.

(e) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) **Record date:**

Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the 15<sup>th</sup> business day before the due date for such payment (the "**Record Date**").

## 14 Taxation

(a) **Gross up**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall, (i) in the case of Senior Notes, in respect of interest or principal, or (ii) in respect of Tier 2 Capital Notes, in respect of payments of interest (if any) only and not principal, pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

- (i) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than a mere holding of such Note or Coupon;
- (ii) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority; or
- (iii) in respect of which the Note or Certificate is 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 Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(b) **FATCA**

Notwithstanding any other provisions of the Trust Deed, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

## 15 Default

(a) **Non-Restrictive Events of Default**



This Condition 15(a) is applicable to Senior Notes where “Non-Restrictive Events of Default” is specified as “Applicable” in the relevant Final Terms.

If any of the following events (each an “**Event of Default**”) occurs and is continuing, the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the Notes then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution, shall (subject, in all cases, to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with any accrued but unpaid interest without further action or formality:

- (i) **Non-Payment:** default is made in the payment of any principal or interest due in respect of the Notes and such default continues for a period of seven days in the case of principal or 14 days in the case of interest;
- (ii) **Breach of Other Obligation:** the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied;
- (iii) **Cross-Acceleration:** (a) any other present or future indebtedness of the Issuer or any Material Subsidiary for or in respect of moneys borrowed is declared to be due and payable prior to its stated maturity by reason of an actual or potential event of default (howsoever described), or (b) any such indebtedness is not repaid when due or (as the case may be) within any originally applicable grace period, or (c) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that no Event of Default shall occur under this Condition 15(a)(iii) if the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 15(a)(iii) have occurred is equal to or less than the Threshold Amount;
- (iv) **Insolvency:** the Issuer or any Material Subsidiary is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due) by reason of financial difficulties, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or of any Material Subsidiary;
- (v) **Winding-up:** an administrator is appointed or any order is made by any competent court or a resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any Material Subsidiary, save (a) for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution or (b) in the case of a Material Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer and/or any other Subsidiary or Subsidiaries of the Issuer;

- (vi) ***Distress or execution:*** a distress or execution or other legal process is levied or enforced or sued out upon or against the whole or any substantial part of the property, assets or revenues of the Issuer or any Material Subsidiary and is not discharged or stayed within 45 days of having been so levied, enforced or sued out;
- (vii) ***Cessation of business:*** the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, save, in each case, (a) for the purposes of a reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution or (b) in the case of a Material Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer and/or any other Subsidiary or Subsidiaries of the Issuer;
- (viii) ***Security Enforced:*** any Security Interest becomes enforceable and any steps are taken to enforce it against any asset or assets of the Issuer or any Material Subsidiary having an aggregate value equal to or more than the Threshold Amount and is not discharged within 45 days; or
- (ix) ***Analogous Events:*** any event occurs in respect of the Issuer or any Material Subsidiary which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in paragraphs (iv), (v) and (vi) of this Condition 15(a),

provided that in the case of any such event other than those described in paragraphs (i) or (v) (where such event relates to the Issuer) of this Condition 15(a), the Trustee shall have certified in writing to the Issuer that such event is in its opinion materially prejudicial to the interests of Noteholders.

The Trustee may at any time, at its discretion and without notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes.

In this Condition 15(a):

“**Material Subsidiary**” means any Subsidiary of the Issuer which has 10 per cent. or more of the consolidated net assets of the Group (calculated on an unconsolidated basis and excluding all intra-Group items and investments in Subsidiaries of any member of the Group), as shown in the latest audited financial statements of that Subsidiary and the latest audited consolidated financial statements of the Group; and

“**Threshold Amount**” means £25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against pounds sterling as quoted by any leading bank on the day on which the relevant paragraph of this Condition 15(a) operates).

(b) ***Restrictive Events of Default***

This Condition 15(b) is applicable to (i) Senior Notes where “Non-Restrictive Events of Default” is specified as “Not Applicable” in the relevant Final Terms and (ii) each Series of Tier 2 Capital Notes.

(i) ***Default***

If the Issuer does not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment) for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Notes and the Trustee, in its discretion, without further notice, may, or if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-

quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction, prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 3 (*Status*).

**(ii) Enforcement**

Without prejudice to Condition 15(b)(i) (*Default*) but subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 15(b)(ii) (*Enforcement*) shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in Conditions 3 (*Status*) and 15(b)(i) (*Default*).

**(iii) Extent of Holders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 15(b) (*Restrictive Events of Default*), shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

**(c) Remedies: All Notes**

The provisions of this Condition 15(c) (*Remedies: All Notes*) apply to each Series of Senior Notes and each Series of Tier 2 Capital Notes.

**(i) Entitlement of Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 15(a) (*Non-Restrictive Events of Default*) or 15(b) (*Restrictive Events of Default*) or any other action under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

**(ii) Right of Holders**

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed, institute such proceedings or to prove or claim in such Winding-Up, fails or is unable to do so within 60 days and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 15 (*Default*).

## **16 Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within 10 years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless made or (where surrender of Certificates is required) the relevant Certificates are surrendered for payment within 10 years of the appropriate Relevant Date. There shall not be included in any Coupon Sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 16 (*Prescription*).

## **17 Replacement of Notes and Coupons**

If any Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes or Coupons, or the Registrar, in the case of Registered Notes (and if the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by the competent authority and/or stock exchange), subject to all applicable laws and competent authority and/or stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates or Coupons or Talons must be surrendered before replacements will be issued.

## **18 Agents**

The initial Principal Paying Agent, Registrar, Calculation Agent and Transfer Agent and their initial Specified Offices are listed below. They act solely as agents of the Issuer or the Trustee (as applicable) and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, the Calculation Agent and the Transfer Agents and to appoint replacement agents or other Paying Agents or Transfer Agents, provided that it will:

- (a) at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of a Paying Agent and/or Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority and/or stock exchange.

Notice of any such termination or appointment and of any change in the Specified Offices of the Principal Paying Agent, any other Paying Agent, the Registrar, the Calculation Agent and the Transfer Agents will be given to the Holders in accordance with Condition 22 (*Notices*). If any of the Calculation Agent, the Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Calculation Agent, the Registrar or the Principal Paying Agent in relation to the Notes and the Coupons shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Calculation Agent, the Registrar, the

Principal Paying Agent and the Holders. All calculations and determinations made by the Calculation Agent pursuant to these Conditions will be made in consultation with the Issuer.

## **19 Meetings of Noteholders; Modification and Waiver; Substitution**

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

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, subject, in the case of Tier 2 Capital Notes, to Condition 19(e) (*Supervisory Permission*). Such a meeting may be convened by the Issuer, by the Trustee at its own discretion or by the Issuer at the direction of Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding status and subordination referred to in Condition 3 (*Status*), the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Rate of Interest) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders or Couponholders shall not be required in the case of (i) the implementation of any Benchmark Amendments described in Condition 10(d) (*Benchmark Amendments*), (ii) the implementation of any Benchmark Replacement Conforming Changes described in Condition 10(e) (*SOFR Benchmark Replacement*) or (iii) any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*) in connection with the variation of the terms of the Notes so that or provided that (as applicable) they remain or become Qualifying Tier 2 Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*).

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting.

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) if applicable, consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case be effective as an Extraordinary Resolution of the Holders. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

The Trust Deed contains provisions for convening a single meeting of the holders of Notes of more than one Series in certain circumstances where the Trustee so decides.

### **(b) *Modification and waiver***

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions, the Final Terms or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, any of these Conditions, the Final Terms or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders of any Series, determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that, in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

In addition, the Trustee shall be obliged to concur with the Issuer and use its reasonable endeavours to effect any Benchmark Amendments and any Benchmark Replacement Conforming Changes in the circumstances and as otherwise set out in Condition 10 (*Benchmark Discontinuation*) without the consent of the Holders or Couponholders.

(c) ***Substitution***

- (i) The Trust Deed contains provisions permitting the Trustee to agree, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution but without the consent of the Holders, to the substitution on a status equivalent to that referred to in Condition 3 (*Status*) and the relevant Final Terms of certain other entities (any such entity, a “**Substitute Obligor**”) in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes.
- (ii) In the case of any substitution pursuant to this Condition 19(c) (*Substitution*) the Trustee may agree, without the consent of the Holders, to a change of the law governing the subordination and waiver of set-off provisions set out in these Conditions and the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders. In connection with any substitution of the Issuer pursuant to this Condition 19(c) (*Substitution*) or any substitution of the Notes pursuant to Condition 11(m) (*Substitution and Variation of Tier 2 Capital Notes*), none of the Issuer, any Substitute Obligor and/or the Trustee need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders and no Holder shall be entitled to claim from the Issuer, any Substitute Obligor or the Trustee any indemnification or other payment in respect of any tax or other consequences arising as a result of or from such substitution.

(d) ***Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of Holders of the relevant Series of Notes as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) ***Supervisory Permission***

In the case of any Series of Tier 2 Capital Notes, no modification to these Conditions or any other provisions of the Trust Deed and no substitution of the Issuer pursuant to this Condition 19 (*Meeting of Noteholders; Modification and Waiver; Substitution*) shall become effective unless (if and to the extent required at the relevant time by the Competent Authority) the Issuer shall have given at least 30 days’

prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

(f) **Notices**

Any such modification, waiver, authorisation or substitution shall be binding on all Holders and, unless the Trustee agrees otherwise shall be notified to the Holders in accordance with Condition 22 (*Notices*) as soon as practicable thereafter.

## **20 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders, but subject to any Supervisory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with the Notes. Any further securities forming a single Series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed.

## **21 Rights of the Trustee**

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Condition 3 (*Status*) applies only to amounts payable in respect of the Notes and nothing in Condition 3 (*Status*) or 15 (*Default*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

## **22 Notices**

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

Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes***

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing.

(c) ***Notices given by Holders***

Notices to be given by any Holder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

(d) ***All Notices***

The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

**23 Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (A) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one thousandth of a percentage point (with 0.0005 per cent. being rounded up to 0.001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

**24 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of any Note by virtue of the Contracts (Rights of Third Parties) Act 1999.

**25 Governing Law and Jurisdiction etc.**

(a) ***Governing law***

The Notes, the Coupons and the Trust Deed, and all non-contractual obligations arising out of or in connection with the Notes, the Coupons and the Trust Deed, are governed by, and shall be construed in accordance with, English law.

(b) ***Jurisdiction***

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes or any Coupons (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings and waived any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.



## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (as amended, “**UK MiFIR**”). Consequently, no key information document required Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer[’s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended “**MiFID II**”)/MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]<sup>1</sup>

**[UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional

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<sup>1</sup> To be inserted if a relevant Dealer on a particular issuance of Notes is a MiFID II manufacturer.

clients, as defined in [Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA/UK MiFIR]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Any person subsequently offering, selling or recommending the Notes (a “distributor”)]/[Any distributor] should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]<sup>2</sup>

[Singapore Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and are Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)]<sup>3</sup>

**Final Terms dated [●]**

**IG GROUP HOLDINGS PLC**

**Legal Entity Identifier (LEI): 2138003A5Q1M7ANOU76**

**Issue of [Currency][Aggregate Principal Amount of Tranche] [Title of Notes]**

**under the £1,000,000,000 Euro Medium Term Note Programme of IG Group Holdings plc**

## **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the base prospectus dated 29 October 2021 [and the supplemental base prospectus dated [●]] which [together] constitute[s] a base prospectus (the “Base Prospectus”) for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (the “UK Prospectus Regulation”). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus and these Final Terms have been 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>].]

1. Issuer: IG Group Holdings plc

### **DESCRIPTION OF THE NOTES**

2. (i) Series Number: [●]  
(ii) Tranche Number: [●]

<sup>2</sup> To be inserted if a relevant Dealer on a particular issuance of Notes is a UK MiFIR manufacturer.

