

## GSSP BASE PROSPECTUS 1



### BARCLAYS BANK PLC

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

### Pursuant to the Global Structured Securities Programme

#### What is this document?

This document (the "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto) (the "**Prospectus Directive**") and is one of a number of prospectuses which relate to the Global Structured Securities Programme (the "**Programme**").

This Base Prospectus is valid for one year and may be supplemented from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included in it.

#### What type of Securities does this Base Prospectus relate to?

This particular Base Prospectus ("**GSSP Base Prospectus 1**") relates to the issuance of securities (the "**Securities**"), which will either bear fixed rate interest, floating rate interest or interest that is linked to the performance of a specified inflation index, or be zero coupon securities (which do not bear interest). Securities may also contain a provision which allows the Issuer to switch fixed rate interest into floating rate interest, or vice versa, on specified dates before maturity.

Upon maturity, the Securities will either pay a fixed redemption amount or a redemption amount that is linked to the performance of a specified inflation index. In addition, the Securities may provide for early redemption at the option of the issuer (a call option) or the investor (a put option).

#### Who is the Issuer?

The Securities will be issued by Barclays Bank PLC (the "**Issuer**") which means that payments of principal and interest (if any) are subject to the Issuer's financial position and its ability to meet its obligations. This Base Prospectus contains information describing the Issuer's business activities as well as certain financial information and material risks faced by the Issuer.

#### How do I use this Base Prospectus?

This Base Prospectus, together with certain other documents listed within, is intended to provide investors with information necessary to enable them to make an informed investment decision before purchasing any Securities.

The contractual terms of any particular issuance of Securities will be comprised of the terms and conditions set out at pages 57 to 114 of this Base Prospectus (the "**General Conditions**"), as completed by a separate Final Terms document, which is specific to that issuance of Securities (the "**Final Terms**").

The General Conditions are comprised of five Sections (A to E):

- Sections A (INTRODUCTION), B (FORM, TITLE, TRANSFER, CALCULATIONS AND PAYMENTS UNDER THE SECURITIES) and E (GENERAL PROVISIONS) are generic provisions that apply to Securities generally;
- Sections C (INTEREST, OPTIONAL EARLY REDEMPTION AND FINAL REDEMPTION) and D (INFLATION INDEX DISRUPTION EVENTS) contain certain optional provisions that will only apply to certain issuances of Securities. The Final Terms

document will specify which provisions from Section C apply to your Securities. Section D will only apply to Securities that bear interest or pay a redemption amount that is linked to the performance of a specified inflation index.

The provisions from Section C that are specified to be applicable in the Final Terms will contain the relevant economic terms applicable to your Securities as follows:

- General Condition 5 will specify whether or not any interest is payable (and if so, how such interest amounts are calculated);
- General Condition 6 will specify whether the Issuer, or investors, have the right to redeem the Securities early and at what amount; and
- General Condition 7 will specify how the redemption amount is calculated upon maturity.

Worked examples of hypothetical Securities are set out in the section called 'How the return on your investment is calculated' which explains how the calculations in Section C of the General Conditions will be made.

This Base Prospectus also includes other general information such as information relating to the Issuer, information about the material risks relating to investing in Securities and information on selling and transfer restrictions.

All capitalised terms used will be defined in this Base Prospectus or the Final Terms and are set out in the Index to this Base Prospectus.

#### **What other documents do I need to read?**

This Base Prospectus contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of the Issuer and the rights attaching to the Securities. Some of this information is incorporated by reference from other publicly available documents and some of this information is completed in an issue-specific document called the Final Terms. You should read the documents incorporated by reference, as well as the Final Terms in respect of such Securities, together with this Base Prospectus.

Documents will be made available at the registered office of the Issuer and at <http://www.barclays.com/InvestorRelations/DebtInvestors>.

#### **What information is included in the Final Terms?**

While the Base Prospectus includes general information about all Securities, the Final Terms is the document that sets out the specific details of each particular issuance of Securities.

The Final Terms will contain, for example:

- the issue date;
- the scheduled redemption date;
- the interest payment dates (if any);
- the type of interest (if any) and final redemption;
- whether or not the Securities may be redeemed early at the option of the Issuer or the investor; and
- any other information needed to complete the terms of this Base Prospectus (identified by the words 'as specified in the Final Terms' or other equivalent wording).

Wherever the General Conditions provide optional provisions, the Final Terms will specify which of those provisions apply to a specific issuance of your Securities.

### **What type of Underlying Assets may the Securities be linked to?**

The interest and repayment terms of certain Securities issued under this Base Prospectus may be linked to:

- a reference rate for determining floating rate interest; or
- movements in an inflation index,

(each being an "**Underlying Asset**").

Those Securities with repayment terms that are linked to movements in an inflation index will be 'derivative securities' for the purposes of the Prospectus Directive (and as such specific items of information will be included in this Base Prospectus that may not be included for Securities that are not derivative securities).



**14 May 2013**

## IMPORTANT INFORMATION

THE TERMS AND CONDITIONS OF SOME SECURITIES WILL PROVIDE THAT THE AMOUNT REPAYABLE ON MATURITY MAY BE LESS THAN THE ORIGINAL INVESTED AMOUNT (AND IN SOME CASES MAY BE ZERO), IN WHICH CASE INVESTORS MAY LOSE SOME OR ALL OF THEIR ORIGINAL INVESTMENT.

FOR ALL SECURITIES, IF THE ISSUER BECOMES INSOLVENT OR BANKRUPT OR OTHERWISE FAILS TO MAKE ITS PAYMENT OBLIGATIONS ON THE SECURITIES, INVESTORS WILL LOSE SOME OR ALL OF THEIR ORIGINAL INVESTMENT.

INVESTING IN SECURITIES INVOLVES CERTAIN RISKS, AND INVESTORS SHOULD FULLY UNDERSTAND THESE BEFORE THEY INVEST. SEE 'RISK FACTORS' ON PAGES 26 TO 40 OF THIS BASE PROSPECTUS.

### No Investment Advice

Neither this Base Prospectus nor any Final Terms is, or purports to be, investment advice. Unless expressly agreed otherwise with a particular investor, neither the Issuer nor any Manager is acting as an investment adviser, providing advice of any other nature, or assuming any fiduciary obligation to any investor in Securities.

### Responsibility and Consent

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Final Terms. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus and any Final Terms is in accordance with the facts and contains no omission likely to affect the import of such information.

Certain tranches of Securities may, subject as provided below, be subsequently resold, placed or otherwise offered by financial intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such resale, placement or offer is referred to in this Base Prospectus as a "**Public Offer**".

The Issuer consents to the use of this Base Prospectus and Final Terms (and accepts responsibility for the information contained in this Base Prospectus and Final Terms) with respect to any Public Offer of Securities which satisfies all of the following conditions:

- (i) the Public Offer is only made in respect of the tranche of Securities specified in the Final Terms;
- (ii) the Public Offer is only made in Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, Sweden and/or the United Kingdom;
- (iii) the Public Offer is only made during the offer period specified in the Final Terms (the "**Offer Period**"); and
- (iv) the Public Offer is made by an entity (an "**Authorised Offeror**") which either:
  - (a) is expressly named as an Authorised Offeror in the Final Terms; or
  - (b) is a financial intermediary whose name and address is published on the Issuer's website (<http://www.barclays.com/InvestorRelations/DebtInvestors>); or
  - (c) any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and satisfies all of the 'Other conditions for use of the Base Prospectus by the Authorised Offeror(s)' set out in the Final Terms.

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

The Issuer may give consent to one or more additional Authorised Offerors in respect of a Public Offer after the date of the Final Terms, discontinue or change the Offer Period, and/or remove or add conditions to consent and, if it does so, such information will be published at <http://www.barclays.com/InvestorRelations/DebtInvestors>. Any new information with respect to Authorised Offerors unknown at the time of the approval of this Base Prospectus or the filing of the Final Terms will be published and can be found at <http://www.barclays.com/InvestorRelations/DebtInvestors>.

Neither the Issuer nor any Manager has any responsibility for any of the actions of any Authorised Offeror, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to an offer.

Other than as set out above, neither the Issuer nor any of the Managers has authorised (nor do they authorise or consent to the use of this Base Prospectus in connection with) the making of any public offer of the Securities by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or any of the Managers or Authorised Offerors and none of the Issuer or any of the Managers or Authorised Offerors has any responsibility or liability for the actions of any person making such offers. Investors should enquire whether a financial intermediary is an Authorised Offeror. If an investor is offered Securities by a person or entity which is not an Authorised Offeror, the investor should check with such person or entity whether any entity is responsible for this Base Prospectus for the purposes of section 90 of the Financial Services and Markets Act 2000 (as amended from time to time, "FSMA") in the context of an offer of Securities to the public. If the investor is in doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents, it should take legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Base Prospectus or any Final Terms. If given or made, it must not be relied upon as having been authorised by the Issuer or any Manager. The Issuer does not accept responsibility for any information not contained in this Base Prospectus or any Final Terms.

**In the event of an offer being made by an Authorised Offeror, the Authorised Offeror will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

**Any offer or sale of Securities to an investor by an Authorised Offeror will be made in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus or Final Terms, it will be the responsibility of the applicable financial intermediary at the time of such offer to provide the investor with that information and neither the Issuer, nor any Manager or other Authorised Offeror has any responsibility or liability for such information.**

**Any Authorised Offeror using this Base Prospectus in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.**

## **Ratings**

The credit ratings included or referred to in this Base Prospectus, any Final Terms or any document incorporated by reference are, for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (the "CRA Regulation") issued by Fitch Ratings Limited ("Fitch"), Moody's Investors Service Ltd. ("Moody's") and Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), each of which is established in the European Union and has been registered under the CRA Regulation.

As of the date of this Base Prospectus, the short term unsecured obligations of the Issuer are rated A-1 by Standard & Poor's, P-1 by Moody's, and F1 by Fitch and the long-term obligations of the Issuer are rated A+ by Standard & Poor's, A2 by Moody's, and A by Fitch.

## **Independent Evaluation**

Nothing set out or referred to in this Base Prospectus is intended to provide the basis of any credit or other evaluation (except in respect of any purchase of Securities described herein) or should be considered as a recommendation by the Issuer or any Manager that any recipient of this Base Prospectus (or any document referred to herein) should purchase any Securities.

An investor should not purchase the Securities unless they understand the extent of their exposure to potential loss. Investors are urged to read the factors described in the section headed 'Risk Factors', together with the other information in this Base Prospectus (including any information incorporated by reference), as supplemented from time to time, and the Final Terms, before investing in the Securities.

Investors should note that the risks described in the section headed 'Risk Factors' are not the only risks that the Issuer faces or that may arise because of the nature of the Securities. The Issuer has described only those risks relating to its operations and to the Securities that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware.

Given the nature, complexity and risks inherent in the Securities (and investments relating to any Underlying Assets), the Securities may not be suitable for an investor's investment objectives in the light of his or her financial circumstances. Investors should consider seeking independent advice to assist them in determining whether the Securities are a suitable investment for them or to assist them in evaluating the information contained or incorporated by reference into this Base Prospectus or set out in the Final Terms.

## **CREST Depository Interests ("CDIs")**

None of the Issuer or any Manager or Agent makes any representation or warranty as to the tax consequences of an investment in CDIs and/or the tax consequences of the acquisition, holding, transfer or disposal of CDIs by any investor (including, without limitation, whether any stamp duty, stamp duty reserve tax, excise, severance, sales, use, transfer, documentary or any other similar tax, duty or charge may be imposed, levied, collected, withheld or assessed by any government, applicable tax authority or jurisdiction on the acquisition, holding, transfer or disposal of CDIs by any investor). Whilst the attention of investors is drawn to the section entitled 'Taxation', the tax consequences for each investor in CDIs can be different. Therefore, investors and counterparties should consider consulting with their tax advisers as to their specific consequences, including, in particular, whether United Kingdom stamp duty reserve tax will be payable on transfers of CDIs in uncertificated form within CREST.

## **US foreign account tax compliance withholding**

**THE FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA") IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE SECURITIES AND THE INVESTORS IS UNCERTAIN AT THIS TIME. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN HIS OR HER PARTICULAR CIRCUMSTANCE, INCLUDING HOW THE FATCA RULES MAY APPLY TO PAYMENTS RECEIVED UNDER THE SECURITIES.**

## **Change of Circumstances**

Neither the delivery of this Base Prospectus or any Final Terms, nor any sale of Securities pursuant thereto shall create any impression that information therein relating to the Issuer is correct at any time subsequent to the date thereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same (the foregoing being without prejudice to the Issuer's obligations under applicable rules and regulations). Investors should review, inter alia, the most recent consolidated financial statements and any public announcements of the Issuer when deciding whether to purchase any Securities.

## **Representations**

In connection with the issue and sale of Securities, no person has been authorised to give any information or to make any representation not contained in or consistent with the Base Prospectus and Final Terms and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. The Issuer does not accept responsibility for any information not contained in the Base Prospectus and Final Terms. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offering or solicitation and no action is being taken to permit an offering of the Securities or the distribution of this Base Prospectus in any jurisdiction where action is required.

## **Regulatory approval and passporting for the purposes of the EU Prospectus Directive**

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "FCA") in its capacity as competent authority in the United Kingdom (the "**UK Listing Authority**") as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Securities under the Programme on and during the period of twelve months after the date hereof.

Notification of this approval will be made to the competent authorities of Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, and Sweden.

The contents of this Base Prospectus have not been reviewed or approved by any regulatory authority other than the UK Listing Authority.

## **Listing and Admission to Trading**

Applications may be made for the listing of Securities on the Official List of the UK Listing Authority and for the admission to trading on the Regulated Market of the London Stock Exchange.

In addition, application may be made for a listing and admission to trading of Securities on the regulated market of the Irish Stock Exchange, NYSE Euronext Paris, NYSE Euronext Brussels, NYSE Euronext Amsterdam, Luxembourg Stock Exchange, Malta Stock Exchange, NASDAQ OMX Copenhagen, NASDAQ OMX Stockholm, NASDAQ OMX Helsinki, Borsa Italiana S.p.A, Bolsas y Mercados Españoles, NYSE Euronext Lisbon or the SIX Swiss Exchange, as specified in the Final Terms.

## **Distribution**

The distribution or delivery of this Base Prospectus or any Final Terms and any offer or sale of Securities in certain jurisdictions may be restricted by law. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offering or solicitation. Other than as expressly described in this Base Prospectus, no action is being taken to permit an offering of Securities or the delivery of this Base Prospectus in any jurisdiction. Persons into whose possession this Base Prospectus or any Final Terms come are required by the Issuer to inform themselves about and to observe any such restrictions.

Subject to the restrictions and conditions set out in this Base Prospectus, the categories of potential investors to which the Securities are intended to be offered are retail and institutional investors in the United Kingdom, Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, Sweden or Switzerland.

Details of selling restrictions for various jurisdictions are set out in the section headed 'Purchase and Sale'.

## **United States Selling Restrictions**

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other

jurisdiction of the United States. The Securities are being offered and sold outside the United States to non-US persons in reliance on Regulation S ("**Regulation S**") under the Securities Act.

The Securities may be in the form of Bearer Securities that are not Cleared Securities and therefore subject to US tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or, in the case of Bearer Securities, delivered within the United States or to US persons (as defined in Regulation S under the Securities Act) or, in the case of a Bearer Security that is not a Cleared Security, to, or for the account or benefit of, US persons (as defined in the US Internal Revenue Code of 1986, as amended, and the regulations thereunder).

For a description of these and certain further restrictions on offers, sales and transfers of Securities and delivery of this Base Prospectus and any Final Terms, see 'Purchase and Sale' and 'Clearance, Settlement and Transfer Restrictions' herein.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

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## SUMMARY

Summaries are made up of disclosure requirements known as 'elements'. These elements are numbered in sections A – E (A.1 – E.7).

This Summary contains all the elements required to be included in a summary for these types of securities and issuer. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements.

Even though an element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the element. In this case a short description of the element is included in the summary after the words 'not applicable'.

<b>Section A – Introduction and Warnings</b>		
<b>A.1</b>	<b>Introduction and Warnings</b>	<p>This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in Securities should be based on consideration of the Base Prospectus as a whole, including any information incorporated by reference, and read together with the Final Terms.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff might, under the national legislation of the relevant Member State of the European Economic Area, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>No civil liability shall attach to any responsible person solely on the basis of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Securities.</p>
<b>A.2</b>	<b>Consent by the Issuer to the use of prospectus in subsequent resale or final placement of Securities, indication of offer period and conditions to consent for subsequent resale or final placement, and warning</b>	<p>The Issuer may provide its consent to the use of the Base Prospectus and Final Terms for subsequent resale or final placement of Securities by financial intermediaries, provided that the subsequent resale or final placement of Securities by such financial intermediaries is made during the offer period specified in the Final Terms. Such consent may be subject to conditions which are relevant for the use of the Base Prospectus.</p> <p><b>[[Specific] [General] Consent:</b> The Issuer consents to the use of the Base Prospectus and these Final Terms with respect to the subsequent resale or final placement of Securities (a "<b>Public Offer</b>") which satisfies all of the following conditions:</p> <p>(a) the Public Offer is only made in [Belgium] [Denmark] [Finland] [France] [Ireland] [Italy] [Luxembourg] [Malta] [The Netherlands] [Norway] [Portugal] [Spain] [Sweden] [and/or] [the United Kingdom];</p> <p>(b) the Public Offer is only made during the period from and including [ ] , to, but excluding, [ ] (the "<b>Offer Period</b>"); [and]</p> <p>(c) the Public Offer is only made by [each financial intermediary whose name is published on the Issuer's website (<a href="http://www.barclays.com/InvestorRelations/DebtInvestors">http://www.barclays.com/InvestorRelations/DebtInvestors</a>) and identified as an authorised offeror for these Securities] [the following financial [intermediary] [intermediaries]: [ ] ] [any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC)] ([each] an "<b>Authorised Offeror</b>") [; and]</p> <p>(d) [ ]</p>

		<p><b>Information on the terms and conditions of an offer by any Authorised Offeror is to be provided at the time of that offer by the Authorised Offeror.]</b></p> <p>[Not applicable; the Issuer does not consent to the use of the Base Prospectus for subsequent resales.]</p>
<b>Section B – Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	The Securities are issued by Barclays Bank PLC (the " <b>Issuer</b> ").
<b>B.2</b>	<b>Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation of the Issuer</b>	The Issuer is a public limited company registered in England and Wales. The Issuer was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and, on 4 October 1971, was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Issuer was re-registered as a public limited company.
<b>B.4b</b>	<b>Known trends affecting the Issuer and industries in which the Issuer operates</b>	<p>The business and earnings of the Issuer and its subsidiary undertakings (together, the "<b>Group</b>") can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the UK, EU, US and elsewhere, which are all subject to change. The regulatory response to the financial crisis has led and will continue to lead to very substantial regulatory changes in the UK, EU and US and in other countries in which the Group operates. It has also (amongst other things) led to (i) a more assertive approach being demonstrated by the authorities in many jurisdictions, and (ii) enhanced capital and liquidity requirements (for example pursuant to the fourth Capital Requirements Directive (CRD IV)). Any future regulatory changes may restrict the Group's operations, mandate certain lending activity and impose other, significant compliance costs.</p> <p>Known trends affecting the Issuer and the industry in which the Issuer operates include:</p> <ul style="list-style-type: none"> <li>• continuing political and regulatory scrutiny of the banking industry which is leading to increased or changing regulation that is likely to have a significant effect on the industry;</li> <li>• general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;</li> <li>• the US Dodd-Frank Wall Street Reform and Consumer Protection Act, which contains far reaching regulatory reform (including restrictions on proprietary trading and fund-related activities (the so-called 'Volcker rule'));</li> <li>• recommendations by the Independent Commission on Banking that: (i) the UK and EEA retail banking activities of a UK bank or building society should be placed in a legally distinct, operationally separate and economically independent entity (so-called 'ring-fencing'); and (ii) the loss-absorbing capacity of ring-fenced banks and UK-headquartered global systemically important banks (such as the Issuer) should be increased to levels higher than the Basel 3 proposals;</li> </ul>

		<ul style="list-style-type: none"> <li>investigations by the Office of Fair Trading into Visa and MasterCard credit and debit interchange rates, which may have an impact on the consumer credit industry;</li> <li>investigations by regulatory bodies in the UK, EU and US into submissions made by the Issuer and other panel members to the bodies that set various interbank offered rates such as the London Interbank Offered Rate ("<b>LIBOR</b>") and the Euro Interbank Offered Rate ("<b>EURIBOR</b>"); and</li> <li>changes in competition and pricing environments.</li> </ul>
<b>B.5</b>	<b>Description of the group and the Issuer's position within the group</b>	The Group is a major global financial services provider. The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not Applicable; the Issuer has chosen not to include a profit forecast or estimate.
<b>B.10</b>	<b>Nature of any qualifications in audit report on historical financial information</b>	Not Applicable; the audit report on the historical financial information contains no such qualifications.
<b>B.12</b>	<b>Selected key financial information; no material adverse change and no significant change statements</b>	<p>Based on the Group's audited financial information for the year ended 31 December 2012, the Group had total assets of £1,490,747 million (2011: £1,563,402 million), total net loans and advances of £466,627 million (2011: £478,726 million), total deposits of £462,806 million (2011: £457,161 million), and total shareholders' equity of £62,894 million (2011: £65,170 million) (including non-controlling interests of £2,856 million (2011: £3,092 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2012 was £99 million (2011: £5,974 million) after credit impairment charges and other provisions of £3,596 million (2011: £3.802 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2012.</p> <p>There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2012.</p> <p>There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2012.</p>
<b>B.13</b>	<b>Recent events particular to the Issuer which are materially relevant to the evaluation of Issuer's solvency</b>	<p>On 6 December 2012, the Issuer announced that it had agreed to combine the majority of its Africa operations (the "<b>Portfolio</b>") with Absa Group Limited ("<b>Absa</b>"). The proposed combination is to be effected by way of an acquisition by Absa of the Portfolio for a consideration of 129,540,636 Absa ordinary shares (representing a value of approximately £1.3 billion). As a result of the transaction, the Issuer's stake in Absa will increase from 55.5 per cent to 62.3 per cent.</p> <p>On 9 October 2012, the Issuer announced that it had agreed to acquire the deposits, mortgages and business assets of ING Direct UK. Under the terms of the transaction, which completed on 5 March 2013, the Issuer acquired amongst other business assets a deposit book with balances of approximately £11.4 billion and a mortgage book with outstanding balances of approximately £5.3 billion.</p>

		<p>On 22 May 2012, the Issuer announced that it had agreed to dispose of the Issuer's entire holding in BlackRock, Inc. ("<b>BlackRock</b>") pursuant to an underwritten public offer and a partial buy-back by BlackRock. On disposal, the Issuer received net proceeds of approximately US\$ 5.5 billion (£3.5 billion).</p> <p>On 12 February 2013, the Issuer announced the outcome of a strategic review. As a result of certain commitments made in the review, the Group incurred a restructuring charge of approximately £154 million in the first quarter of 2013 and expects to incur costs associated with implementing the restructuring plan of £1 billion in 2013, £1 billion in 2014 and £0.7 billion in 2015.</p>
<b>B.14</b>	<b>Dependency of the Issuer on other entities within the group</b>	<p>The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.</p> <p>The financial position of the Issuer is dependent on the financial position of its subsidiary undertakings.</p>
<b>B.15</b>	<b>Description of the Issuer's principal activities</b>	The Group is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the United States, Africa and Asia.
<b>B.16</b>	<b>Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control</b>	The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays PLC, which is the ultimate holding company of the Issuer and its subsidiary undertakings.
<b>B.17</b>	<b>Credit ratings assigned to the Issuer or its debt securities</b>	<p>The short term unsecured obligations of the Issuer are rated A-1 by Standard &amp; Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term obligations of the Issuer are rated A+ by Standard &amp; Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited. A specific issue of Securities may be rated or unrated.</p> <p><b>Ratings:</b> This issue of Securities will [not be rated][be rated as [ ] by [Fitch Ratings Limited] [Moody's Investors Service Ltd.] [Standard &amp; Poor's Credit Market Services Europe Limited]].</p>
<b>Section C – Securities</b>		
<b>C.1</b>	<b>Type and class of Securities being offered and/or admitted to trading</b>	<p>Securities (the "<b>Securities</b>") may be debt securities or, where the repayment terms are linked to the performance of a specified inflation index, derivative securities.</p> <p>Securities will either bear interest at either a fixed or floating rate, or a rate that is calculated by reference to movements in a specified inflation index, or be zero coupon securities (which do not pay interest). Securities may include an option for the Issuer to switch the fixed rate to a floating rate, or vice versa, at its election.</p> <p>Securities may include an option for the Securities to be redeemed prior to maturity at the election of the Issuer or the investor.</p> <p>If Securities are not redeemed early they will redeem on the scheduled redemption date and the amount paid will either be a fixed redemption</p>

