

**BARCLAYS BANK PLC**

*(Incorporated with limited liability in England and Wales)*

**BARCLAYS CAPITAL (CAYMAN) LIMITED**

*(Incorporated as an exempted company with limited liability in the Cayman Islands)*

*(Guaranteed by Barclays Bank PLC)*

**The Prospectuses listed in the schedule hereto**

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This Supplementary Prospectus dated 5 September 2012 (the "**Supplementary Prospectus**") is supplemental to and must be read in conjunction with each of the Base Prospectuses as supplemented (as listed in the schedule hereto (the "**Base Prospectuses**" and each a "**Base Prospectus**"). The Base Prospectuses were prepared by Barclays Bank PLC (the "**Bank**") and Barclays Capital (Cayman) Limited (each in its capacity as an issuer and together the "**Issuers**").

This Supplementary Prospectus constitutes a base prospectus supplement in respect of the Base Prospectuses for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of Section 87G of the UK Financial Services and Markets Act 2000. Investors should be aware of their rights under Section 87Q(4) of the UK Financial Services and Markets Act 2000.

The purpose of this Supplementary Prospectus is to disclose certain significant new factors relating to the Bank and the Group, in connection with:

- (a) changes in directors of the Bank;
- (b) competition and regulatory matters regarding:
  - 1. the Independent Commission on Banking ("**ICB**") recommendations on banking reform;
  - 2. the London Interbank Offered Rate ("**LIBOR**") and Euro Interbank Offered Rate ("**EURIBOR**");
  - 3. interest rate hedging products; and
  - 4. other disclosure matters: FSA investigation and UK Serious Fraud Office ("**SFO**") investigation;
- (c) developments in litigation regarding:
  - 1. certain Lehman entities that the Bank and the Group are involved in; and
  - 2. LIBOR Civil Actions;
- (d) incorporate by reference the Interim Results Announcement.
- (e) Update the Significant Change Statement
- (f) Update the Governmental, Legal or Arbitration Proceedings Statement

Terms defined in the Base Prospectuses shall, unless the context otherwise requires, have the same meanings when used in this Supplementary Prospectus. This Supplementary Prospectus is supplemental to, and should be read in conjunction with each Base Prospectus and other

supplements to the relevant Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplementary Prospectus or any statement incorporated by reference into each of the Base Prospectuses by this Supplementary Prospectus and (b) any other statement in, or incorporated by reference into any Base Prospectus, the statements in (a) above shall prevail.

The Issuer accepts responsibility for the information contained in this Supplementary Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Save as disclosed in this Supplementary Prospectus, no significant new factor, material mistake or inaccuracy relating to the information included in each of the Base Prospectuses which is capable of affecting the assessment of the securities issued under the Programme has arisen or been noted, as the case may be, since the publication of each of the Base Prospectuses (as supplemented at the date hereof) issued by the Issuers.

This Supplementary Prospectus has been approved by the United Kingdom Financial Services Authority (the "FSA"), which is the United Kingdom competent authority for the purposes of the Prospectus Directive and the relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and the relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of securities under the Programme.

Investor should be aware of their rights under Section 87Q(4) to (6) of the Financial Services and Markets Act 2000.

#### **a) Directors**

- (i) On 25 July 2012, the Bank announced that Alison Carnwath resigned as Non-Executive Director from the Group with effect from 24 July 2012;
- (ii) On 9 August 2012, Barclays PLC and the Bank announced that Marcus Agius will step down as a Director and as Chairman with effect from 31 October 2012. He will be succeeded by Sir David Walker with effect from 1 November 2012.
- (iii) On 30 August 2012, the Bank announced that Antony Jenkins has been appointed Group Chief Executive
- (iv) On 3 September 2012, the Bank announced that Sir David Walker has been appointed as a Non-Executive Director

#### **b) Competition and Regulatory Matters**

##### **1. ICB**

In July 2012, the UK Parliament established a Parliamentary Commission on Banking Standards, which will consider and report on the professional standards and culture of the UK banking sector and corporate governance, transparency and conflicts of interest. The Parliamentary Commission is due to report in December 2012 its findings and proposals for any legislative changes.

##### **2. LIBOR and EURIBOR**

On 6 July 2012, the UK Serious Fraud Office announced that it had decided formally to accept the LIBOR matter for investigation.