<sup>3</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offers, pursuant to s.309B of the SFA.

[(iii) [Date on which the Notes become fungible:	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [•]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24] below [which is expected to occur on or about [•]].]
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 [•]]
6. (i) Specified Denominations:	[•] [and integral multiples of [•] in excess thereof up to (and including) [•]. [No Notes in definitive form will be issued with a denomination above [•]].]
(ii) Calculation Amount:	[•]
7. (i) Issue Date:	[•]
(ii) Interest Commencement Date:	[•]/[Issue Date]/[Not Applicable]
8. Maturity Date:	[•]
9. (i) Interest Basis:	[[•] per cent. Fixed Rate] [Reset Notes] [Floating Rate [[•] Month [EURIBOR]] [SONIA] [Compounded Daily SOFR] [Weighted Average SOFR] +/- [•] per cent.] [Zero Coupon] (see paragraph [14]/[15]/[16]/[17] below)
(ii) Step Down Rating Change/Step Up Rating Change:	[Applicable/Not Applicable]
(a) Step Up Margin:	[•] per cent. per annum]
(b) Substitute Rating Agency:	[Applicable/Not Applicable]
10. Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[•]/[100]] per cent. of their principal amount.
11. Change of Interest or Redemption/Payment Basis:	[•]/[Not Applicable]
12. Call Options:	[Issuer Call (see paragraph [18] below)] [Not Applicable]
13. [(i) Status of the Notes:	[Senior Notes]/[Tier 2 Capital Notes]

- [(ii)] Senior Notes: Non-Restrictive Events of Default: [Applicable]/[Not Applicable]
- [(iii)] [Date Board approval for issuance of Notes obtained: [•]]

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

14. **Fixed Rate Note Provisions** [Applicable]/[Not Applicable]/[Applicable from [•] to [•] [if so elected by the Issuer on or before [•]]]
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[•] in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [•]/[and [•]] in each year[, up to and including [•]/[the Maturity Date], commencing on [•]
- (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)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30E/360]  
[Eurobond Basis]  
[30E/360(ISDA)]
15. **Reset Note Provisions** [Applicable]/[Not Applicable]
- (i) Initial Rate of Interest: [•] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[•] in arrear on each Interest Payment Date]
- (ii) Reset Rate: [Mid-Swap Rate]/[Benchmark Gilt Rate]/[Reference Bond]
- (iii) First Margin: [+/-][•] per cent. per annum
- (iv) Subsequent Margin: [[+/-][•] per cent. per annum]/[Not Applicable]
- (v) Interest Payment Date(s): [•] [and [•]] in each year up to (and including) the Maturity Date, commencing on [•]
- (vi) Fixed Coupon Amount in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date: [[•] per Calculation Amount]/[Not Applicable]
- (vii) Broken Amount(s): [[•]] per Calculation Amount payable on the Interest Payment Date falling [in]/[on] [•]/[Not Applicable]
- (viii) First Reset Date: [•]

- (ix) Subsequent Reset Date(s): [•] [and [•]]/[Not Applicable]
- (x) Benchmark Frequency: [•]
- (xi) Relevant Screen Page: [•]
- (xii) Mid-Swap Rate: [Single Mid-Swap Rate]/[Mean Mid-Swap Rate]
- (xiii) Mid-Swap Maturity: [•]
- (xiv) Initial Mid-Swap Rate Final Fallback: [Applicable]/[Not Applicable]
- Initial Mid-Swap Rate: [•] per cent.
- (xv) Reset Maturity Initial Mid-Swap Rate Final Fallback: [Applicable]/[Not Applicable]
- Reset Period Maturity Initial Mid-Swap Rate: [•] per cent.
- (xvi) Last Observable Mid-Swap Rate Final Fallback: [Applicable]/[Not Applicable]
- (xvii) Subsequent Reset Rate Mid-Swap Rate Final Fallback: [Applicable]/[Not Applicable]
- (xviii) Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback: [Applicable]/[Not Applicable]
- (xix) Reference Rate: [SONIA]/[EURIBOR]/[•]
- (xx) Reference Banks: [•]
- (xxi) Reference Bond Relevant Time: [•]
- (xxii) Day Count Fraction: [30/360]  
[Actual/Actual (ICMA)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30E/360]  
[Eurobond Basis]  
[30E/360(ISDA)]
- (xxiii) Reset Determination Date(s): [•]/[The provisions of the Conditions apply]
- (xxiv) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]): [[•] shall be the Calculation Agent]
16. **Floating Rate Note Provisions** [Applicable]/[Not Applicable]/[Applicable from [•] to [•]  
[if so elected by the Issuer on or before [•]]]
- (i) Specified Period(s): [•]

- (ii) Interest Payment Dates: [•] [and [•]] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [Following Business Day Convention]  
[Modified Following Business Day Convention]  
[Modified Business Day Convention]  
[Preceding Business Day Convention]  
[FRN Convention]  
[Floating Rate Convention]  
[Eurodollar Convention]  
[No Adjustment]  
[Not Applicable]
- (v) Additional Business Centre(s): [Not Applicable]/[•]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination]/[ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]): [[•] shall be the Calculation Agent]
- (viii) Screen Rate Determination: [Applicable]/[Not Applicable]
- (a) Reference Rate: [SONIA]/[EURIBOR]/[Compounded Daily SOFR]/[Weighted Average SOFR]
- (b) Reference Bank(s): [•]
- (c) Interest Determination Date(s): [•]
- (d) Relevant Screen Page: [•]
- (e) Index Determination: [Applicable/Not Applicable]
- (f) Observation Method: [Lag/Observation Shift/Lock-out/Not Applicable]
- (g) Observation Look-Back Period: [5/[•] London Banking Days]/[5/[•] U.S. Government Securities Business Days]/[Not Applicable]
- (h) Observation Shift Period: [5/[•] London Banking Days]/[5/[•] U.S. Government Securities Business Days]/[Not Applicable]

*(NB: A minimum of 5 relevant business/banking days should be specified for the Observation Look-Back Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*

- (i) SONIA Compounded Index Observation Shift Period: [5/[•] London Banking Days]/[Not Applicable]
- (j) D: [360]/[•]/[Not Applicable]
- (k) Relevant Number: [5]/ [•]/[Not Applicable]
- (l) Relevant Fallback Screen Page: [•]
- (m) Relevant Time: [[•] in the Relevant Financial Centre]
- (n) Relevant Financial Centre: [London]/[Brussels]/[New York City]/[•]
- (o) Designated Maturity: [•]/[Not Applicable]
- (p) Determination Time: [[•] [a.m.]/[p.m.] ([•] time)]/[Not Applicable]
- (ix) ISDA Determination: [Applicable]/[Not Applicable]
  - (a) Floating Rate Option: [•]
  - (b) Reset Date: [•]
  - (c) ISDA Definitions: 2006
- (x) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [30/360]  
[Actual/Actual (ICMA)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30E/360]

		[Eurobond Basis] [30E/360(ISDA)]
	(xv) SOFR Benchmark Replacement:	[Applicable]/[Not Applicable]
17.	<b>Zero Coupon Note Provisions</b>	[Applicable]/[Not Applicable]
	(i) Accrual Yield:	[•] per cent. per annum
	(ii) Reference Price:	[•]
	(iii) Day Count Fraction in relation to early Redemption Amounts:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]
<b>PROVISIONS RELATING TO REDEMPTION, SUBSTITUTION AND VARIATION</b>		
18.	<b>Call Option</b>	[Applicable]/[Not Applicable]
	(i) Optional Redemption Date(s) (Call):	[•]/[Any date from (and including) [•] to (but excluding) [•]]
	(ii) Optional Redemption Amount (Call):	[[•] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [•]]/[in the period from (and including) [•] to (but excluding) [•]] [and [[•] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [•]]/[in the period from (and including) [•] to (but excluding) the Maturity Date]]
	(iii) Series redeemable in part:	[Yes: [•] per cent. of the Aggregate Principal Amount of the Notes may be redeemed on [each]/[the] Optional Redemption Date(s) (Call)]/[No]
	(iv) If redeemable in part:	
	(a) Minimum Redemption Amount:	[[•] per Calculation Amount]/[Not Applicable]
	(b) Maximum Redemption Amount:	[[•] per Calculation Amount]/[Not Applicable]
	(v) Notice period:	Minimum period: [[•] days]/[as per the Conditions] Maximum period: [[•] days]/[as per the Conditions]
19.	<b>Tier 2 Capital Notes</b>	
	(i) Optional Redemption Amount (Capital Disqualification Event):	[•] per Calculation Amount



- (ii) Tier 2 Capital Notes:  
Substitution and Variation: [Applicable]/[Not Applicable]
20. **Senior Notes**
- (i) Clean-up Call Option: [Applicable]/[Not Applicable]
- (ii) Optional Redemption Amount (Clean-up Call Option): [●] per Calculation Amount
21. Early Redemption Amount (Tax): [●] per Calculation Amount
22. Final Redemption Amount: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per Calculation Amount
23. Redemption Amount for Zero Coupon Notes: [●]/[As per Condition 11(h)]/[Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: **Bearer Notes:**  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note]  
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note]
- Registered Notes:**  
[Global Certificate exchangeable for Individual Certificates in the limited circumstances described in the Global Certificate]  
[Global Certificate [(U.S.\$[●]/€[●] principal amount)] registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]/[Individual Certificates]
25. New Global Note: [Yes]/[No]/[Not Applicable]
26. New Safekeeping Structure: [Yes]/[No]/[Not Applicable]
27. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable]/[●]
28. Talons for future Coupons to be attached to Definitive Notes: [Yes]/[No]

#### THIRD PARTY INFORMATION

[[*Relevant third party information*]/[The rating definition provided in Part B, Item 2 of these Final Terms] has been extracted from [*specify source*]/[the website of Fitch (as defined below)]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*][Fitch], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

**SIGNED** on behalf of  
**IG GROUP HOLDINGS PLC**

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. Listing

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange with effect from [●]/[the Issue Date].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange with effect from [●].]
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2. Ratings

- Ratings: [The Notes to be issued [have][not][been]/[are expected to be] [rated by]:  
[Fitch Ratings Limited (“Fitch”): [●]  
An obligation rated ‘[●]’ [Insert definition of [●] available via weblink below] .  
The modifier “[+” / “-”] [Delete as applicable] appended to the rating denotes relative status within major rating categories.  
(Source, Fitch Ratings, <https://www.fitchratings.com/products/rating-definitions>)]

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

[Save 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. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

### 4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [See “Use of Proceeds” in the Base Prospectus]/[Give details]
- (ii) Estimated net proceeds: [●]

### 5. [Fixed Rate Notes only – YIELD]

- Indication of yield: [●]  
[The indicative yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]/[The indicative yield is calculated at the Issue Date on the basis of an assumed Issue Price of 100 per cent. It is not an indication of an individual investor’s actual or future yield.]

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

Details of historic [SONIA/SOFR/EURIBOR] rates can be obtained from [Reuters]/[•].]