		<p>amount, or an amount linked to the performance of a specified inflation index.</p> <p>Securities may be cleared through a clearing system or uncleared and held in bearer or registered form. Certain cleared Securities may be in dematerialised and uncertificated book-entry form. Title to cleared Securities will be determined by the books of the relevant clearing system.</p> <p>Securities will be issued in one or more series (each a "<b>Series</b>") and each Series may be issued in tranches (each a "<b>Tranche</b>") on the same or different issue dates. The Securities of each Series are intended to be interchangeable with all other Securities of that Series. Each Series will be allocated a unique Series number and an identification code.</p> <p>The Securities are transferable obligations of the Issuer that can be bought and sold by investors in accordance with the terms and conditions set out in the Base Prospectus (the "<b>General Conditions</b>"), as completed by the final terms document (the "<b>Final Terms</b>") (the General Conditions as so completed, the "<b>Conditions</b>").</p> <p><b>Interest:</b> [The Securities will not pay any interest.] [The interest payable in respect of the Securities will be determined by reference to a [fixed][floating] rate of interest [which may be switched at the option of the Issuer to a [floating][fixed] rate of interest] [which is adjusted upwards or downwards to take into account the performance of the [ ] Index.]]</p> <p><b>Call or Put option:</b> [Not applicable.] [Securities may be redeemed before the scheduled redemption date at the option of [the Issuer on the following date[s]: [ ] ] [ and][ the holder on the following date[s]: [ ] ]].</p> <p><b>Final redemption:</b> The final redemption amount will be [determined by reference to the [ ] Index][ [ ] ] per cent of [ ] (the calculation amount)].</p> <p><b>Form:</b> [The Securities will initially be issued in [global [bearer] [registered] form.] [The Securities will be issued in definitive registered form.] [The Securities will be issued in dematerialised and uncertificated book-entry form.] [The Securities will be issued in [bearer dematerialised form (<i>au porteur</i>).] [registered dematerialised form (<i>au nominatif</i>).]] [The Securities will be issued in the form of uncertificated securities and entered into the main register (<i>Hauptregister</i>) of SIX SIS AG as custodian (<i>Verwahrungsstelle</i>).] [The Securities will be represented by a single Global Security in registered form that is deposited with SIX SIS AG as central depository.] [Interests in the Securities will be constituted through the issuance of dematerialised depository interests ("<b>CDIs</b>"), issued held, settled and transferred through Euroclear UK &amp; Ireland Limited (formerly known as CRESTCO Limited) ("<b>CREST</b>").]</p> <p><b>Identification:</b> Series number: [ ] ; Tranche number: [ ] .</p> <p><b>Identification Codes:</b> ISIN Code: [ ] ; Common Code: [ ] ; Valoren: [ ] ][ ] .</p> <p><b>Governing Law:</b> The Securities will be governed by [English law] [French law] [Swiss law].</p>
<b>C.2</b>	<b>Currency</b>	<p>Subject to compliance with all applicable laws, regulations and directives, Securities may be issued in any currency.</p> <p>The Securities will be denominated in [pounds sterling ("<b>GBP</b>")][Euro ("<b>EUR</b>")][United States dollars ("<b>USD</b>")][ ] .</p>
<b>C.5</b>	<b>Description of restrictions on free transferability of</b>	<p>With respect to the United States, Securities offered and sold outside the United States to non-US persons in reliance on 'Regulation S' must comply with transfer restrictions.</p>

	<b>the Securities</b>	<p>Securities held in a clearing system will be transferred in accordance with the rules, procedures and regulations of that clearing system.</p> <p>Subject to the above, the Securities will be freely transferable.</p>
<b>C.8</b>	<b>Description of rights attached to the Securities and limitations to those rights; ranking of the Securities</b>	<p><b>Price:</b> Securities will be issued at a price and in such denominations as agreed between the Issuer and the relevant dealer(s) and/or manager(s) at the time of issuance.</p> <p><b>Status:</b> Securities are direct, unsubordinated and unsecured obligations of the Issuer and rank equally among themselves.</p> <p><b>Taxation:</b> All payments in respect of the Securities shall be made without withholding or deduction for or on account of any taxes imposed by the Issuer's country of incorporation (or any authority or political subdivision thereof or therein) unless such withholding or deduction is required by law. In the event that any such withholding or deduction is required by law, the Issuer will, save in limited circumstances, be required to pay additional amounts to cover the amounts so withheld or deducted.</p> <p><b>Additional Disruption Events:</b> If there is a change in applicable law, a currency disruption or a tax event affecting the Issuer's ability to fulfil its obligations under the Securities, and in respect of certain Securities, if hedging disruption or increased cost of hedging adversely affects the hedging ability of the Issuer and/or any of its affiliates, the terms of the Securities may be adjusted and/or the Securities may be redeemed early, without the consent of investors. Upon an early redemption investors will receive either the face value, the amortised amount or the market value of the Securities (which, in the latter case may include deductions for hedging termination and funding breakage costs).</p> <p><b>Events of default:</b> If the Issuer fails to make any payment due under the Securities (and such failure is not remedied within 30 days, or in the case of interest 15 days), the Securities will become immediately due and payable, upon notice being given by the holder (or, in the case of French law Securities, the representative of the holders).</p> <p><b>Unlawfulness:</b> If the Issuer determines that the performance of any of its obligations under the Securities has become unlawful the Securities may be redeemed early at the option of the Issuer.</p> <p><b>Meetings:</b> The Securities contain provisions for investors to call and attend meetings to vote upon proposed amendments to the terms of the Securities or to pass a written resolution in the absence of such a meeting. These provisions permit defined majorities to approve certain amendments that will bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p>The issue price of the Securities is [•] per cent. The [minimum] denomination of each Series is [1] (the "<b>Calculation Amount</b>").</p> <p>Upon the occurrence of a change in applicable law, a currency disruption or a tax event affecting the Issuer's ability to fulfil its obligations under the Securities, the terms of the Securities may be adjusted by the Issuer and/or the Securities may be redeemed early. Upon such early redemption, the amount paid [(if any)] will be equal to [[1] (the face value)] [the market value] [the amortised face value].</p>
<b>C.9</b>	<b>Interest/ Redemption</b>	<p><b>Interest:</b> Securities will either bear interest at either a fixed or floating rate, or a rate that is calculated by reference to movements in a specified inflation index, or be zero coupon securities (which do not pay interest). Securities may include an option for the Issuer to switch the fixed rate to a floating rate, or vice versa, at its election.</p>

		<p><b>Final Redemption:</b> The amount payable on final redemption of the Securities will be fixed at a percentage of the calculation amount of the Securities, or may reference the calculation amount of the Securities (being the minimum denomination of the Securities) as adjusted upwards or downwards to account for movements in an inflation index.</p> <p><b>Optional Early Redemption:</b> Certain Securities may be redeemed earlier than the scheduled redemption date following the exercise of a call option by the Issuer or the exercise of a put option by a holder of the Securities.</p> <p><b>Mandatory Early Redemption:</b> Securities may also be redeemed earlier than the scheduled redemption date if performance of the Issuer's obligations becomes illegal or, if the determination agent so determines, following cessation of publication of an Inflation Index, or following the occurrence of a change in applicable law, a currency disruption or a tax event affecting the Issuer's ability to fulfil its obligations under the Securities.</p> <p style="text-align: center;"><b>[INTEREST</b></p> <p><b>[Fixed Rate Interest:</b> [Each] [If the Switch Option is exercised, each][During the life of the Securities or, if the Switch Option is exercised, until the Switch Date following exercise of the Switch Option, each] Security will bear interest from [ ] [the interest calculation period beginning on or nearest the Switch Date] at [a rate of [ ] %][the rate specified below under the heading 'Fixed Rate (%)'] per annum payable at the end of each interest calculation period on [[ ] in each year][each date specified below under the heading 'Interest Payment Date'] [falling after the Switch Date] (each, an "<b>Interest Payment Date</b>").]</p> <table data-bbox="510 985 1133 1086"> <tr> <td>[Interest Payment Date:]</td> <td>[Fixed Rate (%):]</td> </tr> <tr> <td>[ ]</td> <td>[ ]</td> </tr> </table> <p><b>[Indication of yield:</b> The yield for Fixed Rate Securities will be [ ] on the Issue Date and will be calculated on the basis of the compound annual rate of return if the relevant Fixed Rate Securities were to be purchased at the Issue Price on the Issue Date and held to maturity. This is not an indication of future yield.]</p> <p><b>[Floating Rate Interest:</b> [Each] [If the Switch Option is exercised, each] [During the life of the Securities or, if the Switch Option is exercised, until the Switch Date following exercise of the Switch Option, each] Security will bear interest from [ ] [the interest calculation period beginning on or nearest the Switch Date] and will pay an amount of interest linked to the Floating Rate (as defined below) at the end of each interest calculation period on [[ ] in each year][each date specified below under the heading 'Interest Payment Date(s)'] [falling after the Switch Date] (each, an "<b>Interest Payment Date</b>").</p> <p>The applicable rate of interest ("<b>Rate of Interest</b>") will be [equal to the Floating Rate] [calculated by multiplying the Floating Rate by [the relevant amount set out under the heading 'Participation' below] [ ]] [and then applying [the relevant percentage specified below under the heading 'Spread (%)' below] [[ ] %][, provided that such rate shall not be [greater than [the percentage set out under the heading 'Cap (%)' below]][[ ] %] [or] [less than [the relevant percentage set out under the heading 'Floor (%)' below]][[ ] %] [zero]].</p> <table data-bbox="510 1814 1340 1982"> <tr> <td>[Interest Payment Date:]</td> <td>[Participation:]</td> <td>[Spread (%):]</td> <td>[Cap (%):]</td> <td>[Floor (%):]</td> </tr> <tr> <td>[ ]</td> <td>[ ]</td> <td>[+/-][ ]</td> <td>[ ]</td> <td>[ ]</td> </tr> </table>	[Interest Payment Date:]	[Fixed Rate (%):]	[ ]	[ ]	[Interest Payment Date:]	[Participation:]	[Spread (%):]	[Cap (%):]	[Floor (%):]	[ ]	[ ]	[+/-][ ]	[ ]	[ ]
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	<p><b>"Floating Rate"</b> means [a rate determined by the determination agent equal to the floating rate referencing [ ] [month/year] [ ] under a notional interest rate swap transaction governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.] [the quotation for [•] [month/year] [ ] that appears on [Bloomberg Screen [ ] ] [Reuters Screen [ ] Page] at [ ] [a.m.][p.m.] [ ] time on the date for determining the floating rate]/[the arithmetic mean of the quotations for [ ] [month/year] [ ] that appears on [Bloomberg Screen [ ] ] [Reuters Screen [ ] Page] at [ ] [a.m.][p.m.] on the date for determining the floating rate].]</p> <p><b>[Zero Coupon Securities:</b> The Securities will not pay any amount of interest unless any principal becomes overdue (in which case the rate of interest shall be equal to [ ] ).]</p> <p><b>[Switch Option:</b> The Issuer may at its option, elect to switch the interest payable in respect of the Securities from interest calculated by reference to a [Fixed Rate] [Rate of Interest (which in turn references a floating rate)] to interest calculated by reference to a [Rate of Interest (which in turn references a floating rate)][Fixed Rate] by giving a minimum of [ ] business days' notice to holders on any business day falling in [one of] the Switch Exercise Period[s] specified below (the "<b>Switch Option</b>"). The Switch Option shall take effect from the Interest Payment Date (the "<b>Switch Date</b>") applicable to the Switch Exercise Period.</p> <table data-bbox="518 913 1165 1041"> <tr> <td>Switch Exercise Period (each date inclusive):</td> <td>Interest Payment Date:</td> </tr> <tr> <td>[ ] to [ ]</td> <td>[ ]</td> </tr> </table> <p>Upon exercise of the Switch Option, the Securities will (i) no longer bear interest at the [Fixed Rate][Rate of Interest] as at (but excluding) the last day of the interest calculation period ending on or nearest the Switch Date and (ii) bear interest at the [Rate of Interest][Fixed Rate] from (and including) the interest calculation period beginning on or nearest the Switch Date.</p> <p>If the Switch Option is not exercised by the Issuer, the Securities will continue to bear interest at the [Fixed Rate] [Rate of Interest].]</p> <p><b>[Inflation-linked Interest:</b> Each Security will bear interest from [ ] at [a rate of [ ] %][the rate corresponding to the relevant Interest Payment Date, as specified below under the heading 'Fixed Rate (%)'] multiplied by an amount equal to the level of the [ ] Index, [ ] ,([Bloomberg Screen [ ] ] [Reuters Screen [ ] Page]) (the "<b>Inflation Index</b>") for the [ ] [<sup>nd/th/rd/st</sup>] month prior to the relevant Interest Payment Date divided by the level of the Index for [ ] , which interest shall be payable at the end of each interest calculation period on [[ ] in each year][each date specified below under the heading 'Interest Payment Date(s)'] (each, an "<b>Interest Payment Date</b>").]</p> <table data-bbox="518 1653 1133 1742"> <tr> <td>[Interest Payment Date:]</td> <td>[Fixed Rate (%):]</td> </tr> <tr> <td>[ ]</td> <td>[ ]</td> </tr> </table> <p style="text-align: center;"><b>FINAL REDEMPTION</b></p> <p>The Securities are scheduled to redeem on [ ] by payment by the Issuer of an amount in [GBP][EUR][USD] [ ] per [ ] equal to [ ] multiplied by [[ ] %][whichever is greater of (i) the level determined by dividing the level of the [Inflation Index][ [ ] Index, [ ] , ([Bloomberg Screen [ ] ] [Reuters Screen [ ] Page])[ ] ] (the "<b>Inflation Index</b>") for [ ] by the level of the Inflation Index for [ ] and (ii) [ ] ].</p>	Switch Exercise Period (each date inclusive):	Interest Payment Date:	[ ] to [ ]	[ ]	[Interest Payment Date:]	[Fixed Rate (%):]	[ ]	[ ]
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		<p style="text-align: center;"><b>OPTIONAL EARLY REDEMPTION</b></p> <p>[These Securities cannot be redeemed early at the option of the Issuer or the holder.]</p> <p><b>[Call Option:</b> The Issuer may elect to redeem all of the Securities before the scheduled redemption date by giving a minimum of [ ] business days' notice to the holders, which notice may be given on any business day [falling within the period from and including [ ], to and including [ ]][falling within each period specified below under the heading 'Issuer Option Exercise Period'] ([the][each, an] "<b>Issuer Option Exercise Period</b>"). The Securities will be redeemed by payment of an amount per [ ] equal to [[ ]%][the percentage specified below under the heading 'Early Redemption Percentage'] multiplied by [ ] on [ ]][the relevant Optional Cash Redemption Date specified below under the heading "Optional Cash Redemption Date"] (the "<b>Optional Cash Redemption Date</b>").</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">[Issuer Option Exercise Period (each date inclusive):]</td> <td style="width: 33%;">[Optional Cash Redemption Date:]</td> <td style="width: 33%;">[Early Redemption Percentage (%):]</td> </tr> <tr> <td>[ ] to [ ]</td> <td>[ ]</td> <td>[ ]</td> </tr> </table> <p>If the option to redeem the Securities is not exercised by the Issuer then the Securities will be redeemed on the scheduled redemption date.]</p> <p><b>[Put Option:</b> A holder may elect to redeem a Security before the scheduled redemption date by giving a minimum of [ ] business days' notice to the Issuer, which notice may be given on any business day [falling within the period from and including [ ], to and including [ ]][falling within each period specified below under the heading 'Put Option Exercise Period'] ([the][each, a] "<b>Put Option Exercise Period</b>"). The relevant Securities will be redeemed by payment of an amount per [ ] equal to [[ ]%][the percentage specified below under the heading 'Early Redemption Percentage'] multiplied by [ ] on [ ] [the relevant Optional Cash Redemption Date specified below under the heading 'Optional Cash Redemption Date'] (the "<b>Optional Cash Redemption Date</b>").]</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">[Put Option Exercise Period (each date inclusive):]</td> <td style="width: 33%;">[Optional Cash Redemption Date:]</td> <td style="width: 33%;">[Early Redemption Percentage (%):]</td> </tr> <tr> <td>[ ] to [ ]</td> <td>[ ]</td> <td>[ ]</td> </tr> </table> <p>If the option to redeem a Security is not exercised by the holder then the Security will be redeemed on the scheduled redemption date.]</p>	[Issuer Option Exercise Period (each date inclusive):]	[Optional Cash Redemption Date:]	[Early Redemption Percentage (%):]	[ ] to [ ]	[ ]	[ ]	[Put Option Exercise Period (each date inclusive):]	[Optional Cash Redemption Date:]	[Early Redemption Percentage (%):]	[ ] to [ ]	[ ]	[ ]
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[ ] to [ ]	[ ]	[ ]												
<p><b>C.10</b></p>	<p><b>Explanation of any derivative component in the interest payment</b></p>	<p>Securities may have a derivative component in the interest payment. Such Securities will accrue interest according to a floating interest rate or pay interest that is linked to the performance of a specified inflation index.</p> <p>[Not applicable]; the interest amount is calculated by reference to a Fixed Rate.][the Securities do not pay interest.]]</p> <p>[The amount of interest payable on each Interest Payment Date will [(until)[following] the exercise of the Switch Option)] be calculated by applying the Floating Rate to the Calculation Amount. A decrease in the level of the Floating Rate will therefore reduce the amount of interest payable on the Securities.[The amount of interest for a given period is however subject to a [maximum] [and][minimum] interest rate.]]</p> <p>[The amount of interest payable on each Interest Payment Date will be calculated by reference to movements in the Inflation Index. The fixed rate of</p>												

		interest will be [1]%. The fixed rate of interest will then be multiplied by an amount determined by dividing the level of the Inflation Index for the [1][ <sup>nd/th/rd/st</sup> ] month prior to the relevant Interest Payment Date by the level of the Inflation Index for [1]. A decrease in the level of the Inflation Index will reduce the amount of interest payable on the Securities.]
<b>C.11</b>	<b>Listing and admission to trading</b>	<p>Securities may be listed and admitted to trading on a regulated market in Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, Sweden or the United Kingdom.</p> <p>[Application [has been/is expected to be] made by the Issuer to list the Securities on the official list and admit the Securities to trading on the regulated market of the [London Stock Exchange][Irish Stock Exchange][NYSE Euronext Paris][ NYSE Euronext Brussels][NYSE Euronext Amsterdam][Luxembourg Stock Exchange][Malta Stock Exchange][NASDAQ OMX Copenhagen][NASDAQ OMX Stockholm][NASDAQ OMX Helsinki] [Borsa Italiana S.p.A][Bolsas y Mercados Españoles][NYSE Euronext Lisbon] [SIX Swiss Exchange] with effect from [1].]</p> <p>[Not applicable; the Securities are not intended to be listed or admitted to trading.]</p>
<b>C.15</b>	<b>Description of how the value of the investment is affected by the value of the underlying instrument</b>	<p>The return on, and value of, Securities that are derivative securities will be linked to the performance of a specified inflation index. In addition, any interest payments will be calculated by reference to a fixed rate, floating rate or movements in the specified inflation index.</p> <p>[Payments of interest are calculated by reference to [a Fixed Rate of [1]] [the Floating Rate] [movements in the Inflation Index]. [A decrease in the level of the [Floating Rate][Inflation Index] will reduce the amount of interest payable on the Securities.] [The amount of interest for a given period is however subject to a [maximum rate of [1]] [ and a][minimum rate of [1]].]</p> <p>[Payments of principal are subject to adjustment by reference to movements in the Inflation Index. A decrease in the level of the Inflation Index will reduce the redemption amount payable on the Securities.]</p>
<b>C.16</b>	<b>Expiration or maturity date of the securities</b>	<p>Securities with repayment terms that reference the performance of a specified inflation index, are scheduled to redeem on the scheduled redemption date.</p> <p>[The scheduled redemption date of the Securities will be [1].]</p>
<b>C.17</b>	<b>Settlement procedure of the derivative securities</b>	<p>Securities that are derivative securities will be delivered on the specified issue date either against payment of the issue price or free of payment of the issue price of the Securities. The Securities may be cleared and settled through Euroclear Bank S.A./N.V., Clearstream Banking <i>société anonyme</i>, CREST, Euroclear France, S.A., VP Securities, A/S, Euroclear Finland Oy, Norwegian Central Securities Depository, Euroclear Sweden AB or SIX SIS Ltd.</p> <p>[Securities will be delivered on [1] (the "<b>Issue Date</b>") [against payment][free of payment] of the issue price of the Securities.]</p> <p>[The Securities are cleared and settled through [Euroclear Bank S.A./N.V.] [Clearstream Banking, <i>société anonyme</i>] [CREST] [Euroclear France S.A.] [VP Securities A/S] [Euroclear Finland Oy] [Norwegian Central Securities Depository] [Euroclear Sweden AB] [SIX SIS Ltd.] [•].]</p> <p>[Interests in the Securities will be constituted through the issuance of CDIs, issued held, settled and transferred through CREST, representing interests in the Securities underlying the CDIs. CDIs are independent securities under English law and will be issued by [1]. Holders of CDIs will not be entitled to deal in the Securities directly and all dealings in the Securities must be</p>

		effected through CREST in relating to the holding of CDIs.]
<b>C.18</b>	<b>Description of how the return on derivative securities takes place</b>	<p>The return on, and value of, Securities that are derivative securities will be linked to the performance of a specified inflation index. In addition, any interest payments will be calculated by reference to a fixed rate, floating rate or movements in the specified inflation index.</p> <p>[The amount of interest payable will [(until)[following] the exercise of the Switch Option)] be calculated by applying the Floating Rate to the Calculation Amount. A decrease in the level of the Floating Rate will therefore reduce the amount of interest payable on the Securities. The amount of interest for a given period is however subject to a [maximum rate of [ ] ] [and a][minimum rate of [ ] .]</p> <p>[In respect of the Securities, the Fixed Rate of interest ([ ] % per annum) will, for the purposes of determining the amount of interest payable on any Interest Payment Date, be multiplied by an amount determined by dividing the level of Inflation Index for the [ ] [nd/th/rd/st] month prior to the relevant Interest Payment Date by the level of the Inflation Index for [ ] .]</p> <p>[Subject to any early redemption of the Securities, the Securities will be redeemed on [ ] by payment by the Issuer of an amount per [•] in [GBP][EUR][USD][ ] equal to [ ] multiplied by whichever is greater of (i) the level determined by dividing the level of the Inflation Index for [ ] by the level of the Inflation Index for [ ] and (ii) [ ] .]</p>
<b>C.19</b>	<b>Final reference price of the underlying</b>	<p>The final level of any specified inflation index to which Securities that are derivative securities are linked will be the level for a given month that is published on a designated page on Reuters Monitor Money Rates Service (at www.reuters.com) or Bloomberg® (at www.Bloomberg.com) by the sponsor of the inflation index. Details of the reference month and designated page will be provided in the Final Terms.</p> <p>[The amount payable in respect of the Securities will be calculated by looking at the level of the Inflation Index for [ ] on [Bloomberg Screen [ ] ] [Reuters Screen [ ] Page] as determined by the determination agent.]</p>
<b>C.20</b>	<b>Type of underlying</b>	<p>The [interest amount and the] repayment amount in relation to inflation linked Securities [is][are] calculated by reference to movements in an inflation index.</p> <p>[The underlying asset is the Inflation Index. Information on the Inflation Index, including the level for a particular month, can be found on [Bloomberg Screen [ ] ] [Reuters Screen [ ] Page] [ and at www.[ ] .]</p>
<b>C.21</b>	<b>Market where Securities are traded</b>	<p>Securities may be listed and admitted to trading on a regulated market in Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain, Sweden or the United Kingdom.</p> <p>[Application [has been/is expected to be] made by the Issuer to list the Securities on [the official list of] the [UK Listing Authority] [ ] and admit the Securities to trading on the regulated market of the [London Stock Exchange][Irish Stock Exchange][NYSE Euronext Paris][ NYSE Euronext Brussels][NYSE Euronext Amsterdam][Luxembourg Stock Exchange][Malta Stock Exchange][ NASDAQ OMX Copenhagen][NASDAQ OMX Stockholm][NASDAQ OMX Helsinki] [Borsa Italiana S.p.A][Bolsas y Mercados Españoles][NYSE Euronext Lisbon] [SIX Swiss Exchange] with effect from [ ] .]</p>