##### **3. Interest Rate Hedging Products**

On 29 June 2012, the FSA announced that it had reached agreement with a number of UK banks (including the Bank) in relation to a review and redress exercise to be carried out in respect of interest rate hedging products sold to small and medium sized enterprises. The Bank took a provision of £450 million in the first half of 2012, reflecting £350 million for the costs of redress and £100 million to reflect the widening of credit spreads since the original products were entered into (and which the Bank expects to unwind over the life of the new arrangements). The ultimate cost of this exercise was (as at the date of this Supplementary Prospectus) uncertain and the provision was based on a number of initial estimates relating to the appropriate implementation of the agreement. These estimates primarily relate to the number of customers that will be subject to the review and to the extent and nature of any redress payable. In this context, the appropriate provision level will be kept under ongoing review.

#### 4. Other Disclosure Matters:

##### (i) FSA investigation:

The FSA has commenced an investigation involving the Bank and four current and former senior employees, including Chris Lucas, Group Finance Director. The FSA is investigating the sufficiency of disclosure in relation to fees payable under certain commercial agreements and whether these may have related to capital raisings by Barclays PLC and the Bank in June and November 2008.

The Bank considers that it satisfied its disclosure obligations and confirms that it will cooperate fully with the FSA's investigation.

##### (ii) SFO investigation:

On 29 August 2012, Barclays PLC confirmed that the SFO has commenced an investigation into payments under certain commercial agreements between the Bank and Qatar Holding LLC.

#### c) Litigation

##### 1. Lehman Brothers Holdings Inc.

After briefing and argument, the District Court issued its Opinion on 5 June 2012 in which it reversed one of the United States Bankruptcy Court for the Southern District of New York's (the "Court") rulings on the Contract Claims that had been adverse to BCI and affirmed the Court's other rulings on the Contract Claims. On 17 July 2012, the District Court issued an amended Opinion, correcting certain errors but not otherwise affecting the rulings, and an agreed judgment implementing the rulings in the Opinion (the "**Judgment**"). BCI and the Trustee have each filed a notice of appeal from the adverse rulings of the District Court to the United States Court of Appeals for the Second Circuit.

Under the Judgment, BCI is entitled to receive: (i) U.S.\$1.1 billion (£0.7 billion) from the Trustee in respect of "clearance box" assets; (ii) property held at various institutions to secure obligations under the exchange-traded derivatives transferred to BCI in the Sale (the "**ETD Margin**"), subject to the proviso that BCI will be entitled to receive U.S.\$507 million (£0.3 billion) of the ETD Margin only if and to the extent the Trustee has assets available once the Trustee has satisfied all of LBI's customer claims; and (iii) U.S.\$769 million (£0.5 billion) from the Trustee in respect of LBI's 15c3-3 reserve account assets only if and to the extent the Trustee has assets available once the Trustee has satisfied all of LBI's customer claims.

A portion of the ETD Margin which has not yet been recovered by BCI or the Trustee is held or owed by certain institutions outside the United States (including several Lehman affiliates that are subject to insolvency or similar proceedings). As at the date of this Supplementary Prospectus, the Bank cannot reliably estimate at this time how much of the ETD Margin held or owed by such institutions BCI is ultimately likely to receive. Further, the Bank cannot reliably estimate (as at the date of this

Supplementary Prospectus) if and to the extent the Trustee will have assets remaining available to it to pay BCI the U.S.\$507 million (£0.3 billion) in respect of ETD Margin or the U.S.\$769 million (£0.5 billion) in respect of LBI's 15c3-3 reserve account assets after satisfying all of LBI's customer claims. If the District Court's rulings were to be unaffected by future proceedings, the Bank estimates that after taking into account the effective provision of U.S.\$1.3 billion (£0.8 billion) its loss would be approximately U.S.\$0.9 billion (£0.6 billion), conservatively assuming no recovery by BCI of any of the ETD Margin not yet recovered by BCI or the Trustee that is held or owed by institutions outside the United States and no recovery by BCI of the U.S.\$507 million (£0.3 billion) in respect of ETD Margin or the U.S.\$769 million (£0.5 billion) in respect of LBI's 15c3-3 reserve account assets. Any such loss, however, was not (as at the date of this Supplementary Prospectus) considered probable and the Bank is satisfied with the current level of provision.