7. **OPERATIONAL INFORMATION**

(i) ISIN: [•]

(ii) Common Code: [•]

(iii) Trade Date: [•]

(iv) Any clearing system(s) other than Euroclear or Clearstream Luxembourg and the relevant identification number(s): [Not Applicable]/[•]

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

(vi) Names and addresses of additional Paying Agent(s) (if any): [•]

(vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] *[include this text for Registered Notes which are to be held under the NSS]* [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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. **DISTRIBUTION**

(i) U.S. Selling Restrictions: [Reg. S Compliance Category [1]/[2];[TEFRA C]/[TEFRA D]/[TEFRA not applicable]

(ii) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]

- [If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no “key information document” will be prepared, “Applicable” should be specified]*
- (iii) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]  
*[If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no “key information document” will be prepared, “Applicable” should be specified]*
- (iv) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
- (v) Method of distribution: [Syndicated]/[Non-syndicated]
- (vi) If syndicated [Not Applicable]/[●]
- (a) Names of Managers: [Not Applicable]/[●]
- (b) Stabilisation Manager(s) (if any): [Not Applicable]/[●]
- (vii) If non-syndicated, name and address of Dealer: [Not Applicable]/[●]
9. **BENCHMARK REGULATION** *[[specify benchmark] is provided by [administrator legal name]. As at the date hereof, [administrator legal name] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law by virtue of the EUWA (the “UK BMR”). [As far as the Issuer is aware, as at the date hereof, [●] does not fall within the scope of the UK BMR.]/[Not Applicable]*

## FORMS OF THE NOTES

### **Bearer Notes**

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended) (“**TEFRA C**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended) (“**TEFRA D**”) are applicable in relation to the Notes or that neither TEFRA C nor TEFRA D are applicable.

### **Temporary Global Note exchangeable for Permanent Global Note**

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery (free of charge to the bearer) of a Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

### **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:

- (a) Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so;

- (b) any of the circumstances described in Condition 15 (*Default*) occurs; or
- (c) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the Notes of the relevant Series, the Issuer or any of the Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to (or to the order of) the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Permanent Global Note shall only be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.

### **Terms and Conditions applicable to the Bearer Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “—*Summary of Provisions relating to the Notes while in Global Form*” below.

### **Legend concerning United States persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

*“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.”*

### **Registered Notes**

Each Tranche of Registered Notes will be represented by either:

- (a) Individual Certificates; or
- (b) one or more Global Certificates,

in each case as specified in the relevant Final Terms. A Certificate will be issued to each holder of Registered Notes in respect of its registered holding.

Each Note represented by a Global Certificate will either be: (a) in the case of a Certificate which is not to be held under the NSS, registered in the name of a common depository (or its nominee) for Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depository; or (b) in the case of a Certificate to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream,

Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

If the relevant Final Terms specifies the form of Notes as being “Individual Certificates”, then the Notes will at all times be represented by Individual Certificates issued to each Noteholder in respect of their respective holdings.

#### **Global Certificate exchangeable for Individual Certificates**

If the relevant Final Terms specifies the form of Notes as being “Global Certificate exchangeable for Individual Certificates”, then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Individual Certificates if the relevant Final Terms specifies “in the limited circumstances described in the Global Certificate”, then:

- (a) in the case of any Global Certificate, if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so;
- (b) in any case, if any of the circumstances described in Condition 15 (*Default*) occurs; or
- (c) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the Notes of the relevant Series, the Issuer or any of the Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form.

Whenever a Global Certificate is to be exchanged for Individual Certificates, each person having an interest in a Global Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the Issuer and the relevant Registrar may require to complete and deliver Individual Certificates (including the name and address of each person in which the Notes represented by the Individual Certificates are to be registered and the principal amount of each such person’s holding).

Whenever a Global Certificate is to be exchanged for Individual Certificates, the Issuer shall procure that Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate, to the relevant Registrar of such information as is required to complete and deliver such Individual Certificates against the surrender of the Global Certificate at the specified office of the relevant Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

#### **Terms and Conditions applicable to the Registered Notes**

The terms and conditions applicable to any Individual Certificate will be endorsed on that Individual Certificate and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “—*Summary of Provisions relating to the Notes while in Global Form*” below.



## **Summary of Provisions relating to the Notes while in Global Form**

### **Clearing System Accountholders**

In relation to any Tranche of Notes represented by a Global Note, references in the Conditions to “**Noteholder**” or “**Holder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary, common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Certificates, references in the Conditions to “**Noteholder**” or “**Holder**” are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which will be a depositary or common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a nominee for that depositary or common depositary or common safekeeper, as the case may be.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each an “**Accountholder**”) must look solely to Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the holder of such Global Note or Global Certificate and in relation to all other rights arising under such Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Certificate.

### **Transfers of Interests in Global Notes and Global Certificates**

Transfers of interests in Global Notes and Global Certificates within Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Trustee, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Certificate or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Certificate representing such interest.

### **Conditions applicable to Global Notes**

Each Global Note and Global Certificate will contain provisions which modify the Conditions as they apply to the Global Note or Global Certificate. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Certificate which, according to the Conditions, require presentation and/or surrender of a Note, Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or

Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

All payments of interest in respect of a Series of Notes represented by a Global Note or Global Certificate shall be calculated in respect of the total aggregate amount of the Notes represented by the relevant Global Note or Global Certificate.

*Payment Business Day:* in the case of a Global Note or a Global Certificate, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre specified in the Final Terms; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Payment Record Date:* Each payment in respect of a Global Certificate will be made to the person, being the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 11(f) (*Partial redemption*) in relation to some only of the Notes, the Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 22 (*Notices*), while all the Notes are represented by a Global Note or a Global Certificate and the Global Note or the Global Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 22 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### **Eurosystem Eligibility**

If the Global Notes or Global Certificates are stated in the relevant Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), on or prior to the original issue date of the Tranche, the Global Notes or Global Certificates will be delivered to a common safekeeper and the relevant Final Terms will set out whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem (“**Eurosystem eligible collateral**”).

Depositing the Global Notes or the Global Certificates intended to be held as Eurosystem eligible collateral with a common safekeeper does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met. In the case of Notes issued in NGN form or to be held under the NSS (as the case may be) which are not intended to be held as Eurosystem eligible collateral as of their issue date, should the Eurosystem eligibility criteria be amended in the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes or otherwise as may be more specifically set out in the relevant Final Terms.

## INFORMATION ON THE GROUP

### Introduction

The Issuer was incorporated and registered in the United Kingdom on 25 February 2003 (Registration number 04677092). The Issuer's registered office is at Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA, United Kingdom, telephone number (+44 7388 440 127). The Issuer operates under the Companies Act 2006.

### Background

The Group was founded in 1974 by entrepreneur Stuart Wheeler, who developed a first-of-its-kind derivative product that allowed retail customers to trade on movements in the price of gold without owning any physical gold. Since then, the Group has continued that tradition of innovation to become now the world's number one provider of retail over-the-counter, or OTC, leveraged derivatives. The Group also offers exchange traded derivatives in Europe and the US. In Europe, the Group offers turbo warrant securities on Spectrum, the Group's pan-European, multilateral trading facility, and in the US the Group offers listed options and futures through tastyworks, which the Group acquired in June 2021. The Group believes that it is a 'fintech' in the truest sense of the word, representing a combined technology and financial business model. The Group believes that its track record of success over 47 years reflects the unrivalled breadth of the Group's product range and the quality of the Group's technology platforms, which enable the Group to acquire and retain high-quality, high-value clients.

The Group's head office is in the City of London and it has operations across 19 other countries spanning Europe, Africa, Asia-Pacific, the Middle East and the United States ("US"). It has operational hubs in Krakow, Poland and an IT development and testing hub in Bangalore, India. The majority of the Group's revenue is derived from CFDs and (in the UK and Ireland) financial spread betting. In 2014, the Group also introduced a share dealing offering. As at 31 May 2021, the Group had 2,094 employees.

The Group's ethical culture is bolstered by its three lines of defence control framework. The first line of defence includes employees and managers; the second line includes the substantial compliance and risk departments; and the third line includes internal audit. The second and third lines are responsible for monitoring and auditing the work of the first line to ensure that the Group continues to deliver for its clients. The first line in itself also adheres to specific policies and procedures which have been put in place to facilitate compliance. Finally, the third line also oversees the second line to ensure complete business compliance. Each Group entity's management receives monthly updates with information on client outcomes, how the Group is performing, and compliance with risk policies.

### Purpose

The Group is a purpose-led organisation, with a clear understanding of the role it plays within society. The Group's purpose is 'powering the pursuit of financial freedom for the ambitious'.

The Group works towards achieving its purpose by focusing on the following drivers:

- Every ambitious person
- Products that power
- Inspiring experiences
- Tuned for growth

The Group believes that ambitious people all share similar characteristics, no matter where in the world they are – they're driven and self-directed. The Group considers its purpose is to help ambitious people in their pursuit of financial freedom, but the Group acknowledges that this means something different for everyone.

Through innovation, the Group believes that it can power ambitious people with market-leading technology, platforms, products, exchanges and educational resources.

Underpinning the Group's purpose are the Group's following core values:

- Champion the client
- Learn fast together
- Raise the bar

These values are reflected in the initiatives the Group delivers, shaping its interactions with its clients, its shareholders and its own people.

## **Strategy**

The Group has evolved over the course of its history and recognises that it will continue to do so. In May 2019, the Group launched an ambitious strategy to grow and further diversify, while playing to its competencies and strengths. It acknowledges that a variety of external factors will shape its broader position in the market including changes in the regulatory environment, changes in wealth patterns, and the growth of the world's financial markets.

Based on its past experience and looking towards the future, the Group has made six strategic choices to drive its strategy and enable it to continue to deliver for its clients and stakeholders. These are as follows:

### ***(i) Operate a sustainable business model***

The Group's business model is built on providing clients with the opportunity to trade the world's financial markets in exchange for fair and proportionate transaction fees. In doing so, the Group aims to develop long-term relationships based on mutually aligned interests. The Group's business model avoids the potential conflicts that may arise in an over the counter (OTC) business by internalising client flow and hedging residual exposure where this exceeds the Group's board-approved limits. This approach, which is enabled by the Group's scale, aligns the Group's interests with its clients' interests, reduces the cost of hedging and reduces the variability of its revenue. Further, clients are able to take advantage of quick execution and deep liquidity to maximise the likelihood of execution while minimising impact on price.

### ***(ii) Provide the best client experience***

The Group's approach aims to champion the client. As part of this, its approach involves providing simple, seamless and engaging client experiences. This includes the way the Group's onboarding and administrative processes are designed with a view to requiring minimal effort from clients while providing maximum satisfaction, such as the use of electronic ID verification to facilitate quick and easy account opening.

Clients are also able to contact a trading services team throughout the 24-hour day from 8.00 a.m. on Saturday to 10.00 p.m. on Friday. High-value clients receive dedicated support from premium client management teams, as well as access to exclusive content and events. Further into its journey, the Group intends clients to have access to the support they need – whether through free analysis and market commentary, end-to-end education in the form of IG Academy (a platform which provides a range of resources to enable individuals to improve trading skills including online courses and sessions).

### ***(iii) Win with its technology***

The Group's internal development team works to maintain a broad, flexible system that comprises the Group's own proprietary technology, as well as third-party solutions purchased off the shelf for

commoditised applications. The modular nature of this system enables the Group to re-use and re-deploy its technology across front-end and execution platforms, as well as support systems, to quickly and cost-effectively react to new opportunities.

**(iv) *Tailor client propositions***

Clients are segmented into three key groups: high value, retail and institutional. Tailored and customised content and services are delivered to each segment to engage them appropriately and effectively.

**(v) *Broaden its product range***

Markets vary in their consumer preferences, commercial opportunities and regulatory environment. Therefore, while the Group provides products that enable clients to cost-effectively access financial markets in a leveraged manner, it does vary the products offered in any given region to suit the local environment.

**(vi) *Extend its geographical reach***

The Group intends to enter new markets where it identifies real opportunity that can be sustained over the longer term. In doing so, the Group aims to combine the scale and depth of expertise of a global business with the regional knowledge and awareness of a local business.

**Business and Activities**

The Group offers a range of trading and investment services to clients across the globe with operations across 20 countries in Europe, Africa, Asia-Pacific, the Middle East and the United States. The Group's original offering of leveraged trading remains core to its business. This includes CFDs and spread betting (in the UK and Ireland), which generates the majority of its revenue. It has now expanded its offering to include a growing suite of non-leveraged share dealing and wealth-management products and its exchange traded derivative offerings. Following its acquisition in June 2021 of tastytrade, a high growth US online brokerage and trading platform with a leading position in US listed derivatives, primarily options and futures, the Group has expanded its exchange traded derivative offering and significantly increased the scale and relevance of its US business.