<b>Section D – Risks</b>		
<b>D.2</b>	<b>Key information on the key risks that are specific to the Issuer</b>	<p><b>Credit Risk:</b> The Issuer is exposed to the risk of suffering loss if any of its customers, clients or market counterparties fails to fulfil its contractual obligations. The Issuer may also suffer loss where the downgrading of an entity's credit rating causes a fall in the value of the Issuer's investment in that entity's financial instruments.</p> <p>Weak or deteriorating economic conditions negatively impact these counterparty and credit-related risks. In recent times, the economic environment in the Issuer's main business markets (being Europe and the United States) have been marked by generally weaker than expected growth, increased unemployment, depressed housing prices, reduced business confidence, rising inflation and contracting GDP. Operations in the Eurozone remain affected by the ongoing sovereign debt crisis, the stresses being exerted on the financial system and the risk that one or more countries may exit the Euro. The current absence of a predetermined mechanism for a member state to exit the Euro means that it is not possible to predict the outcome of such an event and to accurately quantify the impact of such event on the Issuer's profitability, liquidity and capital. If some or all of these conditions persist or worsen, they may have a material adverse effect on the Issuer's operations, financial condition and prospects.</p> <p><b>Market risk:</b> The Issuer may suffer financial loss if the Issuer is unable to adequately hedge its balance sheet. This could occur as a result of low market liquidity levels, or if there are unexpected or volatile changes in interest rates, credit spreads, commodity prices, equity prices and/or foreign exchange rates.</p> <p><b>Liquidity risk:</b> The Issuer is exposed to the risk that it may be unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. These outflows could be principally through customer withdrawals, wholesale counterparties removing financing, collateral posting requirements or loan draw-downs.</p> <p><b>Capital risk:</b> The Issuer may be unable to maintain appropriate capital ratios, which could lead to: (i) an inability to support business activity; (ii) a failure to meet regulatory requirements; and/or (iii) credit ratings downgrades. Increased regulatory capital requirements and changes to what constitutes capital may constrain the Issuer's planned activities and could increase costs and contribute to adverse impacts on the Issuer's earnings.</p> <p><b>Legal and Regulatory-related risk:</b> Non-compliance by the Issuer with applicable laws, regulations and codes relevant to the financial services industry could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.</p> <p><b>Reputation Risk:</b> Reputational damage reduces – directly or indirectly – the attractiveness of the Issuer to stakeholders and may lead to negative publicity, loss of revenue, litigation, regulatory or legislative action, loss of existing or potential client business, reduced workforce morale, and difficulties in recruiting talent. Sustained reputational damage could have a materially negative impact on our licence to operate and the value of the Issuer's franchise, which in turn could negatively affect the Issuer's profitability and financial condition.</p> <p><b>Infrastructure Resilience, Technology and Cyberspace risk:</b> The Issuer is exposed to risks from cyberspace to its systems. If customer or proprietary information held on, and/or transactions processed through these systems, is breached, there could be a materially negative impact on the Issuer's performance or reputation.</p>

		<p><b>Taxation risk:</b> The Issuer may suffer losses arising from additional tax charges, other financial costs or reputational damage due to: failure to comply with or correctly assess the application of, relevant tax law; failure to deal with tax authorities in a timely, transparent and effective manner; incorrect calculation of tax estimates for reported and forecast tax numbers; or provision of incorrect tax advice.</p>
D.3	<p><b>Key information on the key risks that are specific to the Securities</b></p>	<p><b>Investors in Securities may lose up to the entire value of their investment:</b> Even if the relevant Securities are stated to be repayable at an amount that is equal to or greater than their initial purchase price, the investor is still exposed to the credit risk of the Issuer and will lose up to the entire value of their investment if the Issuer goes bankrupt or is otherwise unable to meet its payment obligations. Investors may also lose some or all of their investment if:</p> <ul style="list-style-type: none"> <li>• investors sell their Securities prior to maturity in the secondary market at an amount that is less than the initial purchase price;</li> <li>• the Securities are redeemed early for reasons beyond the control of the Issuer (such as following a change in applicable law, a currency disruption or a tax event affecting the Issuer's ability to fulfil its obligations under the Securities) and the amount paid to investors is less than the initial purchase price; and/or</li> <li>• the terms and conditions of the Securities are adjusted (in accordance with the terms and conditions of the Securities) with the result that the redemption amount payable to investors and/or the value of the Securities is reduced.</li> </ul> <p><b>Reinvestment risk/loss of yield:</b> Following an early redemption of the Securities for any reason, investors may be unable to reinvest the redemption proceeds at an effective yield as high as the yield on the Securities being redeemed.</p> <p><b>Volatile market prices:</b> the market value of the Securities is unpredictable and may be highly volatile, as it can be affected by many unpredictable factors, including: market interest and yield rates; fluctuations in currency exchange rates; exchange controls; the time remaining until the Securities mature; economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions; changes in laws or regulations; and the Issuer's creditworthiness or perceived creditworthiness.</p> <p><b>[Risks relating to Floating Rates:</b> The performance of floating interest rates is dependent upon a number of factors, including supply and demand on the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors.]</p> <p><b>[Risks relating to LIBOR:</b> The current administrator of the London Inter-Bank Offered Rate (LIBOR) is the British Bankers' Association ("BBA"), but there are proposals to replace the BBA in such role. A new administrator might introduce a change in the method of calculation of LIBOR, which could cause LIBOR to be more volatile than it has been in the past and/or have a negative impact on the value of any Securities where any interest payment is linked in whole, or in part, to LIBOR. A new administrator might also discontinue or suspend calculation or dissemination of LIBOR.]</p> <p><b>[Risks relating to inflation indices:</b> Investors are exposed to the performance of the Inflation Index, which may be subject to fluctuations that may not correlate with other indices and may not correlate perfectly with the rate of inflation experienced by investors in their home jurisdiction. Payments [of interest][and][upon redemption] will be calculated by reference to movements</p>

		<p>in the Inflation Index since [ ] . Any such calculations may be made by reference to the Inflation Index for a month which is several months prior to the date of payment and therefore could be substantially different from the level of inflation at the time of payment on the Securities. Any information about the past performance of the Inflation Index should not be taken as an indication of how prices will change in the future. In a deflationary environment, [the interest payable may be less than the investors would have received on the fixed rate of interest that would have been applicable without any adjustments for inflation] [and] [the redemption amount may be reduced].]</p> <p><b>[Risks relating to Securities that include an option for the Issuer to switch the [fixed rate interest to floating rate interest] [floating rate interest to fixed rate interest]:</b> The Securities include an option for the Issuer to switch the type of interest payable from a [fixed][floating] rate of interest to a [floating][fixed] rate of interest without the consent of investors. The investor will have no control over whether or not this option is exercised or when it is exercised. If the Issuer elects to exercise such option, this may negatively impact the market value of the Securities, as the Issuer may have converted the rate because the alternative rate is lower.]</p>
<b>D.6</b>	<b>Risk warning that investors may lose value of entire investment or part of it</b>	<p>[The capital invested in the Securities is at risk. Consequently, investors may lose the value of their entire investment, or part of it.]</p> <p>[Not applicable; subject to the creditworthiness of the Issuer, the capital invested is not at risk.]</p>
<b>Section E – Other</b>		
<b>E.2b</b>	<b>Reasons for offer and use of proceeds when different from making profit and/or hedging certain risks</b>	<p>The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes, which include making a profit and/or hedging certain risks. If the Issuer elects at the time of issuance of Securities to make different or more specific use of proceeds, the Issuer will describe that use in the Final Terms.</p> <p>[Not Applicable; the net proceeds will be applied by the Issuer for making profit and/or hedging certain risks.]</p> <p><b>[Reasons for the offer and use of Proceeds: [ ] ]</b></p>
<b>E.3</b>	<b>Description of the terms and conditions of the offer</b>	<p>The terms and conditions of any offer of Securities to the public may be determined by agreement between the Issuer and the dealer at the time of each issue.</p> <p>[Not applicable; the Securities have not been offered to the public.]</p> <p>[The Securities are offered subject to the following conditions:</p> <p><b>Offer Price:</b> [The Issue Price][[ ] % of the Issue Price]</p> <p><b>Conditions to which the offer is subject:</b> [ ] ]</p> <p><b>Description of the application process:</b> [ ] ]</p> <p><b>Details of the minimum and/or maximum amount of application:</b> [ ] ]</p> <p><b>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:</b> [ ] ]</p> <p><b>Details of the method and time limits for paying up and delivering the Securities:</b> [The period from [ ] ] until [ ] ] [the Issue Date] [the date which falls [ ] ] business days thereafter]</p> <p><b>Manner in and date on which results of the offer are to be made public:</b> [ ] ]</p>

		<p>]</p> <p><b>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:</b> [ ]</p> <p><b>Whether Tranche(s) have been reserved for certain countries:</b> [ ]</p> <p><b>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:</b> [ ]</p> <p><b>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:</b> [None] [ ]</p>
<b>E.4</b>	<b>Description of any interest material to the issue/offer, including conflicting interests</b>	<p>The relevant dealers or manager may be paid fees in relation to any issue or offer of Securities. Potential conflicts of interest may exist between the Issuer, determination agent, relevant dealers and/or Manager or their affiliates (who may have interests in transactions in derivatives related to the underlying asset(s) which may, but are not intended to, adversely affect the market price, liquidity or value of the Securities) and investors.</p> <p>[The [dealers/Managers] will be paid aggregate commissions equal to [ ] per cent of the aggregate nominal amount of the Securities.] [Any [dealer/Manager] and its affiliates may be engaged, and may in the future engage, in hedging transactions with respect to the [Inflation Index] [and/or] [Floating Rate].] [Not Applicable; no person involved in the issue or offer has any interest, or conflicting interest, that is material to the issue or offer of Securities.]</p>
<b>E.7</b>	<b>Estimated expenses charged to investor by issuer/offeror</b>	<p>The Issuer will not charge any expenses to investors in connection with any issue of Securities. Offerors may, however, charge expenses to investors. Such expenses (if any) will be determined by agreement between the offeror and the investors at the time of each issue.</p> <p>[Not Applicable; no expenses will be charged to the investor by the issuer or the offeror[s].] [The following estimated expenses will be charged to the investor by the offeror[s]: [ ] [fees within a range between [ ] and [ ].]</p>

## **RISK FACTORS**

Investing in Securities involves substantial risks. The risks highlighted below represent the principal risks of investing in Securities. These risks could negatively affect the amount which investors will receive in respect of Securities, potentially resulting in the loss of some or all of their investment.

An investment in the Securities should only be made after assessing these principal risks, including any risks applicable to the relevant Underlying Asset(s). More than one risk factor may have a simultaneous effect with regard to the Securities such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Securities.

The risks below are not exhaustive and there may be additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial but that could have a material impact on the business operations or financial condition of the Issuer or the price of or return on the Securities.

All capitalised terms that are not defined in this section will have the meanings given to them elsewhere in the Base Prospectus.

### **Contents of the risk factors:**

- 1. Risks relating to the potential loss of investment**
- 2. Risks associated with the valuation, liquidity and settlement of Securities**
- 3. Risks associated with the features of the Securities**
- 4. Risks associated with the Securities being linked to one or more Underlying Asset(s)**
- 5. Risks associated with specific Underlying Asset(s)**
- 6. Risks associated with the Issuer's ability to fulfil its obligations under the Securities**
- 7. Risks associated with conflicts of interest**

## **1. Risks relating to the potential loss of investment**

**INVESTORS MAY LOSE UP TO THE ENTIRE VALUE OF THEIR INVESTMENT IN THE SECURITIES AS A RESULT OF THE OCCURRENCE OF ANY ONE OR MORE OF THE FOLLOWING EVENTS:**

- (A) THE TERMS AND CONDITIONS OF THE SECURITIES DO NOT PROVIDE FOR FULL REPAYMENT OF THE INITIAL PURCHASE PRICE UPON REDEMPTION OF THE SECURITIES AND THE RELEVANT UNDERLYING ASSET(S) PERFORM IN SUCH A MANNER THAT THE SETTLEMENT AMOUNT IS LESS THAN THE INITIAL PURCHASE PRICE;**
- (B) INVESTORS SELL THEIR SECURITIES PRIOR TO THEIR SCHEDULED REDEMPTION DATE IN THE SECONDARY MARKET AT AN AMOUNT THAT IS LESS THAN THE INITIAL PURCHASE PRICE;**
- (C) THE ISSUER IS SUBJECT TO INSOLVENCY OR BANKRUPTCY PROCEEDINGS OR SOME OTHER EVENT WHICH NEGATIVELY AFFECTS THE ISSUER'S ABILITY TO MEET ITS OBLIGATIONS UNDER THE SECURITIES;**
- (D) THE SECURITIES ARE SUBJECT TO A DISRUPTION EVENT (E.G. A CHANGE OF LAW, A TAX EVENT OR DUE TO AN EVENT IN RELATION TO THE UNDERLYING ASSET(S)) OR THE PERFORMANCE OF THE ISSUER'S OBLIGATIONS BECOME UNLAWFUL AND THE SETTLEMENT AMOUNT PAYABLE IS LESS THAN THE INITIAL PURCHASE PRICE; AND**
- (E) THE TERMS AND CONDITIONS OF THE SECURITIES ARE ADJUSTED (IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE SECURITIES) WITH THE RESULT THAT THE AMOUNT PAYABLE TO INVESTORS AND/OR THE VALUATION OF THE SECURITIES IS REDUCED.**

**FOLLOWING AN EARLY REDEMPTION OF THE SECURITIES FOR ANY REASON, INVESTORS MAY BE UNABLE TO REINVEST THE REDEMPTION PROCEEDS AT AN EFFECTIVE YIELD AS HIGH AS THE YIELD ON THE SECURITIES BEING REDEEMED.**

**THE OBLIGATIONS OF THE ISSUER UNDER THE SECURITIES ARE NOT SECURED AND THE SECURITIES ARE NOT PROTECTED BY THE FINANCIAL SERVICES COMPENSATION SCHEME OR ANY OTHER GOVERNMENT OR PRIVATE PROTECTION SCHEME.**

## **2. Risks associated with the valuation, liquidity and settlement of Securities**

### **2.1 Valuation of the Securities: commissions and/or fees**

Investors should be aware that the issue price may include commissions and/or other fees paid by the Issuer to distributors as payment for distribution services, where permitted by law. This can cause a difference between the theoretical value of the Securities and any bid and offer prices quoted by the Issuer, any affiliate or any third party. Information with respect to the amount of these inducements, commissions and fees may be obtained from the Issuer or distributor upon request.

### **2.2 Possible illiquidity of the Securities in the secondary market**

Investors should be aware that a secondary trading market for the Securities may not develop and that, even if a secondary market does develop, it is not possible to predict the prices at which the Securities will trade in such secondary market. Such prices may not accurately reflect the theoretical value of the Securities.

The Issuer is under no obligation to make a market in or to repurchase Securities. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The number of Securities of any series may be relatively small, further adversely affecting the liquidity of such Securities.

## Risk Factors

The Issuer may list Securities on a stock exchange but the fact that Securities are listed will not necessarily lead to greater liquidity. If Securities are not listed or traded on any exchange, pricing information for such Securities may be more difficult to obtain and the liquidity of such Securities may be adversely affected.

The number of Securities outstanding or held by persons other than the Issuer's affiliates could be reduced at any time due to early redemptions of the Securities. Accordingly, the liquidity of the market for the Securities could vary materially over the term of the Securities.

A lack of liquidity in the secondary market for the Securities may have a severely adverse effect on the market value of Securities and may result in investors: (i) being unable to sell their Securities on the secondary market; or (ii) receiving less than the initial price paid for the Securities.

### **2.3 Issue of further Securities**

If additional securities or options with the same characteristics or linked to the same Underlying Asset(s) are subsequently issued, either by the Issuer or another issuer, the supply of securities with such characteristics or linked to such Underlying Asset(s) in the primary and secondary markets will increase and may cause the price at which the relevant Securities trade in the secondary market to decline.

### **2.4 Certain factors affecting the value and trading price of Securities**

The value or quoted trading price of the Securities (including any price quoted by the Issuer) at any time will reflect changes in market conditions and other factors which cannot be predicted in advance, including:

- market interest and yield rates;
- fluctuations in currency exchange rates;
- the time remaining until the Securities mature;
- economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including events affecting capital markets generally or the stock exchanges on which any Securities may be traded;
- the Issuer's creditworthiness or perceived creditworthiness (whether measured by reference to credit ratings or otherwise); and
- the performance of the relevant Underlying Asset(s). In addition, during any period when the Issuer may elect to redeem the Securities, and potentially prior to this period, the market value of the Securities will generally not rise above the price at which they can be redeemed.

These changes may affect the market price of the Securities, including any market price received by an investor in any secondary market transaction and may be: (i) different from the value of the Securities as determined by reference to the Issuer's pricing models; and (ii) less than the issue price. As a result, if investors sell their Securities prior to the scheduled redemption date, they may receive back less than their initial investment or even zero.

Any price quoted by a third party dealer may differ significantly from any price quoted by the Issuer or any of its affiliates. Furthermore, investors who sell their Securities are likely to be charged a commission for such secondary market transaction.

### **2.5 Conditions to settlement**

Payments of any settlement amounts due may be subject to certain conditions to settlement as specified in the terms and conditions of the Securities. If the Issuer or, in the case of French Law Securities and French Cleared Securities, the Issue and Paying Agent determines that any condition to settlement to be satisfied by an investor has not been satisfied in full, payment of the amount payable to such investor will not become due until all such conditions to settlement have been satisfied in full and no additional amounts will be payable by the Issuer because of any resulting delay or postponement.

## 2.6 Change in tax law

Investors should be aware that tax regulations and their application by the relevant taxation authorities are subject to change, possibly with retrospective effect, and that this could negatively affect the value of the Securities. Any such change may cause the tax treatment of the Securities to change from the tax position at the time of purchase and may render the statements in this Base Prospectus concerning the relevant tax law and practice to be inaccurate or insufficient to cover the material tax considerations in respect of the Securities. It is not possible to predict the precise tax treatment which will apply at any given time and changes in tax law may give the Issuer the right to amend the terms and conditions of the Securities, or redeem or cancel the Securities.

## 2.7 US Foreign Account Tax Compliance Withholding

A 30 per cent withholding tax will be imposed on certain payments to certain non-US financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect United States shareholders and/or United States accountholders. United States accountholders subject to such information reporting or certification requirements may include holders of the Securities. See *'Taxation – United States Taxation'*.

## 2.8 Withholding on Dividend Equivalent Payments

The US Treasury Department has issued proposed regulations under section 871(m) of the US Internal Revenue Code of 1986, as amended which address payments contingent on or determined by reference to dividends paid on US equities which could ultimately require the Issuer to treat all or a portion of any payment in respect of the Securities as a 'dividend equivalent' payment that is subject to withholding tax at a rate of 30 per cent (or a lower rate under an applicable treaty). See *'Taxation – United States Taxation'*.

## 2.9 Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published its proposal for a council directive on a common system of financial transaction tax ("FTT") to be implemented by 11 Member States, including France, Germany, Spain, Italy and Portugal. If all participating Member States implement the council directive in their domestic law by 30 September 2013, it is proposed that the FTT will apply from 1 January 2014. As at the date of this Base Prospectus, the United Kingdom is not one of the 11 Member States that is proposing to introduce the FTT.

Under the current proposals, broadly, FTT will be levied on any financial institution (such as banks, investment service providers, credit institutions and pension funds) party to financial transactions which relate to shares, securities and derivatives (on its own account or for the account of another person) and either (i) such shares, securities or derivatives are issued by or (ii) such financial institution is or (iii) such financial institution is not but the other party to the financial transaction is, a person established or resident in a participating Member State. Financial transactions do not include primary market transactions (i.e. subscriptions and issuances of Securities under this Base Prospectus) but do include secondary market transactions (i.e. sales and transfers of Securities subscribed or issued under this Base Prospectus). The current proposals also give both counterparties to a financial transaction joint and several liability for FTT levied on any counterparty that is a financial institution.

Investors of Securities should be therefore be aware that some transactions in relation to the Securities subscribed or issued under this Base Prospectus may be subject to FTT from 1 January 2014 and the cost of FTT may be borne by holders of Securities.

## 2.10 UK 'Bail-in' provisions

On 6 June 2012 the European Commission published a legislative proposal for a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (the 'Recovery and Resolution Directive' or "RRD") the stated aim of which is to provide supervisory authorities, including the relevant UK resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The powers proposed to be granted to supervisory authorities, such as the relevant UK resolution authority, under the draft RRD include (but are not limited to) the introduction of a statutory 'bail-in' power, which would give the relevant UK resolution authority the power to

cancel all or a portion of the principal amount of, or interest due on, the Securities and/or convert all or a portion of the principal amount or interest due into shares or other securities of the Issuer or any third party. Accordingly, any exercise of any UK bail-in power by the relevant UK resolution authority may result in investors losing all or part of the value of their investment (or receiving shares or a different security from the Securities which may be worth significantly less than the Securities). The relevant UK resolution authority may exercise any of its UK bail-in powers without providing any notice to investors.

As the RRD is still in draft form there is considerable uncertainty regarding the specific factors beyond the goals of addressing banking crises pre-emptively and minimising taxpayers' exposure to losses (for example by writing down relevant capital instruments before the injection of public funds into a financial institution) which the relevant UK resolution authority would consider in deciding whether to exercise the UK bail-in power with respect to the relevant financial institution and/or securities such as the Securities, issued by that institution.

Moreover, as the financial criteria that the relevant UK resolution authority would consider in exercising any UK bail-in power may provide it with discretion, the circumstances under which the relevant UK resolution authority would exercise its proposed UK bail-in powers are currently uncertain and investors may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such UK bail-in power. Because the RRD is currently in draft form, there is considerable uncertainty regarding the rights that investors may have to challenge the exercise of any UK bail-in power by the relevant UK resolution authority and, when the final RRD rules are implemented in the UK, investors' rights may be limited.