## 2. LIBOR Civil Actions

The Bank and other banks have been named as defendants in class action lawsuits filed in United States Federal Courts in connection with their roles as contributor panel banks to U.S. Dollar LIBOR, the first of which was filed on 15 April 2011. The complaints are substantially similar and allege, amongst other things, that the Bank and the other banks individually and collectively violated various provisions of the Sherman Act, the U.S. Commodity Exchange Act and various state laws by suppressing U.S. Dollar LIBOR rates. The Bank is also named along with other banks in three individual lawsuits by Charles Schwab & Co., Inc. and/or its affiliates, which allege substantially similar claims, as well as violations of the U.S. Racketeer Influenced and Corrupt Organizations Act ("RICO"). The lawsuits seek an unspecified amount of damages and trebling of damages under the Sherman and RICO Acts.

An additional class action was commenced on 30 April 2012 in the United States District Court for the Southern District of New York (the "District Court") against the Bank and other Japanese Yen LIBOR panel banks by plaintiffs involved in exchange-traded derivatives. The complaint also names members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate ("TIBOR") panel, of which the Bank is not a member. The complaint alleges, amongst other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of US antitrust laws between 2006 and 2010.

A further class action was commenced on 6 July 2012 in the District Court against the Bank and other EURIBOR panel banks by plaintiffs that purchased or sold EURIBOR-related financial instruments. The complaint alleges, amongst other things, manipulation of the EURIBOR rate and breaches of the Sherman Act and the U.S. Commodity Exchange Act beginning as early as 1 January 2005 and continuing through to 31 December 2009. The Bank has been granted conditional leniency from the Antitrust Division of the Department of Justice (the "DOJ") in connection with potential U.S. antitrust law violations with respect to financial instruments that reference EURIBOR. As a result of that grant of conditional leniency, the Bank is eligible for (i) a limit on liability to actual rather than treble damages if damages were to be awarded in any civil antitrust action under U.S. antitrust law based on conduct covered by the conditional leniency; and (ii) relief from potential joint-and-several liability in connection with such civil antitrust action, subject to the Bank satisfying the DOJ and the court presiding over the civil litigation of its satisfaction of its cooperation obligations.

The Bank has also been named as a defendant along with a current and former member of its Board of Directors in a proposed securities class action pending in the District Court in connection with the Bank's role as a contributor panel bank to LIBOR. The complaint alleges that the Bank's Annual Reports for the years 2006 to 2011 contained misstatements and omissions concerning (amongst other things) the Bank's compliance with its operational risk management processes and certain laws and regulations. The complaint is brought on behalf of a proposed class consisting of all persons or entities (other than the defendants) that purchased American Depositary Receipts sponsored by the Bank on an American securities exchange between 10 July 2007 and 27 June

2012. The complaint asserts claims under Sections 10(b) and 20(a) of the U.S. Securities Exchange Act 1934.

As at the date of this Supplementary Prospectus, it was not practicable to provide an estimate of the financial impact of the potential exposure of any of the actions described or what effect, if any, that they might have upon operating results, cash flows or the Bank's or Group's financial position in any particular period.

#### **d) Information Incorporated By Reference**

The following document which has been previously filed with the FSA, shall, by virtue of this Supplementary Prospectus, be incorporated by reference into each of the Base Prospectuses:

- the joint unaudited Interim Results Announcement of Barclays PLC and the Bank as filed with the SEC on Form 6-K on film number 12989144 on 27 July 2012 in respect of the six months ended 30 June 2012 (the “**Interim Results Announcement**”).

If the Interim Results Announcement which are incorporated by reference into this Supplementary Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplementary Prospectus for the purposes of the Prospectus Directive.

#### **e) Significant Change Statement**

There has been no significant change in the financial or trading position of the Bank or the Group since 30 June 2012.

#### **f) Governmental, Legal or Arbitration Proceedings Statement**

Save as provided under

- A. “c) Litigation” above in relation to the GSSP Base Prospectus, the iPath® S&P GSCI® Base Prospectus, the iPath® DJ-UBS Base Prospectus, the iPath® Inverse VSTOXX® Base Prospectus, the iPath® VSTOXX® Mid-Term Base Prospectus, the iPath® VSTOXX® Short-Term Futures Base Prospectus and the iPath® S&P 500 VIX Base Prospectus and,
- B. in relation to the GSSP Base Prospectus, on pages 128-130 of the GSSP Base Prospectus under the sub-section headed “Litigation” (excluding the first paragraph under the heading “Other”) in the section headed “Information Relating to the Issuers – The Bank and the Group” and in the sub-section headed “Litigation” of the Combined Supplement 4 dated 19 July 2012; and
- C. In relation to the iPath® S&P GSCI® Base Prospectus, on pages 136-138 of the iPath® S&P GSCI® Base Prospectus under the sub-section headed “Litigation” in the section headed “General Information” and in the sub-section headed “Litigation” of the supplementary prospectus dated 26 March 2012 and in the sub-section headed “Litigation” of the Combined Supplement 3 dated 19 July 2012; and
- D. in relation to the iPath® DJ-UBS Base Prospectus, on pages 151-153 of the iPath® DJ-UBS Base Prospectus under the sub-section headed “Litigation” in the section headed “General Information”, in the sub-section headed “Litigation” of the supplementary prospectus dated 26 March 2012 and in the sub-section headed “Litigation” of the Combined Supplement 3 dated 19 July 2012; and