***The Group's range of products***

While the Group's original products were designed for active traders, its newer offering is intended to extend its reach to every ambitious person. The Group's clients are able to access over 19,000 global financial markets including shares, forex, indices, commodities and other instruments via market-leading platforms and applications that provide efficient, secure execution. As at 31 May 2021, the Group had approximately 313,000 active clients (active clients being defined as clients who have placed a trade within the last year) and increased its active client base with an additional 102,000 new active clients from its acquisition in June 2021 of tastytrade. In the year ended 31 May 2021, over 50 per cent. of the Group's revenue was derived from clients who have traded with the Group for at least three years.

***Over the counter (OTC) leveraged derivatives***

**(i) *Contracts for difference (CFDs)***

CFDs are derivatives contracts that enable clients to take advantage of changes in an asset's price, without owning the asset itself. Clients can take a position in a financial instrument, buying or selling, while only putting down a small percentage of the value of their trade as security – known as trading on margin. This provides clients with an efficient way of trading financial markets over the short term. The Group also offers clients

access to a range of risk-mitigation measures, including stops and limits and a limited risk account. The Group was the world's biggest CFD provider as at June 2021 based on revenue excluding foreign exchange.<sup>4</sup>

CFD prices are quoted in two prices: the buy price and the sell price. The Group considers that most of the time, the cost to open a CFD position is covered in the spread: meaning that buy and sell prices will be adjusted to reflect the cost of making a trade. The spread is the difference between the relevant buy and sell prices. The exception to this is its share CFDs, which are not charged via the spread. Instead, buy and sell prices match the price of the underlying market and the charge for opening a share CFD position is commission-based. By using commission, the Group believes that the act of speculating on share prices with a CFD becomes closer to buying and selling shares in the market.

## ***(ii) Spread Betting***

Financial spread betting also enables clients to take advantage of changes in an asset's price without owning the asset itself, and to use the same range of risk-mitigation measures as in relation to CFDs. However, the Group only provides this product in the UK and Ireland. It is currently a tax-free<sup>5</sup> alternative to trading, allowing clients to bet on the price movement of an asset. The size of a client's win or loss depends on the magnitude and direction of the price movement.

Financial spread betting works using three different components: (1) the spread, which is the charge a client pays to open its position; (2) the bet size, and (3) the bet duration. The spread is the difference between the relevant buy and sell prices. The bet size is the amount a client bets per unit of movement of the underlying market. The Group allows a client to choose its specific bet size as long as it meets the minimum that it accepts for that market. The client's profit or loss is then calculated as the difference between the opening price and the closing price of the market, multiplied by the value of the bet. The Group measures the price movements of the underlying market in points. Depending on the liquidity and volatility of the chosen market, a point of movement can represent a pound, a penny, or even a one hundredth of a penny. The bet duration is the length of time before a client's position expires. All spread bets have a fixed timescale, but these can range from a day to several years, but a client is free to close out his/her position at any point before the designated expiry (subject to the spread bet being open for trading).

## ***Exchange Traded Derivatives***

tastytrade is a high-growth, high-margin online brokerage and investor education platform, with a growing share of the US-listed derivatives market, primarily through options and futures. tastytrade seeks to combine fun and entertaining content with deep quantitative and probability-based analysis.

North American Derivatives Exchange, Inc. (Nadex) is the Group's US derivatives exchange. Nadex is regulated by the Commodity Futures Trading Commission (CFTC). Nadex's retail-sized contracts are designed to give US and overseas traders short-term opportunities in their desired global financial markets including indices, commodities, forex and economic events. Nadex offers a range of different products, including binary options, call spreads and knockouts which enable clients to trade a variety of market conditions while limiting their downside exposure.

In October 2019, the Group launched its European multilateral trading facility, Spectrum. The Group considers that Spectrum provides clients with an enhanced user experience with 24-hour trading, and liquidity focused on the needs of retail clients. The products are intended to be of limited risk and to target retail clients in continental Europe, where there is already a sizeable and well-established market for the same. Spectrum offers turbo

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<sup>4</sup> Based on revenue excluding FX (Published financial statements, June 2021).

<sup>5</sup> Tax laws remain subject to change and vary based on individual circumstances.

warrants, which are listed securities whose price is based on the value of an underlying financial asset, such as a stock index or currency pair.

## Stock trading

### (i) Stock trading, ISAs and SIPPs

The Group's online, execution-only stock trading service is powered by the same technology as its leveraged OTC offering. The Group's capabilities allow the ambitious to buy and sell over 12,000 global shares and exchange traded funds (ETFs), with competitive and transparent transaction fees. UK clients can choose to trade within a tax-efficient Individual Savings Account or Self-Invested Personal Pension wrapper.

The Group's stockbroking platform was launched in the UK in 2014 and is also available to clients in Austria, France, Germany, Ireland, Australia and the Netherlands.

### (ii) IG Smart Portfolios

IG Smart Portfolios, a discretionary managed investment service, was launched in 2017 in partnership with BlackRock, offering low costs and full transparency on total cost of ownership. Clients benefit from a fully online experience which is supported by a customer services team as and when needed.

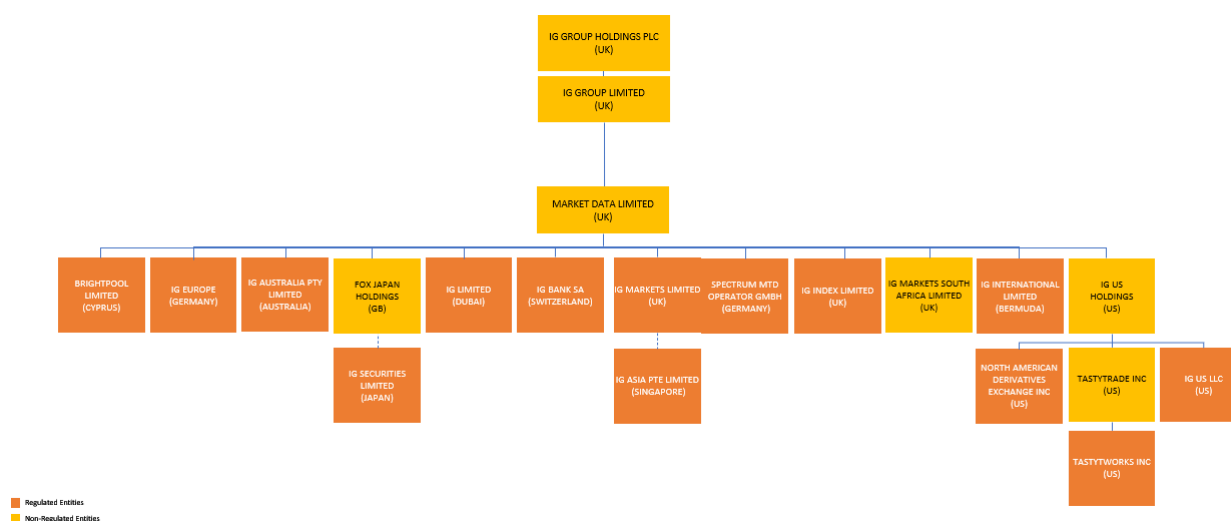
A range of portfolios are offered with a view to servicing different risk appetites. Each portfolio is constructed from iShares ETFs and includes a blend of commodities, equities and fixed-income assets designed to match the degree of caution or risk desired by the client. The asset allocation strategy is devised in partnership with BlackRock whereby the Group manages and rebalances a client's portfolio for the entire lifetime of an investment.

## Content and education

The Group is also a major producer of high-quality, digital content providing financial news and education on self-directed trading and investing. This is a differentiator versus competitors who only operate brokerages and the Group's unique content is provided free of charge, and is an important driver of brand recognition, client acquisition, and client retention.

## Group Structure Chart

The following simplified chart shows the legal structure of the Group as at 31 August 2021:





The Group is subject to consolidated prudential regulation by the FCA, as described further in the section entitled “*Supervision and Regulation*” below.

## **Acquisition of tastytrade**

### ***The acquisition***

The Issuer completed the acquisition of tastytrade on 28 June 2021, for a total consideration of U.S.\$1.0 billion (£734 million<sup>6</sup>) comprising: (1) cash consideration of U.S.\$300 million (£220 million); and (2) the issuance to tastytrade shareholders of 61.0 million new shares<sup>7</sup> in the Issuer valued at U.S.\$700 million (with a total value upon issue of £517.3 million, based upon the opening share price on 29 June 2021 of £8.48). The cash consideration was funded by £150 million of new debt facilities and the Issuer’s cash resources.

As at 29 June 2021, tastytrade shareholders owned, in aggregate, approximately 14 per cent. of the enlarged share capital of the Issuer. As at 29 June 2021, key former tastytrade management shareholders, comprising Tom Sosnoff (Co-CEO, tastytrade), Kristi Ross (Co-CEO and President, tastytrade), Scott Sheridan (CEO, tastyworks) and Linwood Ma (CTO, tastytrade), collectively owned approximately 6 per cent. of the enlarged share capital of the Issuer, with a phased five year lock-up period. These individuals have also joined the Issuer’s senior leadership team and continue in their former roles. They have entered into full-time employment contracts and employee equityholder agreements with the Issuer which contain comprehensive non-compete and non-solicit obligations. tastytrade’s two largest institutional shareholders, TCMI, Inc. (“TCV”) and Lightbank LLC, have also become shareholders in the Issuer with an approximate 6 per cent. shareholding as at 29 June 2021, with a six-month lock-up period.

### ***Description of tastytrade***

tastytrade is a platform that provides differentiated financial content and trader education alongside an options and futures brokerage. tastytrade was founded and is led by an entrepreneurial management team who previously created the options and futures trading platform, thinkorswim (acquired by TD Ameritrade in 2009). It operates through two primary entities: tastytrade, an online financial network that provides actionable trading content to knowledgeable retail traders, and tastyworks, an online brokerage platform enabling self-directed retail traders to trade US options and futures.

Founded in 2011, tastytrade engages traders across 190 countries. It offers eight hours of cost-free, commercial-free, live interactive content daily and provides market commentary and actionable trading strategies related to options and futures trading and the stock market. This is distributed through [www.tastytrade.com](http://www.tastytrade.com), YouTube, iTunes, Apple TV, and others, and is intended to appeal to both beginner and advanced traders.

Launched in 2017, tastyworks is an independent online brokerage platform for US exchange traded derivatives traders. The platform is built on proprietary and highly scalable technology. tastyworks has built a client base which comprises over 105,000 active accounts<sup>8</sup>, and represented around 1.5 per cent. of the entire US equity options market (institutional and retail) by volume traded for the 12 months ended December 2020<sup>9</sup>. It has also been ranked by Barron’s (a leading source of financial news published by Dow Jones & Company) as the second best online brokerage platform for active traders<sup>10</sup>.

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<sup>6</sup> Currencies converted from USD to GBP at a rate of 1.3617 as of 19th January 2021. Source: Bloomberg.

<sup>7</sup> Based on the 40 day Volume Weighted Average Price up to and including 19 January 2021 of 842.7 pence. Source: Bloomberg.

<sup>8</sup> Represents accounts that traded at least once during the 12 months ended 31 December 2020.

<sup>9</sup> Represents tastyworks’ equity options average daily volume (ADV, # of contracts) divided by total equity options ADV recorded by the Options Clearing Corporation (“OCC”).

<sup>10</sup> Barron’s, “Best Online Brokers for 2020” report.

tastytrade is headquartered in Chicago with around 145 employees as at 31 December 2020. tastytrade opened brokerage operations in Australia in 2019 and is in the process of launching in Canada as part of its international expansion strategy.