As well as the UK bail-in power, the powers currently proposed to be granted to the relevant UK resolution authority under the draft RRD include the power to (i) direct the sale of the bank or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the bank to a 'bridge bank' (a publicly controlled entity) and (iii) transfer the impaired or problem assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. There remains significant uncertainty regarding the ultimate nature and scope of these powers and, if ever implemented, how they would affect the Issuer and/or the Securities. Accordingly, it is not yet possible to assess the full impact of the draft RRD on the Issuer and/or investors in Securities, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the relevant UK resolution authority currently contemplated in the draft RRD would not adversely affect the rights of holders of the Securities, the price or value of an investment in the Securities and/or the Issuer's ability to satisfy its obligations under the Securities.

### 2.11 Book-entry securities

Investors who hold Securities in dematerialised and/or uncertificated form ("**Book-Entry Securities**") will not be the legal owners of the Book-Entry Securities and may be exposed to additional costs and expenses.

Rights in the Book-Entry Securities will be held through custodial and depositary links through the relevant clearing systems. This means that investors in Book-Entry Securities:

- will only be able to enforce rights in respect of the Book-Entry Securities indirectly through the intermediary depositaries and custodians; and
- in the event of any insolvency or liquidation of an intermediary, could receive less than they otherwise would have if they had invested directly in the Book-Entry Securities.

In addition, investors may incur fees, charges, costs, taxes, duties and/or other expenses and liabilities in connection with the acquisition, delivery, holding, settlement, transfer or disposal of Book-Entry Securities. These expenses and liabilities, which may vary amongst different investors and will depend on the rules and procedures applicable to the relevant Book-Entry Securities, could reduce an investor's return.

### **3. Risks associated with the features of the Securities**

#### **3.1 Determination**

Any determination by the Issuer or, if applicable, an affiliate of the Issuer, in its capacity as Determination Agent to be determined will, if exercised in a commercially reasonable manner, and in the absence of manifest error, be conclusive and binding on all persons (including, without limitation, the investors), notwithstanding the disagreement of such persons or other financial institutions, rating agencies or commentators. This exercise of such determination could adversely affect the value of the Securities.

#### **3.2 Substitution of the Issuer**

In accordance with the terms and conditions of the Securities, the Issuer may (save in respect of French Law Securities) be substituted as the principal obligor under the Securities by any company which has an equivalent rating of long-term unsecured, unsubordinated and unguaranteed debt obligations from an internationally recognised rating agency. This may impact any listing of the Securities and, in particular, it may be necessary for the substituted issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, investors will become subject to the credit risk of the substitute issuer.

#### **3.3 Amendments to the terms and conditions of the Securities bind all investors in Securities**

The terms and conditions of the Securities may be amended by the Issuer in certain circumstances (such as to cure a manifest error or where the amendment is of a minor or technical nature and/or where such amendment will not materially and adversely affect the interests of investors) without the consent of the investors and in certain other circumstances, with the required consent of a defined majority of the investors. The terms and conditions of the Securities contain provisions for investors to call and attend meetings to vote upon such matters or to pass a written resolution in the absence of such a meeting. Resolutions passed at such a meeting, or passed in writing, can bind all investors, including investors that did not attend or vote, or who do not consent to the amendment.

#### **3.4 Adjustment or early redemption due to certain events**

There are certain Issuer-specific or external events which may impact on the terms and conditions of the Securities or on their redemption, including a change in law, a currency disruption event, an Issuer tax event, (if applicable) hedging disruption and (if applicable) increased cost of hedging (each referred to as an 'Additional Disruption Event').

If an Additional Disruption Event occurs, the Issuer may;

- adjust the terms and conditions of the Securities; or
- elect to redeem the Securities prior to their scheduled redemption date (following which the Issuer shall pay the holder of each Security an amount equal to the Early Cash Settlement Amount of such Securities, or, in respect of certain hedging disruptions, the Early Termination Amount),

in each case, in accordance with the terms and conditions of the Securities.

Any adjustment made to the terms and conditions of the Securities may have a negative effect on the value of the Securities, and any Early Cash Settlement Amount or Early Termination Amount received by investors may be less than their initial investment and could be zero.

In addition, if the Issuer determines that the performance of any of its obligations under the Securities has become illegal, in whole or in part and for any reason, the Issuer may redeem the Securities. In such circumstances, if and to the extent permitted by law, the Issuer shall pay the holder of each Security an amount equal to the Early Cash Settlement Amount of such Securities. Investors should note that any amount received from the Issuer in such circumstances may be less than their initial investment and could be zero.

### **3.5 Issuer event of default**

On an event of default by the Issuer (such as a failure to pay interest or return capital, or if the Issuer is subject to a winding-up order) investors may choose to require immediate redemption of their Securities at the Early Cash Settlement Amount. Any amount received by investors in such circumstances may be less than their initial investment and could be zero.

### **3.6 Costs associated with any early redemption or cancellation of the Securities**

If the Securities are redeemed or cancelled prior to their scheduled redemption date, the Issuer may take into account when determining the relevant settlement amount, and deduct from it, an amount in respect of all costs, losses and expenses (if any) incurred (or expected to be incurred) by or on behalf of the Issuer in connection with the redemption or cancellation of the Securities. Such costs, losses and expenses will reduce the amount received by investors on redemption or cancellation and may reduce the relevant settlement to zero.

### **3.7 The exercise of an Issuer call option or investor put option**

Where the terms and conditions of the Securities provide that the Issuer has the right to call and redeem or cancel the Securities, or the investor has the right to put and redeem or cancel the Securities, then, following the exercise by the Issuer or the investor of such option, an investor will no longer be able to realise his or her expectations for a gain in the value of the Securities or to participate in the performance of any Underlying Asset(s). The yields received upon redemption or cancellation following an Issuer call or an investor put may be lower than expected, and the amount received may be lower than the initial price paid for the Securities and may be zero. Investors should also be aware that there may be additional costs associated with the exercise of an investor put option.

Additionally, the Issuer call option feature is likely to limit the market value of the Securities, as during any period when the Issuer may elect to call and redeem or cancel the Securities, the market value is unlikely to rise substantially above the price at which they can be redeemed or cancelled. This may also be true prior to any redemption or cancellation period.

### **3.8 Minimum Tradable Amounts; minimum nominal amounts**

Where the terms and conditions of the Securities specify a Minimum Tradable Amount consisting of a nominal amount plus one or more integral multiples of another smaller amount, an investor who holds an amount which is less than the Minimum Tradable Amount in its account with the relevant clearing system at the relevant time:

1. will not be able to transfer or sell its holding;
2. may not receive a Definitive Bearer Security in respect of such holding (should Definitive Bearer Securities be printed); and
3. in each case, would need to purchase a nominal amount of Securities such that its holding amounts to such Minimum Tradable Amount to be able to sell or transfer Securities or receive a Definitive Bearer Security.

If Definitive Bearer Securities are issued, investors should be aware that those Securities which have a denomination that is not an integral multiple of any minimum denomination may be illiquid and difficult to trade.

### **3.9 Interest**

The Securities may bear interest at a rate that is contingent upon certain factors and/or may vary from one interest payment date to the next. The interest rate reflected by any given interest payment may be less than the rate that the Issuer (or any other bank or deposit taking institution) may pay in respect of deposits for an equivalent period and may be zero.

If interest payments are contingent upon the performance of an Underlying Asset, investors should be aware of the risk that they may not receive any interest payments if the Underlying Asset does not perform.

### **3.10 Interest rate convertible at the option of the Issuer**

The Securities may bear interest at a rate that may convert, at the option of the Issuer, from a fixed rate to a floating rate or from a floating rate to a fixed rate. Investors will have no control over whether or not this option is exercised by the Issuer. If the Issuer elects to exercise the option, this may affect the market value of the Securities, as the Issuer may have converted the rate to produce a lower overall cost of borrowing. Exercise of the option may result in a lower rate of interest being payable to investors.

### **3.11 The yield associated with Fixed Rate Securities will differ according to the price at which the Securities are purchased**

The indication of yield stated within any Final Terms of Securities applies only to investments made at (as opposed to above or below) the issue price of such Securities. If an investor invests in Securities at a price other than the issue price of the Securities, the yield on that particular investor's investment in the Securities will be different from the indication of yield on the Securities as set out in the Final Terms.

### **3.12 Securities may have foreign exchange risks**

If the terms and conditions of the Securities provide that payment under the Securities will be made in a currency which is different from the currency of the Underlying Asset(s), and/or different from the investor's home currency, the investor in such Securities will be exposed to the performance of such foreign currency or currencies (including if applicable, the relative performance of the settlement currency under the Securities and the currency of the Underlying Asset(s)).

Investors should be aware that foreign exchange rates are highly volatile and are determined by various factors, including supply and demand for currencies in the international foreign exchange markets, economic factors including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility, safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates as well as the availability of a specified currency.

Foreign exchange fluctuations between an investor's home currency and the currency in which payment under the Securities is due may affect investors who intend to convert gains or losses from the exercise or sale of Securities into their home currency and may eventually cause a partial or total loss of the investor's initial investment.

## **4. Risks associated with the Securities being linked to one or more Underlying Asset(s)**

Amounts payable by way of interest in respect of the Securities may be linked to a floating rate or an inflation index, and amounts payable by way of repayment of the Securities may be linked to an inflation index. Any such floating rate or inflation index is referred to as an 'Underlying Asset'.

### **4.1 Value of the Securities is linked to the performance of the Underlying Asset(s)**

Where the terms and conditions of the Securities reference one or more Underlying Asset(s), investors in the Securities are exposed to the performance of such Underlying Asset(s). The price or performance of the Underlying Asset(s) may be subject to unpredictable change over time, which may depend on many factors, including financial, political, military or economic events, government actions and the actions of market participants. Any of these events could have a negative effect on the value of the Underlying Asset(s) which in turn could adversely affect the value of the Securities.

Investors should also refer to '*Risks associated with specific Underlying Assets*' below for specific risks relating to their Securities.

#### **4.2 Past performance of an Underlying Asset is not indicative of future performance**

Any information about the past performance of the Underlying Asset available at the time of issuance of the Securities should not be regarded as indicative of any future performance of such Underlying Asset, or as an indication of the range of, trends or fluctuations in the price or value of the Underlying Asset that may occur in the future. It is therefore not possible to predict the future value of the Securities based on such past performance.

#### **4.3 Investors will have no claim against any Underlying Asset**

Investors will have no claim against any index sponsor or any other third party in relation to an Underlying Asset; such parties have no obligation to act in the interests of investors.

#### **4.4 Hedging**

Investors intending to purchase Securities to hedge against the market risk associated with investing in a product linked to the performance of an Underlying Asset should recognise the complexities of utilising Securities in this manner. Due to fluctuating supply and demand for the Securities and various other factors, investors should be aware of the risk that the value of the Securities may not correlate with movements of the Underlying Asset(s).

#### **4.5 Emerging markets**

Where the Securities are linked, directly or indirectly, to emerging market jurisdictions investors will be exposed to the risks of volatility, governmental intervention and the lack of a developed system of law which are associated with such jurisdictions.

Securities linked indirectly to emerging markets may also be exposed to the risks of economic, social, political, financial and military conditions in such jurisdictions, including, in particular, political uncertainty and financial instability; the increased likelihood of restrictions on export or currency conversion; the greater potential for an inflationary environment; the possibility of nationalisation or confiscation of assets; the greater likelihood of regulation by the national, provincial and local governments, including the imposition of currency exchange laws and taxes; less liquidity in emerging market currency markets as compared to the liquidity in developed markets and less favourable growth prospects, capital reinvestment, resources and self-sufficiency.

A combination of any or all of the risk factors outlined above may have a negative impact on the value of any Underlying Asset linked to emerging markets or on the value of the Securities directly.

### **5. Risks associated with specific Underlying Assets**

#### **5.1 Risks associated with Inflation Indices as Underlying Assets**

Where Securities reference one or more inflation indices, investors are exposed to the performance of such inflation indices, which may be subject to fluctuations that may not correlate with changes in interest rates, currencies or other indices and may not correlate with the rate of inflation experienced by investors in their home jurisdiction. Any payments made under the Securities may be based on a calculation made by reference to an inflation index for a month which is several months prior to the date of payment and therefore could be substantially different from the level of inflation at the time of payment on the Securities.

The interest amounts and/or the redemption amount in respect of inflation-linked Securities shall be adjusted up or down to take into account changes in the level of the relevant inflation index over the life of the Securities. Broadly speaking, in an inflationary environment amounts payable shall be adjusted up and in a deflationary environment amounts payable shall be adjusted down. Investors should note that, in a deflationary environment, the amount of interest payable might be lower than the fixed rate that would have been applicable before such adjustment and the redemption amount may be reduced.

***Alternative valuation following disruption events in respect of indices***

Upon the occurrence of certain events in relation to an inflation index – e.g. the inflation index level has not been published or is discontinued or such inflation index is rebased or materially modified – then, depending on the particular event, the Issuer may:

- determine the level of the inflation index;
- determine a successor to the original inflation index;
- make changes to the level of the rebased index; or
- make adjustments to the inflation index by reference to equivalent determinations, substitutions, changes or adjustments made in respect of the Related Bond specified in the Final Terms or the Fallback Bond selected by the Determination Agent.

Any such event or determination may have an adverse effect on the value of the Securities.

If the inflation index is rebased or materially modified, and no action is taken in respect of the Related Bond or Fallback Bond, the Determination Agent may make changes to the level of the rebased index or make adjustments to the inflation index. Such consequential action by the Determination Agent may have a negative effect on the value of the Securities.

If, on any day on which a valuation is to be made, the level of the inflation index has not been published, and no action to determine a substitute inflation index level has been taken in respect of the Related Bond or Fallback Bond, the Determination Agent shall determine a substitute inflation index level calculated by reference to the latest published level of the inflation index, and such level may differ from the index level (if any) published or announced after the relevant Valuation Date. Such event may have an effect on the valuation of the Securities and on the interest and/or redemption amounts payable.

If an inflation index has been discontinued and no successor index has been determined in respect of the Related Bond or Fallback Bond, but the sponsor of the inflation index has specified a replacement inflation index, the Determination Agent may specify such replacement inflation index to be the successor inflation index in respect of the Securities. Failing that, the Determination Agent shall ask five leading independent dealers to state what the successor inflation index should be and, if a sufficient number of dealers state the same inflation index, such index shall be the successor. If an insufficient number of dealers state the same inflation index, the Determination Agent shall determine a successor. Such events may have an effect on the valuation of the Securities and on the interest and/or redemption amounts payable.

***Early redemption of the Securities and reinvestment risk following such early redemption***

If the Determination Agent determines that an inflation index has been discontinued and there is no appropriate alternative successor index, the Determination Agent may redeem the Securities prior to their scheduled redemption date in accordance with the terms and conditions of the Securities. In the event of such early redemption the Issuer will repay the Early Cash Settlement Amount. Investors should note that any Early Cash Settlement Amount may be less than their initial investment and could be zero.

**5.2 Risks associated with interest rates as Underlying Assets**

The performance of interest rates is dependent upon a number of factors, including supply and demand on the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors.

***Determination of a floating rate using a Screen Rate***

If, on any day on which a valuation or determination in respect of a Reference Rate is to be made, the relevant Reference Rate is not available, the Determination Agent shall request four banks in the relevant market to provide an offered quotation for the relevant Reference Rate. If two or more quotations are obtained, such quotations shall be used to determine the floating rate to be used for

calculating interest payable for the relevant period. If less than two quotations are obtained, the Determination Agent shall use previously published quotation(s) for the Reference Rate to determine the floating rate to be used. Determining the floating rate in this manner may result in a reduction of the amount of interest payable to investors from what was previously expected.

***Proposals to reform LIBOR***

A change in the method of calculation or discontinuance of the London Inter-Bank Offered Rate ("**LIBOR**"), which is a floating rate, could have a negative impact on the value of any Securities where any interest payment is linked in whole, or in part, to LIBOR ("**LIBOR-linked Securities**"). The current administrator of LIBOR is the British Bankers' Association ("**BBA**"), but there are proposals to replace the BBA in such role. Any new administrator of LIBOR may make methodological changes that could adversely affect the value of LIBOR-linked Securities. Any new administrator of LIBOR may also discontinue or suspend calculation or dissemination of LIBOR. No administrator of LIBOR will have any obligation to any investor in respect of LIBOR-linked Securities and as such, the administrator may take actions in respect of LIBOR that could have a negative effect on the value of LIBOR-linked Securities.

In addition, the proposals suggest reducing the number of currencies and tenors for which LIBOR is calculated. If the rate of interest on the Securities is calculated with reference to a discontinued tenor or currency, this could result in the rate of interest being lower than anticipated and have a negative effect on the value of the LIBOR-linked Securities.

The proposals to reform LIBOR include forcing more banks to provide LIBOR submissions and basing these submissions on data from actual transactions. This may cause LIBOR to be more volatile than it has been in the past which may adversely affect the value of the LIBOR-linked Securities.

***The potential for the amount of interest payable under the Securities to increase may be limited***

Where the Conditions of Floating Rate Securities provide that an interest rate is subject to a cap (in which case a 'Cap Rate' will be specified in the Final Terms), an investor's ability to participate in any change in the value of the relevant floating rate over the life of the Securities will be limited, no matter how much the level of the interest rate calculated by reference to the floating rate rises above the Cap Rate over the life of the Securities. Accordingly, an investor's return on the Securities may be significantly less than if the investor had exposure to the floating rate directly.

**6. Risks associated with the Issuer's ability to fulfil its obligations under the Securities**

***Investors in Securities are exposed to the creditworthiness of the Issuer***

The Securities are direct, unsecured and unsubordinated obligations of the Issuer and will rank equally among themselves. Any payments to be made by the Issuer under the Securities are dependent upon the Issuer's ability to fulfil its obligations when they fall due. Investors are therefore exposed to the creditworthiness of the Issuer and any deterioration in the Issuer's creditworthiness or perceived creditworthiness (whether measured by actual or anticipated changes in the credit ratings of the Issuer) may adversely affect the value of the Securities.

The Issuer is a major, global financial services company and, as such, faces a variety of risks that are substantial and inherent in its businesses, and which may affect its ability to fulfil its payment, delivery or other obligations under the relevant Securities. These risks include liquidity risk, market risk, credit risk, operational risk, reputational risk, legal, regulatory and compliance risks, litigation and other contingent liabilities, competition risks, the financial condition of clients, customers and counterparties, adverse economic, monetary, political or legal developments, cross-border and foreign exchange risk, catastrophic events, risks from estimates and valuations and risks relating to strategy.

***Credit Risk: The financial condition of the Issuer's customers, clients and counterparties, including other financial institutions, could adversely affect the Issuer***

The Issuer is exposed to the risk of suffering loss if any of its customers, clients or market counterparties fails to fulfil its contractual obligations. The Issuer may also suffer loss where the downgrading of an entity's credit rating causes a fall in the value of the Issuer's investment in that entity's financial instruments. In addition, the Issuer may incur significant unrealised gains or losses

due solely to changes in the Issuer's credit spreads or those of third parties, as these changes may affect the fair value of the Issuer's derivative instruments and the debt securities that the Group holds or issues. Weak or deteriorating economic conditions negatively impact these counterparty and credit-related risks. In recent times, the economic environment in the Issuer's main business markets (being Europe and the United States) have been marked by generally weaker than expected growth, increased unemployment, depressed housing prices, reduced business confidence, rising inflation and contracting GDP. Operations in the Eurozone remain affected by the ongoing sovereign debt crisis, the stresses being exerted on the financial system and the risk that one or more countries may exit the Euro. The current absence of a predetermined mechanism for a member state to exit the Euro means that it is not possible to predict the outcome of such an event and to accurately quantify the impact of such event on the Issuer's profitability, liquidity and capital. If some or all of these conditions persist or worsen, they may have a material adverse effect on the Issuer's operations, financial condition and prospects.

***Legal and regulatory related risks: The Issuer operates within a highly regulated industry, and the Issuer's businesses and results are significantly affected by the laws and regulations to which it is subject***

As a global financial services firm, the Issuer is subject to extensive and comprehensive regulation under the laws of the various jurisdictions in which it does business. These laws and regulations significantly affect the way that the Issuer does business, and can restrict the scope of its existing businesses and limit its ability to expand its product offerings or to pursue acquisitions, or can make its products and services more expensive for clients and customers. Non-compliance by the Issuer with applicable laws, regulations and codes relevant to the financial services industry could lead to fines and/or substantial monetary damages, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

Other significant legal risks faced by the Issuer include the risk that key contractual or intellectual property rights are not adequately protected or are not enforced as originally expected, as well as the risk from regulatory investigations and proceedings and private actions brought by third parties. The nature of any future disputes and legal or regulatory investigations or proceedings, and the likelihood of their occurring, cannot be predicted in advance. Furthermore, the outcome of any on-going disputes and legal or regulatory investigations or proceedings is difficult to predict. However, it is likely that in connection with any such on-going and future matters the Group will incur significant expense and one or more of them could expose the Issuer to substantial monetary damages; other penalties and injunctive relief; potential regulatory restrictions on the Group's business; and/or negative effect on the Group's reputation. Where provisions have already been taken for on-going matters these are based on the best currently available information, however the appropriate level of provisions are kept under on-going review and there is a risk that provisions may need to be increased to the extent that experience with any such matters is not in line with management estimates.

***Market Risk: The Issuer's financial position may be adversely affected by changes in both the level and volatility of prices (for example, interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates)***

Market risk is the risk of the Issuer's earnings or capital being reduced due to volatility of trading book positions or an inability to hedge the banking book balance sheet. The Issuer is at risk from its earnings or capital being reduced due to: (i) changes in the level or volatility of positions in its trading books. This includes changes in interest rates, inflation rates, credit spreads, property prices, commodity prices, equity and bond prices and foreign exchange levels; (ii) the Issuer being unable to hedge its banking book balance sheet at prevailing market levels; and (iii) the Issuer's defined pensions benefit obligations increasing or the value of the assets backing these defined pensions benefit obligations decreasing due to changes in both the level and volatility of prices.

Market risk could lead to significantly lower revenues and adversely affect the Issuer's results of operations in future years.

***Funding Risk: If the Issuer does not effectively manage its liquidity (liquidity risk) and capital ratios (capital risk) its business could suffer***

## Risk Factors

Funding risk comprises capital risk, liquidity risk and structural risk. Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due resulting in: an inability to support normal business activity, a failure to meet liquidity regulatory requirements; and/or credit rating downgrades. The Issuer is exposed to the risk that it may be unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. These outflows could be principally through customer withdrawals, wholesale counterparties removing financing, collateral posting requirements or loan draw-downs. Any credit rating downgrade as a result of funding constraints in turn could result in further contractual outflows due to collateral posting and potentially loss of unsecured funding.

Capital risk is the risk that the Group is unable to maintain appropriate capital ratios, which could lead to: an inability to support business activity; a failure to meet regulatory requirements; and/or credit rating downgrades, which could also result in increased costs or reduced capacity to raise funding.

In particular, there have been a number of regulatory developments that impact the Issuer's capital requirements; most significantly, Basel 3, which is planned to be adopted into EU law through the fourth Capital Requirements Directive (CRD IV) and Capital Requirements Regulation which have not yet been published. Additional capital requirements may arise from other proposals including the recommendations of the UK Independent Commission on Banking, including with respect to 'ring-fencing' separately the trading and non-trading businesses of banks: The Financial Services (Banking Reform) Bill; EU Review; and, section 165 of the Dodd-Frank Act. Increased capital requirements and changes to what is defined to constitute capital may constrain the Issuer's planned activities and could increase costs and contribute to adverse impacts on the Issuer's earnings. In addition, these laws could result in changes to the structure of Barclays, and an increase in the amount of loss-absorbing capital issued by Barclays which could have an adverse impact on profitability, return on equity and financial condition.