- E. in relation to the iPath® Inverse VSTOXX® Base Prospectus, on pages 44-46 of the iPath® Inverse VSTOXX® Base Prospectus under the sub-section headed “Litigation” (excluding the first paragraph under the heading “Other”) in the section headed “The Bank and the Group” and in the sub-section headed “Litigation” of the Combined Supplement 4 dated 19 July 2012; and
- F. In relation to the iPath® VSTOXX® Mid-Term Base Prospectus, on pages 43 – 46 of the iPath® VSTOXX® Mid-Term Base Prospectus under the sub-section headed “Litigation” (excluding the first paragraph under the heading “Other”) in the section headed “The Bank and the Group”; and
- G. In relation to the iPath® VSTOXX® Short-Term Futures Base Prospectus, on pages 43 – 45 of the iPath® VSTOXX® Short-Term Futures Base Prospectus under the sub-section headed “Litigation” (excluding the first paragraph under the heading “Other”) in the section headed “The Bank and the Group”; and
- H. In relation to the iPath® S&P 500 VIX Base Prospectus, on pages 42 – 44 of the iPath® Inverse VSTOXX® Base Prospectus under the sub-section headed “Litigation” (excluding the first paragraph under the heading “Other”) in the section headed “The Bank and the Group”;

no member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have or have had during the 12 months preceding the date of this Supplementary Prospectus, a significant effect on the financial position or profitability of the Bank and/or the Group.

#### **Barclays Capital**

The date of this Supplementary Prospectus is 5 September 2012.

## SCHEDULE

### List of Base Prospectuses

1. The Base Prospectus dated 14 June 2012 in connection with the Global Structured Securities Programme for the issuance of structured Notes, Warrants and Certificates (the “**GSSP Base Prospectus**”), as supplemented on 19 July 2012.
2. The Base Prospectus dated 9 February 2012 in connection with the iPath® S&P GSCI® Programme for the issuance of iPath® S&P GSCI® Commodity Index Linked Exchange Traded Notes (the “**iPath® S&P GSCI® Base Prospectus**”), as supplemented on 26 March 2012, 10 May 2012 and 19 July 2012.
3. The Base Prospectus dated 9 February 2012 in connection with the iPath® DJ-UBS Programme for the issuance of Dow Jones-UBS Commodity Index<sup>SM</sup> Linked Exchange Traded Notes (the “**iPath® DJ-UBS Base Prospectus**”), as supplemented on 26 March 2012, 10 May 2012 and 19 July 2012.
4. The Base Prospectus dated 19 June 2012 in connection with the iPath® Inverse VSTOXX® Programme for the issuance of Short Term Futures Index Exchange Traded Notes (the “**iPath® Inverse VSTOXX® Base Prospectus**”), as supplemented on 19 July 2012.
5. The Base Prospectus dated 29 June 2012 in connection with the iPath® VSTOXX® Programme for the issuance of iPath® VSTOXX® Mid-Term Futures Total Return Exchange Traded Notes (the “**iPath® VSTOXX® Mid-Term Base Prospectus**”) as supplemented on 19 July 2012.
6. The Base Prospectus dated 29 June 2012 in connection with the iPath® VSTOXX® Programme for the issuance of iPath® VSTOXX® Short-Term Futures Total Return Exchange Traded Notes (the “**iPath® VSTOXX® Short-Term Futures Base Prospectus**”) as supplemented on 19 July 2012.
7. The Base Prospectus dated 29 June 2012 in connection with the iPath® S&P 500 VIX Programme for the issuance of senior, unsecured, unsubordinated, zero-coupon, S&P 500 VIX futures index linked, exchange traded notes (the “**iPath® S&P 500 VIX Base Prospectus**”) as supplemented on 19 July 2012.