For the financial year ended 31 December 2020, tastytrade delivered revenue of U.S.\$116.2 million<sup>11</sup> (31 December 2019: \$81.0 million) and profit before tax of U.S.\$49.0 million (31 December 2019: \$46.5 million), with growth in active accounts of 85 per cent.<sup>12</sup> tastytrade's gross assets were U.S.\$191.5<sup>13</sup> million as at 31 December 2020, with a regulatory capital requirement of c. \$0.5 million reflecting its agency-only brokerage model.

### ***Strategic rationale***

The Issuer considers that there are compelling strategic benefits to be reaped from the acquisition of tastytrade. In particular, as follows:

- (i) **Provides the Group with immediate scale in the world's largest listed options and futures market:** the acquisition establishes the Group as an important player in the growing listed US options and futures market. With an estimated 1.5 million retail traders, the US options and futures market is larger than the global CFD/FX and European Turbo markets combined<sup>14</sup>. tastytrade's brokerage, tastyworks, has grown its share of the US equity options market by volume from 0.4 per cent. at launch in 2017 to 1.3 per cent.<sup>15</sup> in 2020, demonstrating the success of its education-led proposition for the retail client base. tastytrade improves the scale and breadth of the Group's existing US presence through the Northern American Derivatives Exchange ("Nadex"), the Retail Foreign Exchange Dealer ("RFED") and FX Publications Inc (doing business as "DailyFX") and its relevance to US retail clients. It also adds exchange traded futures, options and stock trading to the Group's existing US product offering. Over time, it is anticipated that the improved proposition will translate into higher retention rates and revenue per client from the combined US client base.
- (ii) **Extends the Group's global product capabilities into exchange traded options and futures, increasing the contribution from agency-only activities:** the acquisition diversifies the Group's regulatory risk profile beyond its historical focus on OTC trading into US exchange traded derivatives. The Issuer believes it will increase the proportion of the Group's revenues from agency-only activities. The intention is to combine the Group's presence in the leveraged OTC space with tastytrade's highly complementary expertise in the exchange traded options and futures market, enabling the offering of a broader suite of derivatives products to clients and presenting a longer-term opportunity for greater client penetration and cross-selling internationally through a broader proposition.
- (iii) **Diversifies the Group's geographic footprint and accelerates growth ambitions:** the acquisition enhances the Group's position as a global multi-product trading platform having a presence in key global financial markets (US, UK, EU, EMEA, Asia, Australia). It also has the potential to accelerate the Group's portfolio growth strategy in relation to significant opportunities.

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<sup>11</sup> Financial information for year ended 31 December 2020 is on an audited US GAAP basis.

<sup>12</sup> Represents growth in accounts that traded at least once during the 12 months ended 31 December 2020 relative to the prior year.

<sup>13</sup> Financial information for year ended 31 December 2020 is on an audited US GAAP basis. Was acquired on a cash free / debt free basis subject to a minimum agreed level of cash retained in the business.

<sup>14</sup> Latest Investment Trends market reports and internal estimates.

<sup>15</sup> For the twelve months ended 31 December 2020. Represents tastytrade's equity options ADV divided by total equity options ADV recorded by the OCC.

- (iv) **Acquisition of a high growth, high margin business:** tastytrade has demonstrated exceptional client and revenue growth and reflecting its strong and differentiated proposition within the expanding US options and futures market.
- (v) **The Group and tastytrade share a strong culture and client-centric ethos; both also focus on the same customer demographic of ambitious, self-directed traders:** the Group has a track record of over 45 years in innovation and leadership in OTC products for a global, high-value client base and a modern, robust and scalable infrastructure. tastytrade has a leadership position in the attractive US listed derivatives market, a 105,000+<sup>16</sup> active retail client account base with high levels of retention, and an agency-only business model which the Issuer believes has significant growth potential. The Issuer and tastytrade share a similar culture in terms of their client-centric ethos, focus on innovation and entrepreneurship, and track record for regulatory compliance. Both companies focus on the same customer demographic of ambitious, self-directed traders and also acknowledge the importance of trader education to raise clients' knowledge, awareness and confidence in trading financial products.
- (vi) **Financial rationale:** the Group considers that the acquisition will further strengthen its profitability and cash flow profiles. It also has the potential to drive additional long-term earnings growth given tastytrade's attractive profit margins and strong cash conversion.
- (vii) **Limited integration requirements:** the Group does not anticipate any significant or complicated integration requirements, thereby minimising integration risk and associated costs. However, as noted in the section entitled "*Risk Factors – Acquisition Risk*", the Group is aware that certain risks associated with an acquisition remain and there is no guarantee the Group will deliver all or substantially all of the expected benefits of the acquisition. Nevertheless, given the complementary products and business operations, the Group anticipates that no cost synergies from tastytrade will be required. Further, the Group believes that tastytrade has an experienced senior management team with a proven track record. Alignment of interests is also ensured through the phased five year lock-up period on the Issuer's shares for key tastytrade management shareholders. Finally, the Group considers that there is limited risk of client attrition as a result of the acquisition, with tastytrade to continue to operate as a standalone division under its existing brands.

### ***Capital adequacy impact***

The Issuer estimates that the acquisition resulted in a decrease of £187.9 million in the Group's total capital resources and a reduction of the total capital ratio to 26.1 per cent. (versus 34.9 per cent. as at 31 May 2021).

## **Regulation and Capital Adequacy**

The Group operates across multiple jurisdictions. As such, each company within the Group is subject to additional regulation by appropriate bodies in the territory where it operates. The Group's lead regulator is the FCA, which also regulates its UK subsidiaries (IG Markets Limited and IG Index Limited) as well as the Group on a consolidated basis. The FCA imposes a minimum level of regulatory capital adequacy for individual regulated UK entities and the Group as a whole.

In the jurisdictions where the Group is active it has built strong relationships with the relevant regulatory authorities and takes a proactive, transparent, and cooperative approach in working with them. The regulatory authorities that the Group is regulated by include the FCA, the Australian Securities and Investments Commission, the Monetary Authority of Singapore, the German Federal Financial Supervisory Authority (BaFin), the South African Financial Services Board, the US Commodity Futures Trading Commission, the

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<sup>16</sup> Represents accounts that traded at least once during the 12 months ended 31 December 2020.

Swiss Financial Market Supervisory Authority, the Japanese Financial Services Agency and the Dubai Financial Services Authority. Overall, the Group has a proven track record of compliance and maintaining high standards in relation to how financial products are structured and offered to sophisticated retail and professional clients.

In managing its capital adequacy, the Group also takes into account local capital requirements in the overseas jurisdictions where it operates. The Group believes that there are significant benefits to being well capitalised especially in times of global economic uncertainty. Historically, it has maintained capital resources requirements significantly in excess of regulatory capital requirements.

Throughout 2020, the Group maintained a total capital ratio in excess of the 8 per cent. Pillar 1 regulatory minimum. As at 31 May 2021, the Group's capital resources were £860.7m (2020: £675.5m) and this represented a total capital ratio of 34.9 per cent. (2020: 33.5 per cent.). As at 31 May 2021, the Group's total capital requirement was £491.1m (2020: £401.7m), representing a capital ratio requirement of 19.9 per cent (2020: 19.9 per cent). Following completion of the acquisition of tastytrade on 28 June 2021, the total capital ratio was 26.1 per cent., remaining above the minimum requirement.

In addition to satisfying the FCA's Pillar requirements, the Group also undertakes an Internal Capital Adequacy Assessment Process (the "ICAAP") at least once a year. The ICAAP results in the Internal Capital Assessment (the "ICA") which assesses the amount of risk-based capital resources requirement (Pillar 2) to be held by the Group. Pillar 2 requirements are discussed in more detail in the section of this Base Prospectus entitled "*Supervision and Regulation - UK CRR/UK CRD IV Regime*". This assessment is also subject to review by the FCA, and this was last done in November 2016.

## **Hedging**

As part of the risk management for its CFD and Spread Betting product lines, the Group runs an automated hedging strategy.

The Group believes that it has a long-standing track record of efficient hedging. The Group's hedging strategy involves offsetting or "internalising" a substantial volume of client exposures, and using proprietary technology to allow the automated hedging of residual exposures above market risk limits. Internalisation reduces the Group's hedging costs and, as a result, the Group's net trading revenue is a stable proportion of client income.

During its three most recently completed financial years, the Group's hedging costs have averaged approximately 25 to 30 per cent. of client income, with the remainder of client income (approximately 70 to 75 per cent.) representing net trading revenue for the Group.

## **Future Growth Strategy**

The Group targets revenue growth of between 5 and 7 per cent. per annum in the following core markets over the medium term, from the 2022 financial year onwards: UK & Ireland, Europe, EMEA non-EU, Singapore, Australia, stock trading and investments, IG Prime, Japan and Emerging Markets.

The Group targets revenue growth of between 25 and 30 per cent. per annum in the following high potential markets over the medium term, from the 2021 financial year onwards: tastytrade, tastyworks and Spectrum.

## **Major Shareholders**

Information provided to the Group pursuant to the FCA's Disclosure and Transparency Rules is published on a Regulatory Information Service and on the Group's website. As at 30 September 2021 (being the latest practicable date prior to the date of this Base Prospectus), the Group had most recently been notified of the following significant holdings of voting rights in the Issuer's shares:

Artemis Investment Management	6.52 per cent.
MFS Investment Management	6.40 per cent.
BlackRock (Index)	5.72 per cent.
Vanguard Group	3.90 per cent.
Tom Sosnoff	3.71 per cent.
TCV	3.60 per cent.

## Material Contracts

There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of Notes issued under the Programme.

## Directors of the Issuer

The directors of the Issuer, the business address of each of whom is Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA, United Kingdom, and their respective principal outside activities, where significant to the Group, are as follows:

Name	Principal outside activities
<b>June Felix</b> <i>Chief Executive Officer</i>	Non-Executive Director, RELX PLC Board of Advisors, The London Technology Club
<b>Charlie Rozes</b> <i>Chief Financial Officer</i>	
<b>Jon Noble</b> <i>Chief Operating Officer</i>	
<b>Mike McTighe</b> <i>Chairman</i>	Chairman, Openreach Limited Chairman, Together Financial Services Limited Chairman, Arran Isle Limited
<b>Malcolm Le May</b> <i>Non-executive Director</i>	Chief Executive Officer, Provident Financial plc
<b>Jonathan Moulds</b> <i>Senior Independent Non-executive Director</i>	Chairman, Litigation Capital Management Limited Member of Advisory Board, Association for Financial Markets in Europe
<b>Sally-Ann Hibberd</b> <i>Non-executive Director</i>	Non-Executive Director, Chair of Risk Committee and a member of the Audit, Nomination and Remuneration Committees, Equiniti Group plc

Name	Principal outside activities
<b>Andrew Didham</b> <i>Non-executive Director</i>	Non-executive Member of the Governing Body, Loughborough University Advisory Board Member, OEE Consulting Non-Executive Director, The Cooperative Bank plc Non-Executive Director, N.M Rothschild and Co Limited Chairman, N.M. Rothchild Pension Trust Senior Independent Director, Charles Stanley Group plc Non-Executive Chairman, Charles Stanley & Co Limited. Non-Executive Director and Chairman of Audit Committee, Shawbrook Group PLC
<b>Helen Stevenson</b> <i>Non-executive Director</i>	Senior Independent Director, Reach plc Senior Independent Director, Kin and Carta plc Non-Executive Director, Skipton Building Society
<b>Rakesh Bhasin</b> <i>Non-executive Director</i>	Non-Executive Director for a portfolio of companies in multiple sectors Chairman, CMC Networks - a Carlyle Group investment company
<b>Wu Gang</b> <i>Non-executive Director</i>	Non-Executive Director, Ashurst LLP Senior Advisor, Rothschild & Co Hong Kong Limited Non-Executive Director, Tritax Big Box REIT Plc
<b>Susan Skerritt</b> <i>Non-executive Director</i>	Independent Director, Community Bank System Independent Director, Tanger Factory Outlet Centers Independent Director, VEREIT Independent Director, Falcon Group

None of the directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interests or other duties as listed above.