Structural risk predominantly arises from the impact on the Issuer's balance sheet of changes in primarily interest rates on income or foreign exchange rates on capital ratios and is, therefore, difficult to predict with any accuracy and may have a material adverse effect on the Issuer's results of operations, financial condition and prospects.

### ***Reputation Risk: Damage to the Issuer's reputation could damage its businesses***

Reputational damage can result from the actual or perceived manner in which the Issuer conducts its business activities, from its financial performance, or from actual or perceived practices in the banking and financial industry. Such reputational damage reduces – directly or indirectly – the attractiveness of the Issuer to stakeholders and may lead to negative publicity, loss of revenue, litigation, regulatory or legislative action, loss of existing or potential client business, reduced workforce morale, and difficulties in recruiting talent. Sustained reputational damage could have a materially negative impact on our licence to operate and the value of the Issuer's franchise, which in turn could negatively affect the Issuer's profitability and financial condition.

### ***Infrastructure Resilience, Technology and Cyberspace risk could materially adversely affect the Issuer's operations***

The Issuer is exposed to risks to its infrastructure resilience and maintaining a banking infrastructure which allows its customers to access their accounts and make payments in a timely fashion. Any disruption in a customer's access to their account information or delays in making payments will have a significant impact on the Issuer's performance and reputation. Furthermore, there is a growing threat of attacks to the Issuer's systems, customers and the Group's information held on customers and transactions processed through these systems from individuals or groups via cyberspace. Risks to technology and cybersecurity change rapidly and require continued focus and investment. Failure to protect against such risks may lead to significant financial and legal exposure.

### ***Transform Programme***

The Group, as a part of its strategic review and 'Transform Programme', is seeking to restructure its European retail operations to focus on the mass affluent customer segment, manage risk weighted assets more efficiently through run-off of legacy assets in Europe and reduce total costs significantly across the Group. As a result, the Group expects to incur significant restructuring charges and costs

associated with implementing the strategic plan. The development and implementation of the restructuring requires difficult, subjective and complex judgements including forecasts of economic conditions in various parts of the world. Failure to successfully implement the Transform Programme could have a material adverse effect on the expected benefits of the Transform Programme and there is a risk the costs associated with implementing the scheme may be higher than the current expectations for its success.

***Taxation risk could materially adversely affect the Issuer's operations***

The Issuer may suffer losses arising from additional tax charges, other financial costs or reputational damage due to: failure to comply with or correctly assess the application of relevant tax law; failure to deal with the tax authorities in a timely, transparent and effective manner; incorrect calculation of tax estimates for reported and forecast tax numbers; or provision of incorrect tax advice.

***The Issuer is affected by risks affecting its parent company***

The Issuer is also affected by risks affecting its parent company, Barclays PLC. Risks that affect Barclays PLC can also affect the Issuer as there is substantial overlap in the businesses of the Issuer and Barclays PLC. Further, the Issuer can be negatively affected by risks and other events affecting Barclays PLC even where the Issuer is not directly affected. For example, where Barclays PLC's reputation is damaged, the Issuer's reputation would likely also be damaged which could negatively affect the Issuer.

For more information on the risks outlined in this paragraph 6, including information relating to the Issuer's framework for managing risks, please see the section 'Risk Management' in the joint Annual Report of the Issuer and Barclays PLC, as filed with the US Securities and Exchange Commission on Form 20-F (the "**Joint Annual Report**"), from page 69 to page 160, which is incorporated by reference herein.

**7. Risks associated with conflicts of interest**

**7.1 Conflicts between the Issuer and investors**

The Issuer and its affiliates may engage in trading and market-making activities and may hold long or short positions in instruments or derivative products based on or related to the relevant Underlying Asset(s) for their proprietary accounts or for other accounts under their management. To the extent that the Issuer, directly or through its affiliates, serves as issuer, agent, manager, sponsor or underwriter of such instruments, its interests with respect to such products may be adverse to those of the investors.

In connection with the offering of the Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Underlying Asset(s) or related derivatives. In connection with such hedging activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in derivatives related to the Underlying Asset(s) which may, but are not intended to, affect the market price, liquidity or value of the Securities and which could be adverse to the interests of investors. The Issuer and/or any of its affiliates may pursue such hedging or related derivatives actions and take such steps as they deem necessary or appropriate to protect their interests without regard to the consequences for any investor.

Certain affiliates of the Issuer may from time to time, by virtue of their status as underwriter, adviser or otherwise, possess or have access to information relating to the Securities, the Underlying Asset(s) and any derivative instruments referencing them. Such affiliates will not be obliged to and will not disclose any such information to an investor of Securities.

**7.2 Determination Agent and conflicts of interest**

As the Determination Agent may be either the Issuer or an affiliate of the Issuer, potential conflicts of interest may exist between the Determination Agent and investors, including with respect to the exercise of certain powers that the Determination Agent has. The Determination Agent has the authority: (i) to determine whether certain specified events relating to Securities have occurred, and (ii) to determine any resulting adjustments and calculations to be made to the Securities as a result of the

## Risk Factors

occurrence of such events. Any determination made by the Determination Agent may adversely affect the value of the Securities.

**INFORMATION INCORPORATED BY REFERENCE**

The following information has been filed with the FCA and shall be incorporated in, and form part of, this Base Prospectus:

- the unaudited Interim Management Statement of Barclays PLC as filed with the SEC on Form 6-K on Film Number 13779449 on 24 April 2013 in respect of the three months ended 31 March 2013;
- the sections set out below from the joint Annual Report of the Issuer and Barclays PLC, as filed with the US Securities and Exchange Commission (the "SEC") on Form 20-F in respect of the years ended 31 December 2011 and 31 December 2012 (the "**Joint Annual Report**"):

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Independent Registered Public Accounting Firm's report for Barclays Bank PLC in respect of the years ended 31 December 2011 and 31 December 2012	347
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- the Annual Reports of the Issuer containing the audited consolidated financial statements of the Issuer in respect of the years ended 31 December 2011 (the "**2011 Issuer Annual Report**") and 31 December 2012 (the "**2012 Issuer Annual Report**"), respectively.

The Issuer has applied International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and as adopted by the European Union (the "**EU**") in the financial statements incorporated by reference above. An overview of the significant accounting policies for the Issuer is included in the 2011 Issuer Annual Report and the 2012 Issuer Annual Report.

The above documents may be inspected: (i) during normal business hours at the registered office of the Issuer; (ii) at <http://group.barclays.com/about-barclays/investor-relations/results-announcements>; and (iii) at the specified office of the Issue and Paying Agent as described in the section entitled 'General Information'.

Any information contained in any of the documents specified above which is not incorporated by reference in the Base Prospectus is either not relevant for investors for the purposes of Article 5(1) of the Prospectus Directive or is covered elsewhere in the Base Prospectus.

## INFORMATION RELATING TO THE ISSUER

*This section provides a description of the Issuer's business activities as well as certain financial information in respect of the Issuer.*

### **The Issuer and the Group**

The Issuer is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Issuer is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Issuer was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Issuer was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'.

The Issuer and its subsidiary undertakings (taken together, the "**Group**") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, United States, Africa and Asia. The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of the Issuer are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term obligations of the Issuer are rated A+ by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2012, the Group had total assets of £1,490,747 million (2011: £1,563,402 million), total net loans and advances of £466,627 million (2011: £478,726 million), total deposits of £462,806 million (2011: £457,161 million), and total shareholders' equity of £62,894 million (2011: £65,170 million) (including non-controlling interests of £2,856 million (2011: £3,092 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2012 was £99 million (2011: £5,974 million) after credit impairment charges and other provisions of £3,596 million (2011: £3,802 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2012.

Total net loans and advances include balances relating to both bank and customer accounts.

Total deposits include deposits from bank and customer accounts.

*Investors should have regard to the Issuer and group disclosure set out in the Joint Annual Report (each as defined in the section of this Base Prospectus entitled 'Information Incorporated by Reference').*

### **Acquisitions, Disposals and Recent Developments**

#### *Strategic combination of Barclays Africa with Absa Group Limited*

On 6 December 2012, the Issuer announced that it had agreed to combine the majority of its Africa operations (the "**Portfolio**") with Absa Group Limited ("**Absa**"). The proposed strategic combination will be effected by way of an acquisition by Absa of Barclays Africa Limited, the proposed holding company of the Portfolio, for a consideration of 129,540,636 Absa ordinary shares (representing a value of approximately £1.3 billion for Barclays Africa Limited). As a result of the transaction, the Issuer's stake in Absa will increase from 55.5 per cent to 62.3 per cent. The proposed combination is expected to complete in the first half of 2013, subject to fulfilment of conditions precedent, including regulatory approvals across the affected jurisdictions.

#### *Acquisition of ING Direct UK*

On 9 October 2012, the Issuer announced that it had agreed to acquire the deposits, mortgages and business assets of ING Direct UK. Under the terms of the transaction, which completed on 5 March

2013, the Issuer acquired, amongst other business assets a deposit book with balances of approximately £11.4 billion and a mortgage book with outstanding balances of approximately £5.3 billion.

*Disposal of stake in BlackRock, Inc.*

On 22 May 2012, the Issuer announced that it had agreed to dispose of the Issuer's entire holding in BlackRock, Inc. ("**BlackRock**") pursuant to an underwritten public offer and a partial buy-back by BlackRock. On disposal, the Issuer received net proceeds of approximately US\$ 5.5 billion (£3.5 billion).

*Impact of Strategic Review*

On 12 February 2013, the Issuer announced the outcome of its strategic review. As a result of certain commitments made in the review, the Issuer incurred a restructuring charge of approximately £514 million in the first quarter of 2013 and expects to incur costs associated with implementing the restructuring plan of £1 billion in 2013, £1 billion in 2014 and £0.7 billion in 2015.

**Competition and Regulatory Matters**

*Regulatory change*

There is continuing political and regulatory scrutiny of the banking industry which, in some cases, is leading to increased or changing regulation which is likely to have a significant effect on the industry.

On 4 February 2013, the UK Government introduced the Services (Banking Reform) Bill (the "**Bill**") to the House of Commons. The Bill would give the UK authorities the powers to implement the key recommendations of the Independent Commission on Banking by requiring, amongst other things, that: (i) the separation of the UK and EEA retail banking activities of UK banks in a legally distinct, operationally separate and economically independent entity (so-called 'ring-fencing'); and (ii) the increase of the loss-absorbing capacity of ring-fenced banks and UK-headquartered global systemically important banks to levels higher than the Basel 3 guidelines. The Bill would also give depositors protected under the Financial Services Compensation Scheme preference if a bank enters insolvency. At the same time, the UK Government announced that it will be bringing forward amendments to the Bill to establish a reserve power allowing the regulator, with approval from the UK Government, to enforce full separation under certain circumstances. The UK Government is expected to publish draft secondary legislation by late summer this year. The UK Government intends that primary and secondary legislation will be in place by the end of this Parliament (May 2015) and that UK banks will be required to be compliant by 1 January 2019.

The US Dodd-Frank Wall Street Reform and Consumer Protection Act contains far reaching regulatory reform including potential reform of the regulatory regime for foreign banks operating in the US which may, amongst other things, require the US subsidiaries of foreign banks to be held under a US intermediate holding company subject to a comprehensive set of prudential and supervisory requirements in the US. The full impact on the Issuer's businesses and markets will not be known until the principal implementing rules are adopted in final form by governmental authorities, a process which is under way and which will take effect over several years.

*Interchange*

The Office of Fair Trading, as well as other competition authorities elsewhere in Europe, continues to investigate Visa and MasterCard credit and debit interchange rates. These investigations may have an impact on the consumer credit industry as well as having the potential for the imposition of fines. The timing of these cases is uncertain and it is not possible to provide an estimate of the potential financial impact of this matter on the Issuer.

*London Interbank Offered Rate*

The FCA, the US Commodity Futures Trading Commission (the "**CFTC**"), the SEC, the US Department of Justice Fraud Section (the "**DOJ-FS**") and Antitrust Division, the European Commission, The UK Serious Fraud Office and various US state attorneys general are amongst various authorities conducting investigations (the 'Investigations') into submissions made by the Issuer and

## Information Relating to the Issuer

other panel members to the bodies that set various interbank offered rates, such as the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**").

On 27 June 2012, the Issuer announced that it had reached settlements with the FCA, the CFTC and the DOJ-FS in relation to their Investigations and the Issuer has agreed to pay total penalties of £290 million (pounds sterling equivalent), which have been reflected in operating expenses for 2012. The settlements were made by entry into a Settlement Agreement with the FCA, a Non-Prosecution Agreement ("**NPA**") with the DOJ-FS and a Settlement Order Agreement with the CFTC. In addition, the Issuer has been granted conditional leniency from the Antitrust Division of the Department of Justice in connection with potential US antitrust law violations with respect to financial instruments that reference EURIBOR.

The terms of the Settlement Agreement with the FCA are confidential. However, the Final Notice of the FCA, which imposed a financial penalty of £59.5 million, is publicly available on the website of the FCA. This sets out the reasoning of the FCA for the penalty, references the settlement principles and sets out the factual context and justification for the terms imposed. Summaries of the NPA and the CFTC Order are set out below. The full text of the NPA and the CFTC Order are publicly available on the websites of the DOJ and the CFTC, respectively.

In addition to a US\$ 200 million civil monetary penalty, the CFTC Order requires the Issuer to cease and desist from further violations of specified provisions of the US Commodity Exchange Act and take specified steps to ensure the integrity and reliability of its benchmark interest rate submissions, including LIBOR and EURIBOR, and improve related internal controls. Amongst other things, the CFTC Order requires the Issuer to:

- make its submissions based on certain specified factors, with the Issuer's transactions being given the greatest weight, subject to certain specified adjustments and considerations;
- implement firewalls to prevent improper communications including between traders and submitters;
- prepare and retain certain documents concerning submissions and retain relevant communications;
- implement auditing, monitoring and training measures concerning its submissions and related processes;
- make regular reports to the CFTC concerning compliance with the terms of the CFTC Order;
- use best efforts to encourage the development of rigorous standards for benchmark interest rates; and
- continue to cooperate with the CFTC's ongoing investigation of benchmark interest rates.

As part of the NPA, the Issuer agreed to pay a US\$ 160 million penalty. In addition, the DOJ agreed not to prosecute the Issuer for any crimes (except for criminal tax violations, as to which the DOJ cannot and does not make any agreement) related to the Issuer's submissions of benchmark interest rates, including LIBOR and EURIBOR, contingent upon the Issuer's satisfaction of specified obligations under the NPA. In particular, under the NPA, the Issuer agreed for a period of two years from 26 June 2012, amongst other things, to:

- commit no United States crime whatsoever;
- truthfully and completely disclose non-privileged information with respect to the activities of the Issuer, its officers and employees, and others concerning all matters about which the DOJ inquires of it, which information can be used for any purpose, except as otherwise limited in the NPA;
- bring to the DOJ's attention all potentially criminal conduct by the Issuer or any of its employees that relates to fraud or violations of the laws governing securities and commodities markets; and

- bring to the DOJ's attention all criminal or regulatory investigations, administrative proceedings or civil actions brought by any governmental authority in the United States by or against the Issuer or its employees that alleges fraud or violations of the laws governing securities and commodities markets.

The Issuer also agreed to cooperate with the DOJ and other government authorities in the United States in connection with any investigation or prosecution arising out of the conduct described in the NPA, which commitment shall remain in force until all such investigations and prosecutions are concluded. The Issuer also continues to cooperate with the other ongoing investigations.

It is not practicable to provide an estimate of the financial impact of these matters or what effect, if any, that the matters might have upon operating results, cash flows or the Issuer's financial position in any particular period.

Please see 'Legal Proceedings — LIBOR Civil Actions' for a discussion of litigation arising in connection with the Investigations.

#### *Interest Rate Hedging Product Redress*

On 29 June 2012, the FCA announced that it had reached agreement with a number of UK banks, including the Issuer, 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. During the second half of 2012, the Issuer completed a pilot review of a sample of individual cases. On 31 January 2013, the FCA issued a report on the findings of the pilot, along with those conducted by a number of other banks. The report included a number of changes and clarifications to the requirements under which the main review and redress exercise should be conducted. The Issuer has agreed to conduct the exercise in line with the approach set out in this report and will commence shortly. Our current analysis suggests that there are approximately 4,000 private or retail classified customers to which interest rate hedging products were sold within the relevant timeframe, of which approximately 3,000 are likely to be categorised as non-sophisticated under the terms of the agreement.

As at 30 June 2012, a provision of £450 million was recognised, reflecting management's initial estimate of future redress to customers categorised as non-sophisticated and related costs. As at 31 December 2012, an additional provision of £400 million was recognised, reflecting the results of the pilot review, an updated estimate of administrative costs and the greater clarity afforded by the implementation requirements agreed with the FCA. The provision recognised in the balance sheet as at 31 December 2012 is £814 million, after utilisation of £36 million during 2012, primarily related to administrative costs. During the first quarter of 2013 a further £55 million of the provision was utilised. The provision reflects the Issuer's best current estimate of the ultimate cost.

The pilot exercise provides the best currently available information upon which to base an estimate. However, the ultimate cost of the exercise will depend on the extent and nature of redress payable across the impacted population. This will be impacted by a number of factors, including:

- the number of customers for which the Issuer is deemed not to have complied with relevant regulatory requirements at the time of sale;
- the nature of any redress offered by the Issuer, in particular whether existing products are terminated or replaced with alternative products; and
- the level of reasonably foreseeable consequential loss payable.

The appropriate provision level will be kept under ongoing review as the main redress and review exercise progresses.

#### *Payment Protection Insurance Redress*

On 20 April 2011, the judicial review proceedings brought by the British Bankers' Association in October 2010 against the FSA (as predecessor to the FCA) and the Financial Ombudsman Service regarding assessment and redress of payment protection insurance ("PPI") complaints were dismissed. On 9 May 2011, the Issuer announced that it would not be participating in any application for permission to appeal against the High Court judgment and that the Issuer had agreed with the FSA that

## Information Relating to the Issuer

it would process all on-hold and any new complaints from customers about PPI policies that they hold. The Issuer also announced that, as a goodwill gesture, it would pay out compensation to customers who had PPI complaints put on hold during the judicial review. The Issuer took a provision of £1 billion in the second quarter of 2011 to cover the cost of future redress and administration. On 26 April 2012, 18 October 2012 and 5 February 2013, following an increase in PPI complaint volumes, the Issuer announced that it had increased the provision by a further £300 million, £700 million and £600 million, respectively.

The Group will continue to monitor actual claims volumes and the assumptions underlying the calculation of its PPI provision. It is possible that the eventual costs may materially differ to the extent that experience is not in line with management estimates.

### *FERC Investigation*

The United States Federal Energy Regulatory Commission (the "**FERC**") Office of Enforcement has been investigating the Group's power trading in the western US with respect to the period from late 2006 through 2008. On 31 October 2012, the FERC issued a public Order to Show Cause and Notice of Proposed Penalties ("**Order and Notice**") against the Issuer in relation to this matter. In the Order and Notice the FERC asserts that the Issuer violated the FERC's Anti-Manipulation Rule by manipulating the electricity markets in and around California from November 2006 to December 2008. The FERC is proposing that the Issuer pay a US\$ 435 million civil penalty and disgorge an additional US\$ 34.9 million of profits plus interest. The Issuer intends to vigorously defend this matter.

### *Other Regulatory Investigations*

The FCA and the Serious Fraud Office are both investigating certain commercial agreements between the Issuer and Qatari interests and whether these may have related to the Issuer's capital raisings in June and November 2008. The FCA investigation involves four current and former senior employees, including Chris Lucas, Group Finance Director as well as the Issuer. The FCA enforcement investigation began in July 2012 and the Serious Fraud Office commenced its investigation in August 2012.

In October 2012 the Issuer was informed by the US Department of Justice and the US Securities and Exchange Commission that they had commenced an investigation into whether the Group's relationships with third parties who assist the Issuer to win or retain business are compliant with the United States Foreign Corrupt Practices Act.

The Issuer is co-operating with all the authorities fully. It is not possible to estimate the financial impact upon the Issuer should any adverse findings be made.

## **Directors**

The Directors of the Issuer, each of whose business address is 1 Churchill Place, London E14 5HP, United Kingdom, their functions in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

Name	Function(s) within the Group	Principal outside activities
Sir David Walker	Chairman	-
Antony Jenkins	Group Chief Executive	-
Chris Lucas	Group Finance Director	-
David Booth	Non-Executive Director	Director, East Ferry Investors Inc
Tim Breedon	Non-Executive Director	Non-Executive Director, Ministry of Justice
Fulvio Conti	Non-Executive Director	Chief Executive Officer, Enel SpA; Director, AON Corporation; Independent

		Director, RCS MediaGroup S.p.A
Simon Fraser	Non-Executive Director	Non-Executive Director, Fidelity Japanese Values Plc and Fidelity European Values Plc; Chairman, Foreign & Colonial Investment Trust PLC; Chairman, Merchants Trust PLC; Non-Executive Director, Ashmore Group PLC
Reuben Jeffery III	Non-Executive Director	Senior Adviser, Center for Strategic & International Studies; Chief Executive Officer, Rockefeller & Co., Inc.
Dambisa Moyo	Non-Executive Director	Non-Executive Director, SABMiller plc; Non-Executive Director, Barrick Gold Corporation
Sir Michael Rake	Deputy Chairman and Senior Independent Director	Chairman, BT Group PLC; Director, McGraw-Hill Companies
Sir John Sunderland	Non-Executive Director	Chairman, Merlin Entertainments Group; Non-Executive Director, AFC Energy plc
Diane de Saint Victor	Non-Executive Director	General Counsel, Company Secretary and a member of the Group Executive Committee of ABB Limited

No potential conflicts of interest exist between any duties to the Issuer of the Directors listed above and their private interests or other duties.

### Employees

As at 31 December 2012, the total number of persons employed by the Group (full time equivalents) was 139,200 (2011: 141,100).

### Legal Proceedings

#### *Lehman Brothers*

On 15 September 2009, motions were filed in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") by Lehman Brothers Holdings Inc. ("**LBHI**"), the SIPA Trustee for Lehman Brothers Inc. (the "**Trustee**") and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc. (the "**Committee**"). All three motions challenged certain aspects of the transaction pursuant to which Barclays Capital Inc. ("**BCI**") and other companies in the Group acquired most of the assets of Lehman Brothers Inc. ("**LBI**") in September 2008 and the court order approving such sale (the "**Sale**"). The claimants were seeking an order voiding the transfer of certain assets to BCI; requiring BCI to return to the LBI estate alleged excess value BCI received; and declaring that BCI is not entitled to certain assets that it claims pursuant to the sale documents and order approving the Sale (the "**Rule 60 Claims**"). On 16 November 2009, LBHI, the Trustee and the Committee filed separate complaints in the Bankruptcy Court asserting claims against BCI based on the same underlying allegations as the pending motions and seeking relief similar to that which is requested in the motions. On 29 January 2010, BCI filed its response to the motions and also filed a motion seeking delivery of certain assets that LBHI and LBI have failed to deliver as required by the sale documents and the court order approving the Sale (together with the Trustee's competing claims to those assets, the "**Contract Claims**"). Approximately US\$ 4.5 billion (£2.8 billion) of the assets acquired as part of the acquisition had not been received by 31 December 2012, approximately US\$ 3.0 billion (£1.9 billion) of which were recognised as part of the accounting for the acquisition and are included in the balance sheet as at 31 December 2012. This results in an effective provision of US\$ 1.5 billion (£0.9 billion) against the uncertainty inherent in the litigation and issues relating to the recovery of certain assets held by institutions outside the United States.

## Information Relating to the Issuer

On 22 February 2011, the Bankruptcy Court issued its Opinion in relation to these matters, rejecting the Rule 60 Claims and deciding some of the Contract Claims in the Trustee's favour and some in favour of BCI. On 15 July 2011, the Bankruptcy Court entered final Orders implementing its Opinion. BCI and the Trustee each appealed the Bankruptcy Court's adverse rulings on the Contract Claims to the United States District Court for the Southern District of New York (the "**District Court**"). LBHI and the Committee did not pursue an appeal from the Bankruptcy Court's ruling on the Rule 60 Claims. After briefing and argument, the District Court issued its Opinion on 5 June 2012 in which it reversed one of the Bankruptcy Court's rulings on the Contract Claims that had been adverse to BCI and affirmed the Bankruptcy 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 appealed 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) US\$ 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 US\$ 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) US\$ 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 Base Prospectus, the Issuer cannot reliably estimate how much of the ETD Margin held or owed by such institutions BCI is ultimately likely to receive. Further, the Issuer cannot reliably estimate (as at the date of this Base Prospectus) if and to the extent the Trustee will have assets remaining available to it to pay BCI the US\$ 507 million (£0.3 billion) in respect of ETD Margin or the US\$ 769 million (£0.5 billion) in respect of LBI's 15c3-3 reserve account assets after satisfying all of LBI's customer claims. In this regard, the Trustee announced in October 2012 that if his proposed settlement agreements with LBHI and with the administrator for the liquidation of Lehman Brothers Inc. (Europe) are approved by the relevant courts, then the Trustee should be in position to satisfy all customer claims and make meaningful distributions to creditors (without having to use any of the assets that BCI claims). If the District Court's rulings were to be unaffected by future proceedings, 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 US\$ 507 million (£0.3 billion) in respect of ETD Margin or the US\$ 769 million (£0.5 billion) in respect of LBI's 15c3-3 reserve account assets, the Issuer estimates its loss would be approximately US\$ 0.9 billion (£0.5 billion). Under the same scenario, but assuming the Trustee's proposed settlement agreements with LBHI and the administrator for the liquidation of Lehman Brothers Inc. (Europe) are implemented, and result in the receipt by BCI of the US\$ 507 million ETD Margin and US\$ 769 million in respect of the 15c3-3 reserve account assets, the Issuer estimates its profit would be approximately US\$ 0.4 billion (£0.2 billion) plus the value of any recovery of the ETD Margin held or owed by institutions outside of the United States. In this context, the Issuer is satisfied with the valuation of the asset recognised on its balance sheet and the resulting level of effective provision.

### *American Depositary Shares*

The Issuer, Barclays PLC and various current and former members of Barclays PLC's Board of Directors have been named as defendants in five proposed securities class actions (which have been consolidated) pending in the United States District Court for the Southern District of New York (the "**Court**"). The consolidated amended complaint, dated 12 February 2010, alleges that the registration statements relating to American Depositary Shares representing Preferred Stock, Series 2, 3, 4 and 5 (the "**ADS**") offered by the Issuer at various times between 2006 and 2008 contained misstatements and omissions concerning (amongst other things) the Issuer's portfolio of mortgage-related (including US subprime-related) securities, the Issuer's exposure to mortgage and credit market risk and the Issuer's financial condition. The consolidated amended complaint asserts claims under sections 11, 12(a)(2) and 15 of the Securities Act of 1933. On 5 January 2011, the Court issued an order and, on 7 January 2011, judgment was entered, granting the defendants' motion to dismiss the complaint in its

entirety and closing the case. On 4 February 2011, the plaintiffs filed a motion asking the Court to reconsider in part its dismissal order. On 31 May 2011, the Court denied in full the plaintiffs' motion for reconsideration. The plaintiffs have appealed both decisions (the grant of the defendants' motion to dismiss and the denial of the plaintiffs' motion for reconsideration) to the United States Court of Appeals for the Second Circuit. Oral argument was held on 18 October 2012.

The Issuer considers that these ADS-related claims against it are without merit and is defending them vigorously. As at the date of this Base Prospectus, it is not practicable to estimate the Issuer's possible loss in relation to these claims or any effect that they might have upon operating results in any particular financial period.

*US Federal Housing Finance Agency and Other Residential Mortgage-Backed Securities Litigation*

The US Federal Housing Finance Agency ("**FHFA**"), acting for two US government sponsored enterprises, Fannie Mae and Freddie Mac (collectively, the "**GSEs**"), filed lawsuits against 17 financial institutions in connection with the GSEs' purchases of residential mortgage-backed securities ("**RMBS**"). The lawsuits allege, amongst other things, that the RMBS offering materials contained materially false and misleading statements and/or omissions. The Issuer and/or certain of its affiliates or former employees are named in two of these lawsuits, relating to sales between 2005 and 2007 of RMBS, in which BCI was lead or co-lead underwriter.

Both complaints demand, amongst other things: rescission and recovery of the consideration paid for the RMBS; and recovery for the GSEs' alleged monetary losses arising out of their ownership of the RMBS. The complaints are similar to other civil actions filed against the Issuer and/or certain of its affiliates by other plaintiffs, including the Federal Home Loan Bank of Seattle, Federal Home Loan Bank of Boston, Federal Home Loan Bank of Chicago, Cambridge Place Investment Management, Inc., HSH Nordbank AG (and affiliates), Sealink Funding Limited, Landesbank Baden-Württemberg (and affiliates), Deutsche Zentral-Genossenschaftsbank AG (and affiliates) and Stichting Pensioenfonds ABP, Royal Park Investments SA/NV, Bayerische Landesbank, John Hancock Life Insurance Company (and affiliates), Prudential Life Insurance Company of America (and affiliates) and the National Credit Union Administration relating to purchases of RMBS. The Issuer considers that the claims against it are without merit and intends to defend them vigorously.

The original amount of RMBS related to the claims against the Issuer in the FHFA cases and the other civil actions against the Group totalled approximately US\$ 8.5 billion, of which approximately US\$ 2.7 billion was outstanding as at 31 December 2012. Cumulative losses reported on these RMBS as at 31 December 2012 were approximately US\$ 0.4 billion. If the Issuer were to lose these cases the Issuer believes it could incur a loss of up to the outstanding amount of the RMBS at the time of judgment (taking into account further principal payments after 31 December 2012), plus any cumulative losses on the RMBS at such time and any interest, fees and costs, less the market value of the RMBS at such time. The Issuer has estimated the total market value of the RMBS as at 31 December 2012 to be approximately US\$ 1.6 billion. The Issuer may be entitled to indemnification for a portion of any losses. These figures do not include two related class actions brought on behalf of a putative class of investors in RMBS issued by Countrywide and underwritten by BCI and other underwriters, in which the Issuer is indemnified by Countrywide.

*Devonshire Trust*

On 13 January 2009, the Issuer commenced an action in the Ontario Superior Court (the "**Ontario Court**") seeking an order that its early terminations earlier that day of two credit default swaps under an ISDA Master Agreement with the Devonshire Trust ("**Devonshire**"), an asset-backed commercial paper conduit trust, were valid. On the same day, Devonshire purported to terminate the swaps on the ground that the Issuer had failed to provide liquidity support to Devonshire's commercial paper when required to do so. On 7 September 2011, the Ontario Court ruled that the Issuer's early terminations were invalid, Devonshire's early terminations were valid and, consequently, Devonshire was entitled to receive back from the Issuer cash collateral of approximately C\$ 533 million together with accrued interest thereon. The Issuer is appealing the Ontario Court's decision. If the Ontario Court's decision were to be unaffected by future proceedings, the Issuer estimates that its loss would be approximately C\$ 500 million, less any impairment provisions taken by the Issuer for this matter.

*LIBOR Civil Actions*

The Issuer and other banks have been named as defendants in class action and non-class action lawsuits pending in United States Federal Courts in connection with their roles as contributor panel banks to US Dollar LIBOR, the first of which was filed on 15 April 2011. The complaints are substantially similar and allege, amongst other things, that the Issuer and the other banks individually and collectively violated various provisions of the Sherman Act, the US Commodity Exchange Act, the Racketeer Influenced and Corrupt Organizations Act ("**RICO**"). and various state laws by suppressing or otherwise manipulating US Dollar LIBOR rates. The lawsuits seek an unspecified amount of damages and trebling of damages under the Sherman and RICO Acts. The proposed class actions purport to be brought on behalf of (amongst others) plaintiffs that (i) engaged in US Dollar LIBOR-linked over-the-counter transactions; (ii) purchased US Dollar LIBOR-linked financial instruments on an exchange; (iii) purchased US Dollar LIBOR-linked debt securities; (iv) purchased adjustable-rate mortgages linked to US Dollar LIBOR; or (v) issued loans linked to US Dollar LIBOR.

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 Issuer 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 Issuer 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 Issuer 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 US Commodity Exchange Act beginning as early as 1 January 2005 and continuing through to 31 December 2009. The plaintiffs voluntarily withdrew this complaint on 23 August 2012.

On 21 February 2013, a class action was commenced in the United States District Court for the Northern District of Illinois against the Issuer and other EURIBOR panel banks by plaintiffs that purchased or sold a NYSE LIFFE EURIBOR futures contract. The complaint alleges manipulation of the EURIBOR rate and violations of the Sherman Act beginning as early as 1 June 2005 and continuing through 30 June 2010.

In addition, the Issuer has been granted conditional leniency from the Antitrust Division of the DOJ in connection with potential US antitrust law violations with respect to financial instruments that reference EURIBOR.

The Issuer has also been named as a defendant along with four current and former officers and directors of the Issuer in a proposed securities class action pending in the District Court in connection with the Issuer's role as a contributor panel bank to LIBOR. The complaint principally alleges that the Issuer's Annual Reports for the years 2006 to 2011 contained misstatements and omissions concerning (amongst other things) the Issuer's compliance with its operational risk management processes and certain laws and regulations. The complaint also alleges that the Issuer's daily US Dollar LIBOR submissions themselves constituted false statements in violation of US Securities laws.

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 Issuer 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 US Securities Exchange Act 1934.

It is 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 Issuer's or Group's financial position in any particular period.

*Other*

Barclays PLC, the Issuer and the Group are engaged in various other legal proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business, including debt collection, consumer

claims and contractual disputes. The Issuer does not expect the ultimate resolution of any of these proceedings to which the Group is party to have a material adverse effect on its results of operations, cash flows or the financial position of the Group and the Issuer has not disclosed the contingent liabilities associated with these claims either because they cannot reliably be estimated or because such disclosure could be prejudicial to the conduct of the claims. Provisions have been recognised for those cases where the Issuer is able reliably to estimate the probable loss where the probable loss is not *de minimis*.

### **Significant Change Statement**

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2012.

### **Material Adverse Change Statement**

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2012.

### **Legal Proceedings**

Save as disclosed under '*The Issuer and the Group — Competition and Regulatory Matters*' (on pages 43 to 46 of this Base Prospectus under the headings '*London Interbank Offered Rate*', '*Payment Protection Insurance Redress*', '*Interest Rate Hedging Product Redress*', '*Other Matters*', '*FERC Investigation*' and '*Other Regulatory Investigations*') and '*The Issuer and the Group — Legal Proceedings*' (on pages 47 to 50 of this Base Prospectus under the headings '*Lehman Brothers*', '*American Depositary Shares*', '*US Federal Housing Finance Agency and other residential mortgage-backed securities litigation*', '*Devonshire Trust*' and '*LIBOR Civil Actions*'), 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 preceding the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the Group.

### **Auditors**

The annual consolidated and unconsolidated financial statements of the Issuer for the two years ended 31 December 2011 and 31 December 2012 have been audited without qualification by PricewaterhouseCoopers of Southwark Towers, 32 London Bridge Street, London SE1 9SY, chartered accountants and registered auditors (authorised and regulated by the FCA for designated investment business).

### **Related Parties**

In the ordinary course of business, the Issuer participates in transactions with parent and fellow subsidiary companies.

How the return on your investment is calculated

## HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED

**THE WORKED EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER THE SECURITIES ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) WILL BE CALCULATED IN ACCORDANCE WITH THE TERMS OF YOUR SECURITIES AS SET OUT IN THE TERMS AND CONDITIONS SECTION OF THIS BASE PROSPECTUS.**

**For the purposes of the scenarios below, the nominal amount per Security is assumed to be GBP 1,000 and the issue price is 100 per cent (100%) of the aggregate nominal amount.**

Securities issued pursuant to this Base Prospectus will either (i) bear periodic fixed rate interest, floating rate interest or interest that is linked to the performance of a specified inflation index; or (ii) be zero coupon securities (which do not bear interest). Upon maturity Securities will either pay (a) a fixed redemption amount; or (b) a redemption amount that is linked to the performance of a specified inflation index. In addition, the Securities may provide for early redemption at the option of the issuer (a call option) or at your option (a put option).

The sections below are intended to demonstrate how the return on your investment will be calculated depending on the interest type, option type and redemption type specified to be applicable for your Securities.

### **Fixed Rate Interest**

Fixed rate products pay a periodic and predetermined fixed rate of interest over the life of the product.

Unless your Securities are redeemed early or are adjusted, in respect of each Security and on each interest payment date you will receive an amount calculated by applying the relevant fixed rate to the nominal amount, and then multiplying such amount by the applicable 'day count' fraction (which is a fraction used to reflect the number of days over which interest has accrued).

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the fixed rate is 4 per cent (4%) per annum;**
- **the day count fraction is "Actual/365 (Fixed)" basis, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and**
- **the actual number of calendar days in the interest period is 91,**

**the interest amount payable on the interest payment date will be GBP 9.97 (rounded to two decimal places). This figure is calculated as fixed interest of 4%, or  $0.04 \times \text{GBP } 1,000 \times \text{day count fraction of } 91/365$  or 0.2493151.**

### **Floating Rate Interest**

*Floating rate products pay interest that is tied to either (i) an interest rate benchmark, such as the London Interbank Offered Rate (LIBOR) or the Bank of England base rate, or (ii) to a rate of interest determined in accordance with market-standard definitions, published by the International Swaps and Derivatives Association, Inc (ISDA definitions), and in each case multiplied by a number (participation) which determines the level of exposure to the reference rate (where a number greater than 1 will magnify the effect of gains and losses and a number less than 1 will reduce the effect of gains and losses), plus or minus a fixed percentage (fixed spread) and subject, in certain cases, to a maximum or minimum rate of interest.*

*Interest rate benchmarks reflect the rate at which banks are willing to lend funds to each other in a particular market (for LIBOR this is the London Interbank Market). Interest rates determined in accordance with the ISDA definitions reference derivative contracts to determine a rate of interest.*

Unless your Securities are redeemed early or are adjusted, in respect of each Security and on each interest payment date you will receive an amount calculated by applying the rate of interest for that interest payment date to the nominal amount, and then multiplying such amount by a fraction reflecting the number of days for which interest has accrued (the 'day count' fraction). The rate of interest for any interest payment date will be determined by multiplying the level of the interest rate benchmark or rate determined using the ISDA definitions (the reference rate) as applicable, for such interest payment date by a participation amount (being a number which determines the level of exposure to the reference rate, where "1" will give proportionate exposure, a number greater than 1 will multiply the effects of gains and losses and a number less than 1 will reduce the effects of gains and losses) and then adding or subtracting a fixed percentage (fixed spread). The result shall be subject to any maximum or minimum rate specified in the Final Terms.

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the reference rate is 6 month GBP LIBOR;**
  - **the participation (being a number which determines your exposure to the reference rate and will be agreed between the Issuer and dealer(s) at the time of issuance) is 1.1 (so, for every increase or decrease in the reference rate, your rate of interest will increase or decrease by 110% of that);**
  - **the fixed spread (used to upsize or downsize the reference rate) is minus 1.00%;**
  - **the rate of interest is subject to a minimum rate of 0% and a maximum rate of 7% per annum;**
  - **the day count fraction is "Actual/365 (Fixed)" basis, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and**
  - **the actual number of calendar days in the interest period is 181,**
- (i) **if the reference rate for a given interest calculation period is set at 3.1 per cent (3.1%), the interest amount payable on the corresponding interest payment date will be equal to GBP 11.95 (rounded to two decimal places). This figure is calculated as  $\text{GBP } 1,000 \times \text{rate of interest of } 2.41\% \text{ (or } 0.0241) \times \text{day count fraction of } 181/365$ . The rate of interest (2.41%) is calculated as the reference rate of 3.1% (or 0.031)  $\times$  participation of 1.1 and then  $- 1\%$  (or 0.01), and is not affected by the minimum or maximum rate of interest;**
  - (ii) **if the reference rate for a given interest calculation period is set at 8.16 per cent (8.16%), the interest amount payable on the corresponding interest payment date will be equal to GBP 34.71 (rounded to two decimal places). This figure is calculated as  $\text{GBP } 1,000 \times \text{rate of interest of } 7\% \text{ (or } 0.07) \times \text{day count fraction of } 181/365$ . The rate of interest (7%) is set as the maximum rate of interest because the reference rate of 8.16% (or 0.0816)  $\times$  participation of 1.1 and then  $- 1\%$  (or 0.01), results in a rate of 7.976%. In this scenario the rate of interest is capped at 7%;**
  - (iii) **if the reference rate for a given interest calculation period is set at 0.5 per cent (0.50%), the interest amount payable on the corresponding interest payment date will be equal to GBP 0. This figure is calculated as  $\text{GBP } 1,000 \times \text{rate of interest of } 0\% \times \text{day count fraction of } 181/365$ . The rate of interest (0%) is set as the minimum rate of interest because the reference rate of 0.5% (or 0.005)  $\times$  participation of 1.1 and then  $- 1\%$  (or 0.01), results in a rate of -0.45%. In this scenario you will receive no interest payment on your Securities for this interest calculation period.**

How the return on your investment is calculated

### **Inflation-Linked Interest**

*Inflation-linked interest products pay a predetermined and fixed rate of interest that is adjusted to reflect the performance of a specified inflation index, such as the Retail Price Index (RPI). The RPI is an economic indicator calculated and published monthly by the Office for National Statistics, measuring the change in the cost of a basket of retail goods and services in the UK.*

Unless your Securities are redeemed early or are adjusted, in respect of each Security and on each interest payment date you will receive an amount in GBP calculated by applying the inflation-linked rate of interest for that interest payment date to the nominal amount, and then multiplying such amount by the applicable 'day count' fraction (which is a fraction used to reflect the number of days over which interest has accrued). The relevant inflation-linked rate of interest for any interest payment date will be determined by multiplying the fixed rate specified for such interest payment date by an amount reflecting the performance of the inflation index, calculated as (i) the inflation index level for the calendar month specified in the Final Terms as corresponding to that interest payment date, divided by (ii) the inflation index level for the calendar month specified in the Final Terms as corresponding to the initial valuation date (the initial inflation index level).

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the inflation index is the RPI;**
  - **the interest payment date falls in December and the inflation index level is taken for the preceding September;**
  - **the initial valuation date falls in the previous December and the initial inflation index level is 115.83;**
  - **the fixed rate is 3.00%;**
  - **the day count fraction is "Actual/365 (Fixed)" basis, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and**
  - **the actual number of calendar days in the interest period is 181,**
- (i) **if the inflation index level corresponding to the interest payment date is fixed at 121.32, the interest amount payable on such interest payment date will be equal to GBP 15.58 (rounded to two decimal places). This figure is calculated as  $\text{GBP } 1,000 \times (\text{fixed rate of } 3\%, \text{ or } 0.03, \times \text{inflation performance of } 1.047397) \times \text{day count fraction of } 181/365$ . The inflation performance of 1.047397 is calculated as the relevant inflation index level of 121.32, divided by the initial inflation index level of 115.83;**
- (ii) **if the inflation index level corresponding to the interest payment date is fixed at 95.43, the interest amount payable on such interest payment date will be equal to GBP 12.26 (rounded to two decimal places). This figure is calculated as  $\text{GBP } 1,000 \times (\text{fixed rate of } 3\%, \text{ or } 0.03, \times \text{inflation performance of } 0.8238798) \times \text{day count fraction of } 181/365$ . The inflation performance of 0.8238798 is calculated as the relevant inflation index level of 95.43, divided by the initial inflation index level of 115.83. In this scenario, a negative inflation (or deflation) will result in you receiving a lower rate of interest than the fixed rate of 3%.**

### **Zero Coupon Securities**

No amount of interest will accrue or become payable on zero coupon Securities.

### **Call Options**

*A call option gives the issuer the right to repurchase the Securities before the final maturity date at a predetermined price on a specified date(s). If the Securities are repurchased, you will be paid a pre-*

*specified redemption value plus any accrued and unpaid interest. The Securities will have a specified period or periods during which the call option may be exercised. Bermudan call options can be exercised by the issuer during multiple predefined periods, whereas European call options can be exercised during one specified period only.*

Following the exercise by the issuer of a call option, in respect of each Security, as well as any accrued but unpaid interest, you will receive an amount in GBP equal to (x) the nominal amount, multiplied by (y) the percentage specified as the early redemption percentage in the Final Terms (or if no such amount is specified, 100 per cent).

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the early redemption percentage is 105 per cent (105%), the early redemption amount payable will be GBP 1,050;**
- **no early redemption percentage is specified, the early redemption amount payable will be GBP 1,000; or**
- **the early redemption percentage is 90 per cent (90%), the early redemption amount payable will be GBP 900. In this scenario you will lose part of your investment (assuming the issue price was 100%).**

### **Put Option**

*A put option gives you the right to sell a Security before the final maturity date at a predetermined price on a specified date(s). If a Security is sold, you will be paid a pre-specified redemption value plus any accrued and unpaid interest. Securities that are not sold shall continue until the final maturity date. The Securities will have a specified period or periods during which a put option may be exercised. Bermudan put options can be exercised by the investor during multiple predefined periods, whereas European put options can be exercised during one specified period only.*

Following the exercise by you of a put option, in respect of that Security, as well as any accrued but unpaid interest, you will receive an amount in GBP equal to (x) the nominal amount, multiplied by (y) the percentage specified as the early redemption percentage in the Final Terms (or if no such amount is specified, 100 per cent).

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the early redemption percentage is 105 per cent (105%), the early redemption amount payable will be GBP 1,050;**
- **no early redemption percentage is specified, the early redemption amount payable will be GBP 1,000; or**
- **the early redemption percentage is 90 per cent (90%), the early redemption amount payable will be GBP 900. In this scenario you will lose part of your investment.**

### **Bullet Redemption**

Unless your Securities are terminated early, are purchased and cancelled, or are adjusted, you will receive on the maturity date for each Security that you hold, an amount in GBP equal to (x) the nominal amount, multiplied by (y) the percentage specified as the final redemption percentage in the Final Terms (or if no such amount is specified, 100 per cent (100%)).

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the final redemption percentage is 105 per cent (105%), the redemption amount payable on maturity will be GBP 1,050;**
- **no final redemption percentage is specified, the redemption amount payable on maturity will be GBP 1,000; or**

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- **the final redemption percentage is 90 per cent (90%), the redemption amount payable on maturity will be GBP 900. In this scenario you will lose part of your investment (assuming the issue price was 100%).**

### **Inflation-Linked Redemption**

*Inflation-linked products pay a pre-determined redemption amount that is adjusted to reflect the performance of a specified inflation index, such as the RPI (as described above).*

Unless your Securities are terminated early, are purchased and cancelled, or are adjusted, you will receive on the maturity date for each Security that you hold, an amount in GBP equal to the nominal amount, multiplied by an amount reflecting the performance of the inflation index calculated as (i) the inflation index level for the calendar month specified in the Final Terms as corresponding to the maturity date, divided by (ii) the initial inflation index level (as described above). The inflation performance shall be subject to a minimum number specified in the Final Terms as the final redemption floor (or, where no final redemption floor is specified, 1).