## SUPERVISION AND REGULATION

### Introduction

The Group conducts business in a highly regulated environment that is continually evolving. The Group operates authorised and regulated businesses worldwide, supervised by various regulators across a number of jurisdictions. In addition to two UK entities that are regulated by the FCA, the Group's operations in Australia, Japan, Singapore, South Africa, Bermuda, the United States of America, Cyprus, Germany, Switzerland and United Arab Emirates (Dubai International Financial Centre) are directly authorised by the respective local regulators. The Group's German entity also has branches in France, Spain, Italy and the Netherlands that operate under the MiFID II passporting system; as such, the branches do not require authorisation in their relevant jurisdiction, but they are generally subject to conduct of business supervision by the relevant local regulator. As explained in the section of this Base Prospectus entitled "*Risk Factors – Regulatory environment risk*", the Group's regulatory structure means that it is exposed to the risk of legislative and regulatory change across a wide range of jurisdictions, which could result in an adverse effect on the Group's business or operations. The Group is also exposed to risks associated with its compliance with a wide range of laws and regulations.

The Group's core business includes trading in OTC leveraged derivatives products, including CFDs. A number of Group's subsidiaries act as principal when trading in such products. Given that such entities are selling complex products, often to retail clients, they are typically subject to a relatively high level of conduct supervision by the applicable local regulators. Further changes regarding the regulation of leveraged OTC products are possible in markets where the Group operates, although at present, the Group is not aware of any proposed changes that would have a material impact on its business. Moreover, the regulatory outlook is currently stable in the Group's core jurisdictions in Europe, Australia and the UK. The Group includes regulated exchanges based in Germany and the United States of America, and a regulated market maker in Cyprus.

This Supervision and Regulation section focuses on the key features and risks of the UK regulatory environment, as this is the most material regulatory environment for the Group from both a risk and revenue perspective. In the year ended 31 May 2021, the Group's UK business accounted for the highest proportion of the Group's net trading revenue (40.6 per cent.), followed by the Group's business in Australia (14.9 per cent.). The Group's UK and EU business also accounted for the highest proportion of the Group's revenue from OTC leveraged derivative products in its core markets (62.6 per cent.), again followed by the Group's business in Australia (17.8 per cent.). Additionally, the two UK FCA-regulated entities, IGM and IGI, accounted for approximately 69 per cent. and 19 per cent. respectively of the Group's risk exposure amount on its balance sheet as at 31 May 2021. IGM accounts for the majority of the Group's risk exposure amount because other Group operating entities, where trading as principal in derivative products, will typically immediately hedge any market risk taken with clients back to IGM.

### Regulatory Framework in the UK

The Group's two UK subsidiaries, IGM (FCA Register number 195355) and IGI (FCA Register number 114059) (together, the "**UK IG Entities**"), are both authorised and regulated by the FCA. The UK IG Entities are 'solo-regulated' by the FCA and are therefore subject to both prudential and conduct regulation by the FCA only. The UK IG Entities are authorised by the FCA to carry on regulated activities by way of business in the UK, including dealing as principal in CFDs. The Group is also subject to consolidated prudential supervision by the FCA.

IGM offers CFDs (as well as share dealing and model portfolio management and stocks and shares ISAs) and IGI offers spread betting products. For the purposes of the UK financial regulatory system, however, CFDs and spread betting are both regulated in the same way, by the FCA, as CFDs. The UK IG Entities' activities do not fall within the licensing perimeter of the UK Gambling Commission.

## ***Prudential Requirements***

### ***UK CRR/UK CRD IV Regime***

The UK's prudential regime consists of the UK legislation and rules implementing the EU Capital Requirements Directive ("**UK CRD IV**") and the EU Capital Requirements Regulation ("**UK CRR**"), as well as the Bank Recovery and Resolution Directive ("**BRRD**"), key sections of which are transposed in the Banking Act.

The purpose of the UK's prudential regime is to ensure that authorised firms have adequate financial resources in place to effectively manage prudential risks. Broadly speaking, the rules impose requirements on firms relating to quantity and quality of regulatory capital, liquidity, large exposures, corporate governance and regulatory reporting. Under Pillar 1 requirements, authorised firms must calculate their capital requirements in accordance with prescribed methodologies under the UK CRR – in practice, this is determined by the credit risk and market risk assumed by the authorised firm. Under Pillar 2 requirements, authorised firms need to regularly assess, on a discretionary basis, whether the amount of capital or other financial resources they hold is adequate to cover various risks, and the regulator may impose additional requirements on a discretionary basis. The application of these UK prudential rules to the UK IG Entities and to the Group (on a consolidated basis) is explained in more detail below.

For the purposes of applying the UK's prudential regime to FCA solo-regulated firms, the FCA has designated a number of prudential categories, which largely depend on the relevant firm's permissions and in some cases, the scale of the firm's activity. The UK IG Entities are both classified as full-scope IFPRU 730k firms (as defined in IFPRU 1.1.11R of the FCA Handbook – in practice, this captures firms which deal on own account), as well as "significant" IFPRU firms. This means they are subject to the highest standards under the UK CRR/UK CRD IV rules, because of the scale and nature of their business activities. The Group is also subject to the application of these rules on a consolidated basis.

The key prudential requirements that are relevant for full-scope IFPRU 730k firms and their consolidated groups include base own funds requirements; monitoring and reporting large exposures; maintaining adequate liquidity resources; identifying, monitoring and managing the risk of excessive leverage; and holding specified capital buffers. Additionally, under Pillar 2 requirements, the Group must calculate the capital amount that it considers necessary to cover risks within its Internal Capital Adequacy Process ("**ICAAP**"). The Group is subject to the FCA's supervisory review and evaluation process ("**SREP**") on a recurring cycle; as part of this, the FCA reviews the results of the ICAAP and may set Individual Capital Guidance ("**ICG**") for the Group.

The Group's consolidated regulatory capital requirement as at 31 May 2021 was £491.1 million. This figure is based on the application of the Pillar 1 and Pillar 2 requirements to the Group on a consolidated basis.

Enhanced prudential obligations also apply as a result of the classification of the UK IG Entities as "significant" IFPRU firms. These include heightened disclosure requirements in relation to the Group's ICAAP and the Group's recovery plan requirements. However, the UK IG Entities also benefit from waivers in respect of certain governance obligations for significant IFPRU firms, such as the requirement to have certain committees at an entity level (as well as at a Group level), where the FCA has deemed that such requirements would not be proportionate.

### ***UK IFPR***

From 1 January 2022 (subject to the application of any transitional provisions), it is expected that the UK will implement a new prudential regulatory regime for investment firms called the UK Investment Firms Prudential Regime ("**UK IFPR**"). The UK IFPR will replace the existing UK CRR/UK CRD IV regime for FCA-regulated investment firms and will apply to a broad range of FCA-regulated investment firms, including significant IFPRU firms such as the UK IG Entities. UK IFPR will cover the same key topics as the UK CRR/UK CRD IV regime (including capital, liquidity, and regulatory reporting) and will continue to impose strict prudential



standards on UK authorised and regulated firms, as well as public disclosure requirements. However, UK IFPR will also introduce a number of changes to ensure that the prudential regime for FCA investment firms is more consistent, proportionate and tailored to the nature of such firms' business.

Firms under the UK IFPR will be divided into two broad categories: "small and non-interconnected firms" ("SNIs"), which will be subject to a lighter-touch prudential regime, and "non-SNIs". The two UK IG Entities will be classified as "non-SNIs" and so will be subject to the suite of UK IFPR requirements on an individual basis. Additionally, as was the case with UK CRR regime, UK IFPR will apply to investment firm groups on a consolidated basis. The Group will therefore be subject to a set of consolidated requirements under UK IFPR, including consolidated own funds requirements, consolidated liquidity and concentration risk requirements, consolidated disclosure, reporting, governance and remuneration requirements and a consolidated internal capital and risk assessment ("ICARA").

Key changes under the UK IFPR include new calculations for own funds requirements (which must reflect the highest of the firms' permanent minimum capital requirement, fixed overheads requirement, or K-Factor requirement), new liquid assets requirements (which subject firms to granular liquidity requirements) and changes to the risk management framework (including the ICARA process that will replace the current ICAAP, and new governance and remuneration requirements). K-Factors are a set of indicators which represent the risks that an investment firm can pose to clients ("RtC Factors"), to market access/liquidity ("RtM Factors"), or to itself ("RtF Factors"); firms are required to maintain capital equal to at least the sum of these K-Factors. RtC Factors are calculated considering the value of the firm's assets under management, the amount of client money held by the firm, the value of assets safeguarded and administrated by the firm, and the value of client orders handled by the firm. RtM Factors are calculated considering the value of transactions recorded in the firm's trading book and the amount of total margins required by a clearing member or central counterparty ("CCP") (where execution and settlement take place under the responsibility of that clearing member or CCP). RtF Factors are calculated considering the firm's concentration risk and daily trading flow, and the risk of default of the firm's trading counterparties.

As with any regulatory change project, there will be a process of adaptation to the new UK prudential regime. The Group may be subject to increased regulatory obligations in certain areas and more proportionate regulatory obligations in others. Based on its current assessments of the proposed UK IFPR rules, however, the Group does not expect the implementation of UK IFPR to raise material risks for the Group's business or regulatory obligations, particularly given that the Group already complies with rigorous prudential standards under the existing UK prudential regime. Moreover, as of the date of this Base Prospectus, the FCA's consultation papers and policy statements on the UK IFPR rules do not anticipate changes to the existing rules governing the eligibility of Tier 1 Capital (i.e. capital instruments that can absorb losses while the firm remains a "going concern") or Tier 2 Capital (i.e. capital instruments that can absorb losses when the firm is a "gone concern").

Notwithstanding the above, the application of certain requirements under UK IFPR may be subject to further regulatory assessment. Notably, the FCA has stated that firms which are subject to individual capital or liquidity guidance should apply transitional provisions until they have produced their first ICARA. These transitional provisions set a minimum floor for the firm's threshold requirements (which is set relative to a firm's ICG average amount in its last own funds report); however, if firms calculate that they need to hold more resources above the minimum floor, they will be required to do so. The FCA will assess how firms plan their transition and whether its guidance remains appropriate for the new regime. There is, therefore, potential for ongoing uncertainty as to how the Group's ICG will be transposed over to the new regime.

#### *UK Recovery and Resolution Regime*

Under the Banking Act, the Bank of England (or, in some cases, HM Treasury) in consultation with the Prudential Regulation Authority, FCA and HM Treasury, can apply resolution powers to UK banks, certain

investment firms and certain affiliates, under the SRR. The SRR extends to IFPRU 730k investment firms and their group companies; it is, therefore, relevant for the Group. Further detail on the SRR and potential regulatory risks for the Group and/or Noteholders is set out below.

In practice however, the Issuer does not expect that the UK resolution authorities would exercise SRR powers in relation to the Issuer, the UK IG Entities, or any other Group entities in the event of a failure or anticipated failure. Instead, the Bank of England's preferred resolution strategy for all FCA-regulated investment firms is insolvency. Therefore, the risks cited below in relation to the SRR may not be considered significant, although it remains possible that the Bank of England could change its preferred resolution strategy in the future.

Under the SRR, the Bank of England has five pre-insolvency resolution tools (or 'stabilisation powers'). These tools are: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (d) the bail-in tool and (e) temporary public ownership (nationalisation). A stabilisation power may be applied to a single legal entity in a group, typically the parent or financial holding company.