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the inflation index is the RPI;**
- **the maturity date falls in December and the inflation index level is taken for the preceding September;**
- **the initial valuation date falls in the previous December (and the initial inflation index level is 115.83); and**
- **the final redemption floor is specified as 1,**

**if the inflation index level corresponding to the final valuation date is 121.32, the redemption amount payable on maturity will be equal to GBP 1,047.40. This amount is calculated as GBP 1,000 × an inflation performance of 1.047397 (being the final inflation index level of 121.32 divided by the initial inflation index level of 115.83);**

**if the inflation index level corresponding to the final valuation date is 95.43, the redemption amount payable on maturity will be equal to GBP 1,000. This amount is calculated as GBP 1,000 × 1 (the redemption floor). In this scenario, the redemption amount is subject to the redemption floor because the inflation performance is 0.8238798 (being the final inflation index level of 95.43 divided by the initial inflation index level of 115.83). In this scenario, you will receive no return above your principal investment.**

**TERMS AND CONDITIONS OF THE SECURITIES**

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*The following text comprises the terms and conditions of the Securities (the "**General Conditions**") that, subject to completion or election in the Final Terms (together, the "**Conditions**") shall be applicable to each Series.*

*The provisions within Section C: INTEREST, OPTIONAL EARLY REDEMPTION AND FINAL REDEMPTION and Section D: INFLATION INDEX DISRUPTION EVENTS will only be applicable where specified in the Final Terms. In particular, the Final Terms will indicate:*

- *whether or not the Securities pay interest and, if so, the type of interest payable;*
- *whether or not the Securities may be redeemed early at the option of the Issuer or the Holders; and*
- *the type of redemption amount due on the Securities upon final redemption,*

*in each case in accordance with the relevant sub-paragraph from General Condition 5 (Interest); General Condition 6 (Optional Early Redemption) and General Condition 7 (Final Redemption), as is specified to be applicable in the Final Terms.*

*All capitalised terms that are not defined in these General Conditions have the meanings given to them in the Final Terms.*

*References in these General Conditions to 'Securities' are to the Securities of one Series only, not to all Securities that may be issued under the Programme.*

## **A. INTRODUCTION**

The Securities are issued as a Series of notes by the Issuer and references to "**Securities**" shall be construed as a reference to each Series accordingly. Securities are issued pursuant to the Agency Agreement dated 18 April 2013 (as further amended and/or supplemented and/or restated as at the relevant Issue Date, the "**Agency Agreement**") and, other than CREST Securities, French Law Securities and Swiss Law Securities, have the benefit of a Deed of Covenant dated 18 April 2013 (as further amended and/or supplemented and/or restated as at the relevant Issue Date, the "**Deed of Covenant**") executed by the Issuer. Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the registered office of the Issuer, the Issue and Paying Agent and the specified offices of the Paying Agents, the Transfer Agents and the Registrar.

The determination agent, the issue and paying agent, the registrar, the registration agent, the local paying agents and the local transfer agents are referred to respectively as the "**Determination Agent**", the "**Issue and Paying Agent**", the "**Registrar**", the "**Registration Agent**", the "**Paying Agents**", and the "**Transfer Agents**" (together, the "**Agents**"). The Issue and Paying Agent shall be The Bank of New York Mellon, London Branch of One Canada Place, London E14 5AL. Each of the other Agents shall be as specified below or in the Final Terms.

In respect of any issue of CREST Securities, the agent providing certain issuing, registry and paying agency services to the Issuer (the "**CREST Agent**") shall be Computershare Investor Services PLC. For the purpose of CREST Securities, any reference in the Conditions to a calculation or determination being made by the Determination Agent or the Issue and Paying Agent shall be deemed to be a reference to the Issuer making such calculation or determination.

Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche will be identical to the terms of other Tranches of the same Series (save in respect of the Issue Date, Issue Price, first payment of interest, if applicable, and aggregate nominal amount of the Tranche) and will be set out in the Final Terms.

Capitalised terms used in the Conditions have the meanings given in General Condition 25 (*Definitions and Interpretation*).

**B. FORM, TITLE, TRANSFER, CALCULATIONS AND PAYMENTS UNDER THE SECURITIES**

**1. Form, Title and Transfer**

**1.1 Form of Securities**

- (a) **Form of Securities (other than CREST Securities, Danish Securities, Finnish Securities, French Cleared Securities, French Law Securities, Norwegian Securities, Swedish Securities and Swiss Law Securities).**

Securities will be issued in bearer form ("**Bearer Securities**"), with or without coupons (the "**Coupons**") or talons (the "**Talons**") or in registered form ("**Registered Securities**") as specified in the Final Terms. Securities in one form may not be exchanged for Securities in any other form except as provided below.

Bearer Securities will initially be issued in global form ("**Global Bearer Securities**"), and may only be exchanged for Securities in definitive form (each a "**Definitive Bearer Security**" and, if more than one, the "**Definitive Bearer Securities**") if specified in the Final Terms, or upon an Exchange Event occurring, and in each case in accordance with the terms of the relevant Global Security. Registered Securities may initially be issued in global form ("**Global Registered Securities**" and, together with Global Bearer Securities, "**Global Securities**") if specified in the Final Terms, which may only be exchanged for Securities in definitive form ("**Definitive Registered Securities**" and, together with Definitive Bearer Securities, "**Definitive Securities**"), if specified in the Final Terms, or upon an Exchange Event occurring, and in each case in accordance with the terms of the relevant Global Registered Security. Registered Securities may initially be issued as Definitive Registered Securities if specified in the Final Terms. The Issuer will promptly give notice to Holders if an Exchange Event occurs.

- (b) **Form of CREST Securities**

CREST Securities will be issued in dematerialised uncertificated registered form and will be held in accordance with the United Kingdom Uncertificated Securities Regulations 2001 (SI 2001/3755) including any modification or re-enactment thereof from time to time in force (the "**Uncertificated Regulations**"), and not constituted by any physical document of title. CREST Securities will be cleared through CREST and will be participating securities for the purposes of the Uncertificated Regulations.

- (c) **Form of Danish Securities**

Danish Securities are issued in uncertificated and dematerialised book-entry form in accordance with Consolidated Act No. 855 of 17 August 2012 on Trading in Securities of the Kingdom of Denmark (the "**Securities Trading Act**"), as amended from time to time, and Executive Order No. 369 of 16 May 2009 on, amongst other things, the registration of fund assets in a securities centre (*Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral*) (the "**Danish VP Registration Order**"). References in these General Conditions to Coupons, Talons and Global Securities shall not apply to Danish Securities.

- (d) **Form of Finnish Securities**

Finnish Securities are issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-entry System and Clearing Activity (*laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (749/2012)) and the Finnish Act on Book-entry Accounts (*laki arvo-osuustileistä* (872/1991)), other applicable Finnish legislation and Euroclear Finland Rules. No Global Securities or Definitive Securities representing Finnish Securities will be issued, and the General Conditions of such securities will be construed accordingly. References in the General Conditions to Coupons, Talons and Global Securities shall not apply to Finnish Securities.

- (e) **Form of French Cleared Securities**

French Cleared Securities are issued in bearer form and the Global Security will be deposited on or prior to the original issue date of the Tranche with Euroclear France as central depository and in CGN form.

Upon the initial deposit of such Global Security with Euroclear France and payment of the relevant amount in respect of the subscribed Securities, the relevant nominal amount of Securities will be credited to the account of Accountholders who have purchased the Securities and/or to the account of the Accountholder designated by the relevant purchaser(s). In respect of French Cleared Securities represented by a Global Security, the records of Euroclear France shall be conclusive evidence of the nominal amount or the number of Securities, and a statement issued by Euroclear France at any time shall be conclusive evidence of the records of Euroclear France at that time.

(f) **Form of French Law Securities**

French Law Securities are governed by French Law, issued in dematerialised book-entry form and constitute (i) obligations within the meaning of Article L.213-5 of the French Code monétaire et financier.

French Law Securities are issued, at the option of the Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France (acting as central depository) which shall credit the accounts of Accountholders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Holder in either administered registered form (*au nominatif administré*) inscribed in the books of an Accountholder or in fully registered form (*au nominatif pur*) inscribed in an account held by Euroclear France and in the books maintained by the Issuer or the Registration Agent (designated in the Final Terms) acting on behalf of the Issuer.

(g) **Form of Norwegian Securities**

Norwegian Securities are issued in uncertificated book-entry form and cleared through the Norwegian paperless securities registry, in accordance with the Securities Registration Act 2002-07-05 no 64 as amended from time to time, and Regulation 2003-05-21 no 620 on the information that shall be registered in a securities register and the VPS Rules. References in the Conditions to Coupons, Talons and Global Securities shall not apply to Norwegian Securities.

(h) **Form of Swedish Securities**

Swedish Securities are issued in uncertificated and dematerialised book-entry form in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (*Sw. Lag (1998:1479) om kontoföring av finansiella instrument*), other applicable Swedish legislation and the Relevant Rules. No Global Securities or Definitive Securities representing Swedish Securities will be issued, and the General Conditions of such securities will be construed accordingly. Swedish Securities will be transferred, cleared and settled with Euroclear Sweden. References in the General Conditions to Coupons, Talons and Global Securities shall not apply to Swedish Securities.

(i) **Form of Swiss Law Securities**

By registering uncertificated securities in the main register (*Hauptregister*) of, or depositing Swiss Global Securities (whether governed by Swiss or any other law) with, SIX SIS Ltd, Olten, Switzerland ("**SIS**") and crediting them to a securities account (*Effektenkonto*), Securities shall become intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") pursuant to the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) ("**FISA**"). The holder and legal owner of the Intermediated Securities is the person holding the Intermediated Securities in a securities account in its own name and for its own account with a depository (*Verwahrungsstelle*) in terms of the FISA. In accordance with the provisions of the FISA, Intermediated Securities are transferred and otherwise disposed of by instruction of the account holder to his depository to transfer and credit the Intermediated Securities to the account of the transferee's depository.

If Swiss Law Securities are issued as uncertificated securities, unless otherwise stated in the Final Terms, the Holders shall at no time have the right to demand the conversion of uncertificated securities into, or the delivery of, a permanent global certificate or physical securities. By contrast, the Issuer shall have the right to effect the conversion of the uncertificated securities into a permanent global certificate or physical securities and vice versa.

(j) **Initial Issue of Global Securities**

If 'NGN Form' is specified as applicable in the Final Terms with respect to a Global Bearer Security or the Final Terms specifies that a Global Registered Security is to be held under the New Safekeeping Structure ("NSS") ("NGN Form"), such Global Bearer Security or Global Registered Security will be delivered on or prior to the original issue date of the Series or Tranche to a common safekeeper (a "Common Safekeeper"). The aggregate nominal amount of the Global Security shall be that which is from time to time entered in the records of the Relevant Clearing System.

If 'CGN Form' is specified as applicable in the Final Terms ("CGN Form"), the Global Security may be delivered on or prior to the original issue date of the Series or Tranche to a Common Depository for the Relevant Clearing System (and, in the case of Registered Securities, registered in the name of any nominee for the Relevant Clearing System). The Relevant Clearing System will then credit each subscriber with an aggregate nominal amount of Global Securities equal to the nominal amount thereof for which it has subscribed and paid.

1.2 **Exchange of Securities**

(a) **Exchange of Global Securities (other than French Cleared Securities and French Law Securities)**

Each Series of Bearer Securities issued in compliance with the D Rules will be initially issued in the form of a temporary global security in bearer form (a "Temporary Global Security") and will be exchangeable for a permanent bearer global security (a "Permanent Global Security"), free of charge, on and after its Exchange Date, upon certification as to non-US beneficial ownership in the form set out in the Agency Agreement.

Each Series of Bearer Securities issued in compliance with the C Rules or in respect of which TEFRA does not apply will be initially issued in the form of a Permanent Global Security.

Upon the occurrence of an Exchange Event on or after its Exchange Date each Permanent Global Security will be exchangeable, in whole but not in part, free of charge, for Definitive Securities. Temporary Global Securities will not be exchangeable for Definitive Securities.

If the Global Security is in CGN Form, or on or after any due date for exchange, the Holder may surrender it or, in the case of a partial exchange, present it for endorsement to or to the order of the Issue and Paying Agent and in exchange the Issuer will deliver, or procure the delivery of (i) in the case of a Temporary Global Security, a Permanent Global Security in an aggregate nominal amount equal to that of the Temporary Global Security that is being exchanged, or (ii) in the case of a Permanent Global Security exchangeable for Definitive Securities, an equal aggregate nominal amount of duly executed and authenticated Definitive Securities.

If the Global Security is in NGN Form, the Issuer will procure that details of such exchange be entered pro rata in the records of the Relevant Clearing System. On exchange in full of each Permanent Global Security, the Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with the relevant Definitive Securities.

(b) **Exchange of French Cleared Securities**

In respect of French Cleared Securities, each Series of French Cleared Securities will be initially issued in the form of a Temporary Global Security and will be exchangeable, free of charge to the Holder, on and after its Exchange Date in whole or in part upon certification as

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to non-US beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Security.

### (c) **Exchange of French Law Securities**

French Law Securities in one form may not be exchanged for French Law Securities in any other form except as provided below.

French Law Securities issued in fully registered form (*au nominatif pur*) may, at the option of the Holder, be converted into French Law Securities in administered registered form (*au nominatif administré*), and vice versa. The exercise of any such option by such Holder shall be made in accordance with Article R.211–4 of the French Code monétaire et financier. Any such conversion shall be effected at the cost of such Holder.

### (d) **Exchange of Registered Securities (other than Danish Securities, Finnish Securities, Norwegian Securities, Swedish Securities and Swiss Securities)**

Registered Securities of each Series which are sold in an "offshore transaction" within the meaning of Regulation S under the Securities Act will be represented by interests in a Global Security, without Coupons or Talons, or deposited with, and registered in the name of, a Common Depositary or a Common Safekeeper on behalf of the Relevant Clearing System on its issue date.

## 1.3 **Denomination and Number**

The Final Terms in respect of Securities will specify the denomination or denominations (each a "**Specified Denomination**") in which such Securities are issued, the Aggregate Nominal Amount, the Issue Price per Security and the Calculation Amount. All Registered Securities, French Law Securities and French Cleared Securities of a Series shall have the same Specified Denomination.

## 1.4 **Title**

### (a) **Title to Securities (other than CREST Securities, Danish Securities, Finnish Securities, French Law Securities, Norwegian Securities, Swedish Securities and Swiss Law Securities)**

Title to Bearer Securities and any Coupons or Talons, as the case may be, passes by delivery and title to Registered Securities passes by registration in the Register that the Issuer shall procure is kept by the Registrar in accordance with the provisions of the Agency Agreement.

The Issuer and the relevant Agents shall (except as otherwise required by law or ordered by a court of competent jurisdiction) deem and treat the Holder (as defined below) of any Bearer Security, Coupon, Talon or Registered Security as its absolute owner for all purposes (whether or not such Security is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (or on the Global Security representing it) or its theft or loss) and no person shall be liable for so treating the Holder.

In these General Conditions, except in respect of CREST Securities, Danish Securities, Finnish Securities, French Law Securities, Norwegian Securities, Swedish Securities and Swiss Law Securities, "**Holder**" means the bearer of any Bearer Security or the person in whose name a Registered Security is registered. In respect of any Global Securities, the person appearing as the accountholder for the Relevant Clearing System (the "**Accountholder**") shall be treated as the Holder for all purposes other than with respect to the payment of any amount due under the Securities (for which purpose the Common Depositary or Common Safekeeper, as the case may be, shall be treated by the Issuer and any Agent as the relevant Holder).

### (b) **Title to CREST Securities**

The CREST Agent on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to CREST Securities and each person who is for the time being shown in the Record shall be treated by the Issuer and the Agents as the Holder of the

particular nominal amount of CREST Securities for all purposes (and the expressions "**Holder**" and "**Holder of CREST Securities**" and related expressions shall be construed accordingly for the purpose of the Conditions).

No provision of the Conditions shall apply or have effect to the extent that it is in any respect inconsistent with (i) the holding of title to CREST Securities in uncertificated form, (ii) the transfer of title to CREST Securities by means of a relevant system or (iii) the Uncertificated Regulations. Without prejudice to the generality of the preceding sentence, so long as the CREST Securities are participating securities, (A) the Record shall be maintained at all times in the United Kingdom, (B) the CREST Securities will be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Regulations and (C) the Conditions shall remain applicable notwithstanding that they are not endorsed on any certificate or document of title for such CREST Securities.

As used in these General Conditions, each of "**Operator**", "**Operator register of corporate securities**", "**participating security**", "**record of uncertificated corporate securities**" and "**Relevant system**" is as defined in the Uncertificated Regulations (and the relevant Operator is Euroclear UK & Ireland Limited or any additional or alternative Operator from time to time and notified to the Holders of CREST Securities).

(c) **Title to CREST Depository Interests**

Where 'CDIs' are specified in the Final Terms for a Series, investors may hold CREST Depository Interests ("**CDIs**") constituted and issued by the CREST Depository and representing indirect interests in such Securities. CDIs will be issued and settled through CREST.

Neither the Securities nor any rights with respect thereto will be issued, held, transferred or settled within CREST otherwise than through the issue, holding, transfer and settlement of CDIs. Holders of CDIs will not be entitled to deal directly in the Securities to which such CDIs relate (the "**Underlying Securities**"). Accordingly, all dealings in Securities represented by a holding of CDIs will be effected through CREST.

CDIs will be constituted and governed by the terms of the CREST Deed Poll. Holders of CDIs will have no rights against the Issuer, any Manager or any Agent in respect of the Underlying Securities, interests therein or the CDIs representing them.

(d) **Title to Danish Securities**

In respect of Danish Securities, the 'Holder' will be the person evidenced as such by a book entry in the book-entry system and register maintained by VP. Ownership of the Danish Securities will be transferred by registration in the register between the direct or nominee accountholders at VP in accordance with the Securities Trading Act and the VP Registration Order and the rules and procedures of the VP from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer as the Holder of the relevant Danish Securities.

(e) **Title to Finnish Securities**

In respect of Finnish Securities, the 'Holder' will be the person in whose name a Finnish Cleared Security is registered in a book-entry account in the book-entry system of Euroclear Finland (including a nominee Accountholder, as the case may be) in accordance with Finnish laws and the Euroclear Finland Rules. Where a nominee is so evidenced, it shall be treated as the holder of the relevant Finnish Securities.

Notwithstanding any secrecy obligation, the Issuer shall, subject to the Relevant Rules and applicable laws, be entitled to obtain a list of the Holders and information on the Holders from Euroclear Finland (and Euroclear Finland shall be entitled to provide such information to the Issuer), provided that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall pass on such information to the Finnish Issue and Paying Agent upon request.

(f) **Title to French Law Securities**

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Title to French Law Securities will be evidenced in accordance with Articles L.211–3 and R.211–1 of the French Code monétaire et financier by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211–7 of the French *Code monétaire et financier*) will be issued in respect of French Law Securities.

In respect of French Law Securities, the holder of a French Law Security will be the person whose name appears in the account of the relevant Accountholder or of the Issuer or of the Registration Agent (as the case may be) as being entitled to such Securities and the term 'Holder' shall be construed accordingly.

(g) **Title to Norwegian Securities**

In respect of Norwegian Securities, the 'Holder' will be the person registered in the VPS System as the Holder of the Norwegian Securities. The Holder will hold the Norwegian Securities through its authorised VPS Accountholder either directly or through a nominee. Where a nominee is registered in the VPS as the Holder, it shall be treated by the Issuer as the Holder of the relevant Norwegian Securities.

(h) **Title to Swedish Securities**

In respect of Swedish Securities, the 'Holder' will be the person in whose name a Swedish Registered Security is registered in a book-entry account in the book-entry system of Euroclear Sweden (including a nominee Accountholder, as the case may be) in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (*Sw. Lag (1998:1479) om kontoföring av finansiella instrument*) and the Euroclear Sweden Rules, and the term 'Holder' shall be construed accordingly. Where a nominee is so evidenced, it shall be treated as the holder of the relevant Swedish Securities.

Notwithstanding any secrecy obligation, the Issuer shall, subject to the Relevant Rules and applicable laws, be entitled to obtain a list of the Holders and information on the Holders from Euroclear Sweden (and Euroclear Sweden shall be entitled to provide such information to the Issuer), provided that it is technically possible for Euroclear Sweden to maintain such a list. The Issuer shall pass on such information to the Swedish Issue and Paying Agent upon request.

(i) **Title to Swiss Law Securities**

Title to Swiss Law Securities which are issued in the form of Uncertificated Securities, shall pass by registration in the register of uncertificated securities (the "**Swiss Register**") and 'Holder' shall be construed accordingly).

In the case of Intermediated Securities, the holder and legal owner of such Securities will be the person holding them in a securities account in his own name and for his own account with his depository (*Verwahrungsstelle*) in accordance with the terms of the FISA (and the expression 'Holder' as used herein shall be construed accordingly). The records of such depository determine the number of Intermediated Securities held by such Holder and the FISA grants each Holder the right to ask the depository for information about Intermediated Securities that are credited to his or her account. The respective disclosure document (*Ausweis*) does not constitute a Swiss Law Security.

## 1.5 Transfers

(a) **Transfers of Cleared Securities**

(i) **Cleared Securities (other than CREST Securities, Danish Securities, Finnish Securities, French Law Securities, Norwegian Securities, Swedish Securities and Swiss Law Securities)**

Subject to paragraph (d) (*Minimum Tradable Amount*) below, transfers of Securities which are held in a Relevant Clearing System may be effected only through the Relevant Clearing System in which the Securities to be transferred are held and only in accordance with the Relevant Rules. Title will pass upon registration of the transfer in

the books of Euroclear, Clearstream or the Euroclear France Accountholder, as the case may be.

(ii) **Transfers of CREST Securities**

Transfers of CREST Securities are effected upon registration of the transfer in the Operator register of corporate securities and subject to and in accordance with the Uncertificated Regulations and the rules, procedures and practices in effect of the Operator (the "**CREST Requirements**").

Transfers of CREST Securities will be effected without charge by or on behalf of the Issuer, the Operator or the CREST Agent, but upon payment of any Taxes that may be imposed in relation to them (or the giving of such indemnity as the Issuer, the Operator or the CREST Agent may require).

CREST Securities may not be transferred in or into the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act) (I) unless the CREST Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available, or (II) in a manner that would require the Issuer of the Securities to register under the US Investment Company Act.

(iii) **Transfers of Danish Securities**

Danish Securities will be transferable only in accordance with the Securities Trading Act, the VP Registration Order and the procedures applicable to and/or issued by VP from time to time.

(iv) **Transfers of Finnish Securities**

Transfers of Finnish Securities are effected upon entry in the Euroclear Finland Register and in accordance with the Relevant Rules and Finnish Act on the Book-entry System and Clearing Activity and the Finnish Act on Book-entry Accounts.

(v) **Transfers of French Law Securities**

Title to French Law Securities in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) will pass upon, and transfers of such French Law Securities may only be effected through, registration of the transfers in the accounts of Accountholders. Title to French Law Securities in fully registered form (*au nominatif pur*) shall pass upon, and transfers of such Securities may only be effected through, registration of the transfers in the accounts of the Issuer or of the Registration Agent.

(vi) **Transfers of Norwegian Securities**

Transfers of Norwegian Securities are effected upon entry in the VPS Register and in accordance with the Relevant Rules.

(vii) **Transfers of Swedish Securities**

Transfers of Swedish Securities are effected upon entry in the Euroclear Sweden Register and in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (*Sw. Lag (1998:1479) om kontoföring av finansiella instrument*) and the Relevant Rules.

(viii) **Transfers of Swiss Law Securities**

Swiss Law Securities constituting Intermediated Securities may solely be transferred and otherwise disposed of in accordance with the provisions of the FISA, being transferred and disposed of by instruction of the Holder to his depositary to transfer the Intermediated Securities and crediting the Intermediated Securities to the account of the

transferee's depository and the Holders shall at no time have the right to demand the conversion of Uncertificated Securities into, or the delivery of, a Global Security or physical securities; by contrast, the Issuer shall have the right to effect the conversion of the Uncertificated Securities into a Global Security and physical securities and vice versa.