The bail-in tool involves writing down the claims of a firm's unsecured creditors (which could include the holders of Tier 2 Capital Notes and Senior Notes) or converting those claims into equity. The Bank of England also has certain powers to cancel or modify contractual arrangements, which could include modifying the terms of the Notes as part of the bail-in tool. However, the bail-in tool does contain a "no creditor worse off" safeguard, which requires that shareholders and creditors should not be worse off as a result of the use of bail-in than they would have been under a normal insolvency procedure.

Additionally, under the SRR, the Bank of England has a "mandatory write-down and conversion power", which enables it to permanently write-down, or convert into equity, Tier 1 Capital instruments, Tier 2 Capital instruments and internal eligible liabilities. The Bank of England may exercise this power either: (i) in conjunction with a stabilisation power, where the conditions for a stabilisation power are met (although in the case of bail-in, the write-down/conversion would take place as part of the bail-in tool); or (ii) independently, if the entity would no longer be viable in the absence of a write down or conversion, but where the write-down or conversion should restore it to long-term viability.

The exercise of any stabilisation power, the mandatory write-down and conversion power or any suggestion of any such exercise could materially adversely affect Holders' rights and the value of their investment in the Notes. In particular, any exercise of the bail-in tool in respect of the Issuer and the Notes could result in the cancellation of all or part of amounts payable on the Notes, and/or the conversion of the Notes into shares or other Notes or other obligations, or any other modification to the terms of the Notes. Additionally, the "no creditor worse off" safeguard would not apply where the mandatory write-down and conversion power is exercised independently of a stabilisation power.

Noteholders may have limited rights or no rights to challenge any decision of a resolution authority to exercise any of these powers or to have that decision reviewed by a judicial or administrative process or otherwise. Public financial support will typically only be available to a relevant entity as a last resort after the resolution tools have been used.

In practice however, as explained above, the Bank of England's preferred resolution strategy for FCA-regulated investment firms is not to exercise its powers under the SRR. Rather, its preferred strategy is to put such firms in insolvency (see below). Therefore, in the event of a failure or anticipated failure, it is not expected that any Group entities would be subject to the exercise of stabilisation powers (including the bail-in tool) or the mandatory write-down and conversion power. Additionally, HM Treasury has confirmed, further to consultations with the Bank of England, the PRA and the FCA, that it intends to remove IFPRU 730k investment firms from the scope of the SRR, in light of the upcoming UK IFPR. The FCA is also consulting on updates to

its Handbook to reflect HM Treasury's announcement. As of the date of this Base Prospectus, neither the HM Treasury announcement nor the FCA consultation paper expressly anticipate any change to the Bank of England's preferred resolution strategy of insolvency. Nonetheless, it remains possible that the Bank of England could decide to take a different approach in relation to the Group and/or change its preferred resolution strategy in the future.

The insolvency procedure (also known as the 'special administration regime') for FCA-regulated investment firms that hold client assets is set out in a separate section of the Banking Act. Under this procedure, a firm's residual assets would be paid to creditors in accordance with a statutory hierarchy, and so the Noteholders' claims may rank junior to certain other creditors.

In addition to the above, the Group is currently subject to further requirements under the FCA's resolution rules, including the requirement to produce an annual recovery plan which is approved by the Board and submitted to the FCA. A resolution information pack is also prepared on a bi-annual basis for the Group and submitted to the FCA.

### ***Senior Managers and Certification Regime***

The UK IG Entities are subject to the Senior Managers and Certification Regime ("SMCR") for solo-regulated FCA firms, which came into force in December 2019. Under the SMCR regime, the FCA applies a number of baseline culture and conduct requirements to employees across its authorised firms, to ensure that there is clear accountability within firms. As a result, persons that perform certain senior management functions at the UK IG Entities must be approved by the FCA to undertake their allocated responsibilities. Senior managers may be held accountable for failures in the business area for which they are responsible. Additionally, the UK IG Entities must certify, in respect of a number of other employees, that such employees are fit and proper to perform their role. Finally, high-level conduct rules apply to nearly all employees carrying out financial services activities.

The SMCR regime for solo-regulated FCA firms additionally categorises firms as "core", "limited scope" or "enhanced" firms. As significant IFPRU firms, the two UK IG Entities are classified as "enhanced firms", which means they are subject to further requirements in addition to those cited above. These include requirements to: (i) have in place additional senior management functions and prescribed responsibilities; (ii) ensure that every business area has a senior manager with "overall responsibility" for it; and (iii) prepare a management responsibility map which shows how responsibilities are allocated across the entities. For the purposes of the SMCR, the UK IG Entities are managed together and have two parallel management responsibility maps which are very similar for both entities.

### ***Governance, Systems and Controls***

Robust, effective governance is a cornerstone of FCA supervision. Pursuant to the FCA's Principles for Business, authorised firms must take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems.

Key governance and organisational requirements for authorised firms are set out in the Senior Management Arrangements, Systems and Controls ("SYSC") sourcebook of the FCA Handbook. Under the SYSC rules, the UK IG Entities are subject to a number of rules relating to governance and systems and controls. These include risk management procedures, complaints handling policies, policies ensuring compliance with regulatory obligations, remuneration policies, and controls around outsourcing.

As enhanced SMCR firms, the UK IG Entities will also be subject to the FCA's proposed operational resilience regime, which will take effect starting from 31 March 2022. This will require firms to identify their important business services, set impact tolerances for possible disruption and identify vulnerabilities in their operational resilience framework.

### ***Conduct of Business Rules and UK MiFID II/UK MiFIR***

The FCA Handbook sets out detailed conduct of business standards (“**UK Conduct of Business Rules**”), which apply to UK authorised firms including the UK IG Entities and which largely transpose the MiFID II regime. These rules provide detailed guidance on how authorised firms should deal with clients.

Under the UK Conduct of Business Rules, the UK IG Entities must classify each of their clients as either a retail client, professional client or eligible counterparty, in order to provide each client with the appropriate level of protection. Typically, retail clients are afforded the highest level of protection. This links to one of the FCA’s core Principles of Business, which requires firms to have due regard to all clients’ interests and to treat all clients fairly. The FCA is also consulting on raising the standard of this Principle in relation to firms’ duties towards retail clients.

The UK IG Entities are also subject to a number of client disclosure requirements, including requirements to make disclosures on the services provided and the risks and nature of financial instruments; the costs and charges (both ex-ante and ex-post) involved; and any inducements the UK IG Entities receive as part of the services provided. As a general rule, communications with clients must be fair, clear and not misleading, with stricter disclosure rules applying in relation to communications with retail clients.

One of the key obligations under the UK Conduct of Business Rules is the “appropriateness” requirement. Prior to providing a client with an investment service, authorised firms must request information regarding the client’s knowledge and experience in the investment field relevant to the specific type of product or service. This information is used to assess whether the service or product envisaged is appropriate for the client, including whether they have the necessary experience and knowledge to understand the risks involved. The UK IG Entities carry out such assessments for clients before allowing them to open an account.

In addition, the UK IG Entities’ OTC derivatives trading activity means that they are subject to a number of execution and reporting requirements under the UK Conduct of Business Rules, the UK MiFIR regime, and under MiFID II as it forms part of domestic law by virtue of the EUWA (“UK MiFID II”). In particular, the UK IG Entities are required to comply with best execution obligations, which means they are obliged to take all sufficient steps to obtain the best possible result for their clients when executing client trades. Where the UK IG Entities execute customer trades, they may also be subject to various regulatory reporting requirements, including requirements to transaction report to the FCA and to provide trade confirmations to clients.

### ***FCA Supervision of CFDs***

Over the past few years, the FCA has heightened its supervision of firms offering CFDs, in particular where firms are offering CFDs to retail consumers. In doing so, the FCA has sought to set standards for the conduct of CFD firms and to reduce consumer harm by limiting the scope of CFDs that may be offered to retail consumers.

In 2016, the FCA issued a ‘Dear CEO’ letter which raised concerns regarding the client take-on procedures in firms offering CFD products. In addition, the FCA undertook a review which focused on the appropriateness tests conducted by firms for sales of CFDs. The FCA found a number of key areas of concern in relation to these appropriateness assessments, including: (i) inadequate assessments of prospective clients’ knowledge; (ii) insufficient account of clients’ previous transactional experience; (iii) inadequate risk warnings to prospective clients who fail appropriateness assessments; (iv) failure to evaluate whether failed applicants should be allowed to make CFD transactions; and (v) poor oversight, weak controls and inadequate management information.

In December 2016, the FCA published a consultation paper, which proposed a package of policy measures to address risks arising from the sale of CFDs to retail clients. On 1 June 2018, as a result of EU-wide concerns, ESMA formally adopted temporary product intervention measures, restricting the sale of CFDs to retail clients. The UK IG Entities were required to comply with ESMA’s temporary measures. The FCA published another

consultation paper in December 2018, proposing to make ESMA's temporary restrictions permanent in the UK (and also to extend the restrictions to CFD-like options). Following a policy statement in July 2019, the FCA's finalised rules took effect in the UK from 1 August 2019 for CFDs and 1 September 2019 for CFD-like options. These FCA rules permanently restrict the sale, marketing and distribution of CFDs and CFD-like options to retail customers in or from the UK. These rules require firms that offer CFDs and CFD-like options to retail consumers to: (i) limit leverage to between 30:1 and 2:1 depending on the volatility of the underlying asset; (ii) close out a customer's position when the funds fall to 50 per cent. of the margin needed to maintain their open positions on their CFD account; (iii) provide protections that guarantee a client cannot lose more than the total funds in their trading account; (iv) not offer cash or other inducements to encourage retail consumers to trade; and (v) provide a standardised risk warning on the percentage of the firm's retail client accounts that make losses. These rules took effect from August 2019 for CFDs and September 2019 for CFD-like options.

With effect from 6 January 2021, the FCA also banned the sale of derivatives (including CFDs) that reference certain types of cryptocurrencies to retail consumers. In the UK, therefore, the UK IG Entities only offer CFDs over cryptocurrencies to professional clients.

### ***Client Money Rules***

The UK IG Entities are licensed to hold client money and safe custody assets (together, "**client assets**"). As a result, the UK IG Entities are subject the detailed rules on client assets that are set out in the FCA's Client Assets sourcebook ("**CASS**"), which aim to protect client assets on insolvency and ensure the swift return of those assets to clients. CASS compliance is relevant to a number of the FCA's Principles for Business, including Principle 10, that a firm must arrange adequate protection for clients' assets when it is responsible for them.

Under the CASS rules, the UK IG Entities are required to: (i) take appropriate steps to protect custody assets for which they are responsible, and in particular avoid the commingling of firm and client assets; (ii) have in place systems for the proper accounting and treatment of client money, and in particular ensure that there is a clear segregation of firm and client money; (iii) establish and maintain records and internal controls to prevent the misuse of a mandate; and (iv) provide specific information to clients about how they hold custody assets or client money and any consequences or risks that may arise for the client.

For the purposes of meeting the CASS rules, the UK IG Entities hold client money in segregated bank accounts under trustee arrangements. Additionally, shares that clients buy or transfer to the UK IG Entities are held in a segregated client accounts under nominee arrangements with approved custodians.

### ***UK MAR***

Following the end of the Brexit transition period, the UK incorporated certain EU legislation into UK law under the EUWA, so as to ensure an orderly transition and market continuity (a process referred to as "**onshoring**"). Consequently, the EU Market Abuse Regulation has been onshored into UK law ("**UK MAR**"). The purpose of the UK MAR regime is to ensure the integrity of financial markets and to enhance investor protection and confidence when dealing in financial instruments.

UK MAR applies to natural and legal persons (and therefore is not limited to UK authorised firms) in relation to financial instruments admitted to trading on both UK and EU trading venues, as well as other financial instruments where the price or value of which depends on, or has an effect on, the price or value of a financial instrument traded on a trading venue. CFDs are expressly caught under the instrument scope of UK MAR.

UK MAR prohibits certain behaviours including insider dealing, unlawful disclosure of inside information and market manipulation. It also requires firms, including the UK IG Entities, to establish and maintain effective arrangements, systems and procedures to detect and report to the FCA without delay suspicious orders and transactions.

### ***The UK PRIIPs Regulation***

Following the end of the Brexit transition period, the EU PRIIPs Regulation has been onshored into UK law. This regime aims to help investors better understand and compare the key features, risk, rewards and costs of different packaged retail and insurance-based investment products (“**PRIIPs**”), through a short, standardised Key Information Document (“**KID**”). The UK PRIIPs Regulation applies to persons (UK or third country) that manufacture, advise on or sell PRIIPs to UK retail investors.

Under the UK PRIIPs Regulation, in-scope PRIIPs manufacturers must draw up and publish a KID for each PRIIP that will be made available to UK retail investors. In-scope PRIIPs distributors must also provide the KID to UK retail investors in good time before they purchase a PRIIP. CFDs constitute PRIIPs for the purposes of the UK PRIIPs Regulation. The UK IG Entities are therefore subject to the rules on preparing and providing KIIDs in relation to their CFD business, where such products are made available to UK retail investors.

### ***UK EMIR***

Following the end of the Brexit transition period, the European Markets Infrastructure Regulation has been onshored into UK law (“**UK EMIR**”). UK EMIR applies to UK established entities, including the UK IG Entities, where they have entered into an OTC derivative contract. Where the UK IG Entities enter into OTC derivative contracts, they are required to clear, through an authorised CCP, all OTC derivative contracts pertaining to a class of OTC derivatives listed on the public register maintained by the Bank of England. Where trades do not need to be cleared, alternative risk mitigation rules apply. UK EMIR also imposes requirements on UK counterparties to OTC derivatives to report details of derivatives contracts concluded (or modified or terminated) to an FCA registered, or recognised, trade repository.

### ***GDPR***

The EU General Data Protection Regulation (“**GDPR**”) took effect across EU Member States in 2018, and following the end of the Brexit transition period, continues to apply in the UK through the onshored regime (“**UK GDPR**”). The purpose of UK GDPR is to enhance the privacy and security of personal data. It imposes strict privacy compliance requirements on firms, with significant penalties for breaches. The regime also has extraterritorial effect, meaning that entities established outside the UK may be caught where they provide services to UK-based clients.

### ***AML***

Under UK anti-money laundering and counter-terrorist financing laws and regulations, authorised firms such as the UK IG Entities must conduct risk-based customer due diligence measures and apply internal controls to effectively monitor and manage money laundering risk.

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

“Eligible complainants” may bring complaints in respect of authorised firms to the Financial Ombudsman Service (“**FOS**”) for adjudication. Where appropriate, the FOS may award compensation to the eligible complainant.

### ***Financial Services Compensation Scheme***

The Financial Services Compensation Scheme (“**FSCS**”) is the UK’s statutory compensation scheme for customers of FCA authorised financial services firms. As UK authorised firms, the UK IG Entities participate in the FSCS and pay the required levy that funds the FSCS. The FSCS can pay a certain amount of compensation to an “eligible claimant” if an authorised firm is unable – or likely to be unable – to pay the claims against it (for instance, because the firm has ceased trading).

### ***FCA Supervision***

The FCA has various powers to deal with breaches of the UK rules cited in this section. The FCA's enforcement powers include, depending on the nature of the breach, criminal, civil and regulatory sanctions. The FCA can take a wide range of actions, such as withdrawing a firm's permissions, prohibiting firms and individuals from undertaking regulated activities, issuing fines against firms and individuals who breach its rules, and bringing criminal prosecutions to tackle financial crime (e.g. insider dealing and market manipulation).

## TAXATION

### General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders or Couponholders who are in doubt as to their own tax position should consult their professional advisers. In particular, each Noteholder and Couponholder should be aware that the tax legislation of any jurisdiction where they are resident or otherwise subject to taxation (as well as the United Kingdom) may have an impact on the tax consequences of an investment in the Notes or the Coupons including in respect of any income received from the Notes or the Coupons.

### United Kingdom

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as of the latest practicable date before the date of this Base Prospectus, relating only to the United Kingdom withholding tax treatment of payments of interest.

References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

### Interest on the Notes

While the Notes are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 ITA 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List of the Financial Conduct Authority and are admitted to trading on the London Stock Exchange.

In all other cases, interest which has a United Kingdom source will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), unless: (i) another relief applies under domestic law; or (ii) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

### The U.S. Foreign Account Tax Compliance Act (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.



Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in a dealer agreement dated 29 October 2021 (as amended or restated from time to time, the “**Dealer Agreement**”) and made between the Issuer, the Arranger and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Notes may also be issued by the Issuer through all or any of the Dealers acting as agents or without any involvement of the Dealers.

The Issuer has agreed to indemnify the Dealers for certain of their expenses and against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all or any of the Dealers by the Issuer or, in relation to itself and the Issuer by any Dealer, at any time on giving not less than 30 days’ written notice.

### **United States of America**

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States (and if Category 2 is specified as applicable in the relevant Final Terms, to non-U.S. persons only) in reliance on Regulation S. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States.

#### ***Regulation S – Category 1***

*The following applies when Category 1 is specified in the relevant Final Terms as being applicable in relation to any Notes.*

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S.

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

#### ***Regulation S – Category 2***

*The following applies when Category 2 is specified in the relevant Final Terms as being applicable in relation to any Notes.*

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption

from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

### **TEFRA**

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

TEFRA D or TEFRA C apply if specified in the relevant Final Terms.

When the rules under TEFRA D are specified in the relevant Final Terms as being applicable in relation to any Notes, each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that in addition to the relevant U.S. Selling Restrictions set forth below:

- (a) except to the extent permitted under TEFRA D, (a) it has not offered or sold, and during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a U.S. person, and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person (except to the extent permitted under TEFRA D);
- (c) if it is a U.S. person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes in bearer form for its own account, it will do so in accordance with the requirements of TEFRA D;
- (d) with respect to each affiliate or distributor that acquires Notes in bearer form from the Dealer for the purpose of offering or selling such Notes during the restricted period, the Dealer either repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such distributor for the benefit of the Issuer the representations and agreements contained in such paragraphs; and
- (e) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in paragraphs (a), (b), (c) and (d) above from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**" as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(4) (or a successor provision)), for the offer or sale during the restricted period of the Notes.

Terms used in paragraphs (a) through (e) above shall have the meanings given to them by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, including TEFRA D.

Where the rules under TEFRA C are specified in the relevant Final Terms as being applicable in relation to any Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that, in connection with the original issuance of the Notes:

- (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and

- (b) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

Terms used in paragraphs (a) and (b) above shall have the meanings given to them by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, including TEFRA C.

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

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States (as defined in Regulation S).

In addition to the foregoing, if Category 2 is specified as applicable in the relevant Final Terms:

- (a) the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act; and
- (b) 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, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Arranger (in its capacity as a Dealer) has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

### **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## United Kingdom

### *Prohibition of Sales to UK Retail Investors*

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

### *Other United Kingdom regulatory restrictions*

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

- (a) **Maturity:** in relation to any Notes which are issued by the Issuer and which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** 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.

## France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, any Notes in France to, and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes to qualified investors as defined in Article 2(e) of Regulation (EU) 2017/1129, as amended.

## Belgium

Other than in respect of Notes for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the relevant Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “**Belgian Consumer**”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMPO)**”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## 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 “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes 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, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

## General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief having made all reasonable enquiries) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations or directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries.

None of the Issuer, the Trustee, the Arranger or any of the Dealers has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Dealer will, unless prohibited by applicable law, furnish to each person to whom they offer or sell the Notes a copy of this Base Prospectus as then amended or supplemented or, unless delivery of this Base Prospectus is required by applicable law, inform each such person that a copy will be made available upon

request. The Dealers are not authorised to give any information or to make any representation not contained in this Base Prospectus in connection with the offer and sale of the Notes to which this Base Prospectus relates.

With the exception of the approval by the FCA of this Base Prospectus as a base prospectus issued in compliance with the UK Prospectus Regulation, no representation is made that any action has been or will be taken in any country or jurisdiction by the Issuer, the Arranger or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession, or distribute such offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this Base Prospectus.

The Issuer has given an undertaking to the Dealers in connection with the listing of any Notes on the Official List to the effect that if after preparation of this Base Prospectus for submission to the FCA it becomes aware that there is a significant new factor, material mistake or material inaccuracy relating to the information contained in this Base Prospectus published in connection with the admission of any of the Notes to the Official List, it shall publish a supplement to this Base Prospectus (following consultation with the Dealers) as may be required by the FCA, under Article 23 of the UK Prospectus Regulation or by the UK Prospectus Regulation Rules made by the FCA and shall otherwise comply with Article 23 of the UK Prospectus Regulation and the UK Prospectus Regulation Rules in that regard and shall supply to each Dealer such number of copies of the supplement to this Base Prospectus as it may reasonably request.



## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme and issue of Notes was authorised by a resolution of the Board of Directors of the Issuer on 15 July 2021. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the update of the Programme and the Issuer will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.
2. The price of a Series of Notes on the price list of the Market will be expressed as a percentage of their principal amount (exclusive of accrued interest, if any). The listing of the Programme on the Market is expected to be granted on or around 3 November 2021 for a period of 12 months. Any Series of Notes intended to be admitted to trading on the Market will be so admitted to trading upon submission to the Market of the relevant Final Terms and any other information required by the Market, subject to the issue of the Global Note or Global Certificate initially representing the Notes of that Series. If such Global Note or Global Certificate is not issued, the issue of such Notes may be cancelled. Prior to admission to trading, dealings in the Notes of the relevant Series will be permitted by the Market in accordance with its rules.

### Legal Proceedings

3. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, significant effects on the financial position or profitability of the Issuer or the Group.

### Significant/Material Change

4. There has been no significant change in the financial performance or financial position of the Group since 31 May 2021, being the date of the Issuer's last published consolidated financial information. There has been no material adverse change in the prospects of the Issuer since 31 May 2021, the date for which the Issuer last published audited financial statements.

### Auditors

5. The Financial Statements have been audited in accordance with International Standards on Auditing (UK) and applicable law and have been reported on without qualification by PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.

### Documents on Display

6. The website of the Issuer and the Group is <https://www.iggroup.com/>. No information on such website forms part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.

Copies of the following documents will be available on the Issuer's website at <https://www.iggroup.com/> for 12 months from the date of this Base Prospectus:

- (a) the Trust Deed (which contains the forms of Notes in global and definitive form);
- (b) the Financial Statements;
- (c) the current Base Prospectus in respect of the Programme;
- (d) any supplement or drawdown prospectus published since the most recent base prospectus was published and any documents incorporated therein by reference;
- (e) any Final Terms issued in respect of Notes admitted to listing and/or trading by the listing authority and/or stock exchange since the most recent base prospectus was published; and
- (f) the Memorandum and Articles of Association of the Issuer.

This Base Prospectus 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>.

### **Clearing of the Notes**

7. The Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems (which are entities in charge of keeping the records). The common code for each Series of Notes allocated by Clearstream, Luxembourg and Euroclear will be contained in the relevant Final Terms, along with the International Securities Identification Number (ISIN) for that Series. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42, Avenue J.F. Kennedy, L-1855 Luxembourg.

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

8. The following legend will appear on all Permanent Global Notes with maturities of more than 365 days and on all Definitive Notes, Coupons and Talons: *“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”*.

### **Issue Price and Yield**

9. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the purchase price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche. An indication of the yield of each Tranche of Fixed Rate Notes will be set out in the relevant Final Terms and will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

### **Dealers Transacting with the Issuer**

10. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions, including hedging, with, and may perform services

for, the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. 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 the Issuer's affiliates. Certain of the 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 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.

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