(b) **Transfers of Non-cleared Securities**

(i) **Non-cleared Bearer Securities**

Non-cleared Bearer Securities, Coupons and Talons will be transferred by delivery.

(ii) **Non-cleared Registered Securities**

Non-cleared Registered Securities may be transferred only through the Register by delivery in writing to the Registrar or any Transfer Agent of (i) the relevant Definitive Registered Security or Global Registered Security representing such Registered Securities to be transferred, (ii) the duly completed form of transfer, Exercise Notice or notice of redemption and surrender and (iii) any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Securities, a new Definitive Registered Security shall be issued to the transferee in respect of the part transferred and a further new Definitive Registered Security or Global Registered Security in respect of the balance of the holding not transferred shall be issued to the transferor. Transfers of part only of a holding of Registered Securities represented by a non-cleared Global Registered Security may only be made (i) if an Exchange Event occurs; or (ii) with the consent of the Issuer, provided that, the registered Holder has given the Registrar not less than 10 Business Days' notice at its specified office of the registered Holder's intention to effect such transfer. All transfers of Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and each Holder. A copy of the current regulations will be made available by the Registrar to any Holder upon request.

Transfers of Registered Securities will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any Taxes that may be imposed in relation to it (or the giving of an indemnity as the Issuer, Registrar or the relevant Transfer Agent may require).

(c) **Registered Security Closed Periods**

No Holder may require the transfer of a Definitive Registered Security (i) during the period of 15 calendar days ending on the due date for redemption or exercise, or any date on which the Securities may be called for redemption by the Issuer at its option pursuant to General Condition 6.1(c)(i) (*Call-European*) or 6.1(c)(ii) (*Call-Bermudan*), (ii) on any day after the date of any Option Exercise Notice delivered by such Holder in respect of such Definitive Registered Security, (iii) after any such Security has been called for redemption or has been exercised or (iv) during the period of seven calendar days ending on (and including) any Record Date.

(d) **Minimum Tradable Amount**

Transactions in the Securities may, if specified in the Final Terms, be subject to a Minimum Tradable Amount, in which case such Securities will be transferable only in a nominal amount of not less than such Minimum Tradable Amount and, in the case of Cleared Securities, in accordance with the Relevant Rules.

2. **Status**

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer and rank equally among themselves. The payment obligations of the Issuer under the Securities will rank equally with all other present and future unsecured and unsubordinated obligations

of the Issuer (except for such obligations as may be preferred by provisions of law that are both mandatory and of general application). The Securities do not evidence deposits of the Issuer. The Securities are not insured or guaranteed by any government or government agency.

### 3. **Calculations and Publication**

#### 3.1 **Rounding**

For the purposes of any calculations required pursuant to the Conditions unless otherwise specified, all currency amounts that fall due and payable shall be rounded to the nearest Unit of such currency (with half a Unit being rounded up), save in the case of Japanese yen, which shall be rounded down to the nearest Japanese yen. For these purposes, "**Unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

#### 3.2 **Determination and Publication of Interest Amounts, and amounts in respect of Settlement**

As soon as practicable on such date as the Issue and Paying Agent or, as applicable, the Determination Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation in respect of or in connection with any Security, such Agent shall determine such rate, obtain any required quotation or make such determination or calculation, as the case may be, and cause the relevant payment amount to be notified to the Issuer, each of the Paying Agents, the Holders, any other Agent in respect of the Securities that is to make a payment or further calculation or determination upon receipt of such information and, if the Securities are listed and the rules of the relevant stock exchange or other relevant authority so require, such exchange or relevant authority, as soon as possible after their determination but in no event later than (a) in the case of notification to an exchange or relevant authority of an Interest Amount, the commencement of the relevant Interest Calculation Period, if determined prior to such time, or (b) in all other cases, the fourth Business Day following such determination.

#### 3.3 **Calculation Amount**

##### (a) **General**

If the Settlement Amount relating to a Security is specified, or is to be determined, by reference to the Calculation Amount specified in the Final Terms, then, on each occasion on which such Security is redeemed in part, the corresponding Settlement Amount shall be deemed to have been reduced by an amount proportional to the nominal amount or portion of the Security so redeemed or exercised with effect from the date of such partial reduction or exercise.

##### (b) **Calculations in respect of Securities**

- (i) Notwithstanding anything to the contrary in the Conditions or the Agency Agreement each calculation of an amount payable in cash in respect of each Security shall be based on the aggregate nominal amount of all such Securities outstanding on such date (or the relevant affected portion thereof), rounded in accordance with the method provided in General Condition 3.1 (*Rounding*) above and distributed in accordance with the Relevant Rules;
- (ii) For the avoidance of doubt, in relation to any amount which is payable under these Conditions in respect of a Security and which is calculated by reference to a Calculation Amount, references to 'Security' shall mean to a Security having a nominal amount (or face value) equal to the Calculation Amount.

#### 3.4 **Business Day Convention**

If (i) any date specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, or (ii) there is no numerically corresponding day of the calendar month in which an Interest Period End Date

should occur, and where in each case the Business Day Convention is specified in the Final Terms to be:

- (i) **"Following"**, such date shall be postponed to the next day that is a Business Day;
- (ii) **"Modified Following"**, such date shall be postponed to the next day that is a Business Day unless it would fall in the next calendar month, in which case such date shall be brought forward to the immediately preceding Business Day;
- (iii) **"Nearest"**, such date shall be brought forward to the first preceding day that is a Business Day if the relevant date otherwise falls on a day other than a Sunday or a Monday and shall be postponed to the first following day that is a Business Day if the relevant date otherwise falls on a Sunday or a Monday;
- (iv) **"Preceding"**, such date shall be brought forward to the immediately preceding Business Day; or
- (v) **"Floating Rate"**, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day in the month in which such date would have fallen had it not been subject to adjustment.

Swedish Securities shall only apply 'Following' or 'Modified Following' Business Day Conventions.

#### 4. **Payments**

##### 4.1 **Payments in respect of Definitive Bearer Securities**

In respect of any Definitive Bearer Security payments of principal will be made against and subject to the presentation and surrender (or, in the case of part payment, endorsement) of the relevant Definitive Bearer Security at the specified office of any Paying Agent outside the United States, by a cheque drawn in the currency in which payment is due, or by transfer to an account with an Account Bank denominated in such currency, as applicable. Payments of interest will be made as set out above but against and subject to the presentation and surrender of the relevant Coupon.

Notwithstanding the foregoing, payments of principal or interest may be made in United States dollars at the specified office of any Paying Agent in New York City if (i) the Issuer has appointed Paying Agents with offices outside of the United States with the reasonable expectation that such Paying Agents would be able to make payment in United States dollars, (ii) payment of the full amount of such interest or principal in United States dollars at the offices of 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 determination of the Issuer, any adverse tax consequences to the Issuer.

##### 4.2 **Payments in respect of Definitive Registered Securities**

Payments of principal in respect of each Definitive Registered Security will be made against and subject to the condition to settlement, presentation and surrender of the relevant Definitive Registered Security at the specified office of the Registrar or any of the Transfer Agents and in the manner provided in the immediately following paragraph below.

Payments of interest in respect of each Definitive Registered Security will be made on the relevant due date to the Holder, or the first named of any joint Holders appearing in the Register at the close of business on the relevant Record Date by cheque drawn on an Account Bank and mailed to such Holder at the address in the Register, or by electronic transfer to an account in the relevant currency maintained by the payee with an Account Bank.

##### 4.3 **Payments in respect of Global Securities**

(a) **Global Bearer Securities**

No payment falling due after the Exchange Date will be made on any Global Bearer Securities unless exchange for an interest in a Permanent Global Security or for Definitive Bearer Securities is improperly withheld or refused. Payments on any Temporary Global Security issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the form set out in the Agency Agreement.

(b) **CGNs**

All payments in respect of Bearer Securities in CGN Form will be made against and subject to presentation for endorsement and, if no further payment falls to be made in respect of the Global Bearer Securities, surrender of that Global Bearer Security to or to the order of the Issue and Paying Agent or such other Paying Agent as shall have been notified to the Holders for such purpose.

(c) **NGNs and Global Securities held under NSS**

If a Global Bearer Security is a Cleared Security in NGN Form or a Global Registered Security is a Cleared Security held under the NSS, the Issuer shall procure that details of each such payment shall be entered in the records of the Relevant Clearing System. Payments in respect of Securities in NGN Form will be made to its Holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the Relevant Clearing System shall not affect such discharge.

(d) **Global Registered Securities that are Cleared Securities**

All payments in respect of Cleared Securities that are represented by a Global Registered Security will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Record Date.

(e) **Relationship of Accountholders and Relevant Clearing Systems**

Each of the persons shown in the records of the Relevant Clearing System as the Holder represented by a Global Security must look solely to the Relevant Clearing System for his share of each payment made by the Issuer to the bearer of such Global Bearer Security or the Holder of the underlying Registered Securities. The obligations of the Issuer will be discharged by payment to the bearer of such Global Bearer Security or the Holder of the underlying Registered Security, as the case may be, in respect of each amount so paid.

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

In the case of an exercise of an Issuer's or Holder's option in respect of, or a partial redemption of, a holding of Registered Securities represented by a single Definitive Registered Security or Global Registered Security, as the case may be, a new Definitive Registered Security 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 Securities of the same holding having different terms, a separate Definitive Registered Security or Global Registered Security shall be issued in respect of those Registered Securities of that holding that have the same terms. New Definitive Registered Securities shall only be issued against surrender of the relevant existing Definitive Registered Security or Global Registered Security to the Registrar or any Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a Holder of Registered Securities, a new Definitive Registered Security representing the enlarged holding shall only be issued against surrender of the Definitive Registered Security or Global Registered Security representing the existing holding.

**4.4 Payments in respect of CREST Securities**

The Issuer shall procure that all payments in respect of CREST Securities are made to the relevant Holder's cash memorandum account for value on the Relevant Date, such payment to be made in accordance with the regulations of CREST.

Each of the persons shown in the Record as the Holder of a particular nominal amount of CREST Securities must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

**4.5 Payment and Deliveries in respect of Danish Securities**

Payments of principal and interest in respect of Danish Securities will be made to the Holders of the Danish Securities on the fifth Danish Business Day (or such other day which may become customary on the Danish bond market in respect of Danish Securities, which, in respect of Danish Securities denominated in Danish kroner is expected to be the third Danish Business Day) prior to the Interest Payment Date or the Maturity Date, as the case may be, all in accordance with the Relevant Rules.

**4.6 Payment and Deliveries in respect of Finnish Securities**

Payments of principal and interest in respect of the Finnish Securities will be made to the Holders of the Finnish Securities (appearing on the register maintained by Euroclear Finland in accordance with the Relevant Rules at the close of business on the third Helsinki Business Day before the Relevant Date) in accordance with the Finnish Act on the Book-entry System and Clearing Activity ('laki arvo-osuusjärjestelmästä ja selvitystoiminnasta' (749/2012)), the Finnish Act on Book-entry Accounts ('laki arvo-osuustileistä' (872/1991)), other applicable Finnish legislation and Relevant Rules.

**4.7 Payments and Deliveries in respect of French Law Securities**

Payments of principal and interest in respect of French Law Securities shall, in the case of French Law Securities in bearer form (*au porteur*) or administered registered form (*au nominatif administré*), be made by transfer to the account denominated in the relevant currency of the relevant Accountholders for the benefit of the Holders of such Securities and, in the case of French Law Securities in fully registered form (*au nominatif pur*), to an account denominated in the relevant currency with a Receiving Bank designated by the relevant Holder of such Securities. All payments validly made to such Accountholders will be an effective discharge of the Issuer in respect of such payments.

For the purpose of this General Condition 4.7, "**Receiving Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**4.8 Payment and Deliveries in respect of Norwegian Securities**

The Issuer will ensure that all payments to Holders of Norwegian Securities will be made through the VPS System and with the assistance of the Norwegian Issue and Paying Agent and Accountholder for the Issuer in the VPS System and in accordance with the Relevant Rules.

**4.9 Payment and Deliveries in respect of Swedish Securities**

Payments of principal and interest in respect of the Swedish Securities will be made to the Holders of the Swedish Securities (appearing on the register maintained by Euroclear Sweden in accordance with the Relevant Rules at the close of business on (i) in respect of principal and interest payments on Securities issued in notional, the fifth and (ii) in respect of principal payments on Securities issued in Units, the fourth and in respect of interest payments on Securities issued in Units, the fifth, Stockholm Business Day before the Relevant Date) in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (Sw. *Lag (1998:1479) om kontoföring av finansiella instrument*), and the Relevant Rules.

#### 4.10 **Payment and Deliveries in respect of Swiss Law Securities**

Payments of principal and interest as well as deliveries in respect of Swiss Law Securities or other Securities held through SIS shall be made, subject to applicable fiscal and other laws and regulations of the Relevant Clearing System(s), to the Relevant Clearing System(s) or to its/their order for credit to the account(s) of the relevant Accountholder(s) in accordance with the Relevant Rules. The Issuer and the Swiss Issue and Paying Agent shall be discharged by payment or delivery to, or to the order of, such Accountholders. Swiss Law Securities shall not be physically delivered as long as no definitive securities (*Wertpapiere*) are printed. Swiss Law Securities may be printed in whole but not in part.

#### 4.11 **Unmatured Coupons and Unexchanged Talons**

##### (a) **Unmatured Coupons and Unexchanged Talons Void**

Upon the due date for redemption of any Definitive Bearer Security, unmatured Coupons and unexchanged Talons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them.

##### (b) **Requirement for Indemnity**

Where any Definitive Bearer Security is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

#### 4.12 **Taxes and Settlement Expenses Conditions to Settlement**

Payment of any Settlement Amount shall be subject to deduction, or conditional upon payment by the relevant Holder(s), of any applicable Taxes and Settlement Expenses and any other amounts payable as specified in the Conditions. The Issuer shall notify the Holder(s) of (a) such applicable Taxes, Settlement Expenses and other amounts payable and (b) the manner in which such amounts shall be paid by the Holder(s).

#### 4.13 **Payments on Business Days**

Subject to the application of any Business Day Convention, if the date on which any amount is payable is not (i) a Business Day (or, in respect of Swedish Securities only, a Stockholm Business Day) and (ii) in the case of Definitive Securities only, a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, then payment will not be made until the next succeeding day which is (i) a Business Day (or, in respect of Swedish Securities only, a Stockholm Business Day) and (ii) in the case of Definitive Securities only, also a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, and the Holder thereof shall not be entitled to any further payment in respect of such delay.

### **C. INTEREST, OPTIONAL EARLY REDEMPTION AND FINAL REDEMPTION**

#### **5. Interest**

##### (a) **Type of interest**

The Final Terms will specify whether the Securities pay:

- Fixed Rate Interest;
- Floating Rate Interest;
- Inflation-Linked Interest; or
- Zero Coupon.

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In respect of Fixed Rate Securities and Floating Rate Securities only, the Final Terms will indicate whether or not a Switch Option is applicable.

### (b) **Certain information to be found in the Final Terms**

The Final Terms will contain provisions applicable to the determination of interest (if any) and must be read in conjunction with this General Condition 5 (*Interest*) for full information on the manner in which interest is calculated on the Securities. In particular, the Final Terms will specify the following information items where relevant to the particular Securities:

- the Interest Commencement Date;
- the Fixed Rate(s);
- the Reference Rate;
- the Floating Rate Option(s);
- the Interest Payment Date(s);
- the Scheduled Redemption Date;
- the Calculation Amount;
- the Day Count Fraction;
- any applicable Interest Calculation Date(s);
- any applicable Valuation Date(s);
- details of any applicable Inflation Index;
- details of any applicable Switch Option; and
- details of any applicable put or call option.

## 5.1 **Fixed Rate Interest**

### (a) **Application**

This General Condition 5.1 applies to Fixed Rate Securities only.

### (b) **Rate of interest and when paid**

Each Fixed Rate Security bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) specified in the Final Terms to apply to the Interest Payment Date falling on or about the end of an Interest Calculation Period. Interest will be payable on the Interest Payment Date falling on or about the end of each such Interest Calculation Period.

### (c) **Interest Amount**

The Interest Amount payable in respect of each Security (representing a nominal amount equal to the Calculation Amount) on any Interest Payment Date shall be calculated by the Determination Agent by multiplying the Fixed Rate for an Interest Payment Date by the Calculation Amount, and then further multiplying such amount by the applicable Day Count Fraction.

### (d) **Relevant defined terms**

The following terms as used above have the following meanings:

- "**Calculation Amount**" means a nominal amount of the Securities equal to the Specified Denomination (unless a different amount is specified in the Final Terms, in which case, such amount).
- "**Day Count Fraction**" means the fraction equal to the number of days of the relevant Interest Calculation Period divided by the number of days of the year, in each case as determined by the applicable convention, which may be any of 'Actual/Actual(ICMA)', 'Act/Act(ICMA)', 'Actual/Actual', 'Actual/Actual (ISDA)', 'Actual/365 (Fixed)', 'Actual/360', '30/360', '360/360', 'Bond Basis', '30E/360', 'Eurobond Basis', '30E/360 (ISDA)' (each as defined in General Condition 25.1 (*Definitions*) in the definition Day Count Fraction Conventions), as specified in the Final Terms.

- **"Fixed Rate"** means the percentage rate of interest per annum for the relevant Interest Payment Date as set out in the Final Terms.
- **"Interest Calculation Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the next succeeding Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date, as applicable.
- **"Interest Payment Date"** means each date specified in the Final Terms, subject to adjustment in accordance with the relevant Business Day Convention.
- **"Interest Period End Date"** means each date specified in the Final Terms or, if none, each Interest Payment Date (after adjustment due to any applicable Business Day Convention), provided that if the Final Terms specifies that the Interest Period End Date is not subject to adjustment, the Interest Period End Date will be each date specified as such (or, if none, each Interest Payment Date) disregarding any adjustment to the Interest Payment Date due to any applicable Business Day Convention.

## 5.2 Floating Rate Interest

### (a) Application

This General Condition 5.2 applies to Floating Rate Securities only.

### (b) Accrual of interest and when paid

Each Floating Rate Security bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate of Interest applicable for that Interest Calculation Period, as determined below. Interest will be payable on the Interest Payment Date falling on or about the end of each such Interest Calculation Period.

### (c) Interest Amount

#### (i) Calculation of Interest Amount

The Interest Amount payable in respect of each Security (representing a nominal amount equal to Calculation Amount) on any Interest Payment Date shall be calculated by the Determination Agent by multiplying the Rate of Interest for the Interest Payment Date by the Calculation Amount, and then further multiplying such amount by the applicable Day Count Fraction.

#### (ii) Determination of Rate of Interest

Subject to (iii) immediately below, the rate of interest (the **"Rate of Interest"**) for an Interest Payment Date will be (x) the Floating Rate determined for such Interest Payment Date in accordance with paragraph (d) (*Floating Rate*) immediately below, multiplied by (y) the number specified as the 'Participation' in the Final Terms for the relevant Interest Payment Date (provided that if no such amount is specified, the Participation shall be deemed to be 1) (the **"Participation"**) and then (z) adding the 'Spread' percentage rate specified in the Final Terms for the relevant Interest Payment Date (which rate may be negative) (the **"Spread"**) to the product of (x) and (y).

The Rate of Interest calculation can also be expressed formulaically as:

$$(\text{Floating Rate} \times \text{Participation}) + \text{Spread}$$

#### (iii) Cap Rate and Floor Rate

If the Final Terms specifies a 'Cap Rate' percentage (**"Cap Rate"**) or a 'Floor Rate' percentage (**"Floor Rate"**) (in each case either (i) generally or (ii) in relation to one or more Interest Payment Dates), then the Rate of Interest shall be no higher than the Cap

Rate or lower than the Floor Rate (and in no event shall any Rate of Interest be lower than zero).

(d) **Floating Rate**

The Final Terms will specify whether the Floating Rate to be determined for each Interest Payment Date (each as defined below) shall be determined in accordance with either 'Screen Rate Determination' (in which case (i) below will apply) or 'ISDA Determination' (in which case (ii) below will apply).

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

Where 'Screen Rate Determination' is specified to be applicable in the Final Terms ("**Screen Rate Determination**"), the Floating Rate for an Interest Payment Date will, subject as provided below, be either:

- (A) the offered quotation (where 'Offered Quotation' is specified as applicable in the Final Terms); or
- (B) the arithmetic mean of the offered quotations (where 'Arithmetic Mean' is specified as applicable in the Final Terms),

in each case expressed as a percentage rate per annum, for the Reference Rate of the relevant Designated Maturity which appear(s) on the Relevant Screen Page as at the Relevant Screen Time on the Interest Determination Date relating to such Interest Payment Date, as determined by the Determination Agent. In the case of (B) above only, if five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Determination Agent for the purpose of determining the arithmetic mean of such offered quotations.

If, on any Interest Determination Date relating to an Interest Payment Date, the Relevant Screen Page is not available, or (in the case of (A) above) no such offered quotation appears on the Relevant Screen Page or (in the case of (B) above), fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the Relevant Screen Time, subject to the next sentence, the Determination Agent shall request each of the Reference Banks to provide the Determination Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate of the relevant Designated Maturity as soon as practicable after the Relevant Screen Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Determination Agent with such offered quotations, the Floating Rate for such Interest Payment Date shall be the arithmetic mean of such offered quotations as determined by the Determination Agent. If this paragraph applies and the Determination Agent determines that fewer than two Reference Banks are providing offered quotations, the Floating Rate for such Interest Payment Date shall be the last published offered quotation for the Reference Rate that appeared on the Relevant Screen Page, or such other rate as determined by the Determination Agent.

(ii) **ISDA Determination for Floating Rate Securities**

Where 'ISDA Determination' is specified to be applicable in the Final Terms ("**ISDA Determination**"), the Floating Rate for an Interest Payment Date will be the relevant ISDA Rate in respect of the Reset Date corresponding to such Interest Payment Date. For the purposes of this General Condition 5.2 (*Floating Rate Interest*) the "**ISDA Rate**" in respect of an Interest Payment Date means a floating interest rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the Final Terms;

- (B) the Designated Maturity is the period specified in the Final Terms; and
- (C) the relevant Reset Date is as specified in the Final Terms,

where, for the purposes of this sub-paragraph, 'Floating Rate', 'Floating Rate Option', 'Designated Maturity', 'Reset Date', 'Swap Transaction' and 'Calculation Agent' have the meanings given to those terms in the ISDA Definitions (and the Calculation Agent for this purpose shall be the Determination Agent specified in the Final Terms).

In respect of any short or long Interest Calculation Period as specified in the Final Terms, the Determination Agent will determine the relevant Floating Rate using Linear Interpolation.

(e) **Relevant defined terms**

The following terms as used above have the following meanings:

- "**Calculation Amount**" means a nominal amount of the Securities equal to the Specified Denomination (unless a different amount is specified in the Final Terms, in which case, such amount).
- "**Day Count Fraction**" means the fraction equal to the number of days of the relevant Interest Calculation Period divided by the number of days of the year, in each case as determined by the applicable convention, which may be any of 'Actual/Actual(ICMA)', 'Act/Act(ICMA)', 'Actual/Actual', 'Actual/Actual (ISDA)', 'Actual/365 (Fixed)', 'Actual/360', '30/360', '360/360', 'Bond Basis', '30E/360', 'Eurobond Basis', '30E/360 (ISDA)' (each as defined in General Condition 25.1 (*Definitions*) in the definition 'Day Count Fraction Conventions'), as specified in the Final Terms.
- "**Designated Maturity**" means, in respect of:
  - (a) a Reference Rate, the period of time specified in respect of such Reference Rate in the Final Terms; and
  - (b) a Floating Rate Option, the period of time as specified in General Condition (ii) (*ISDA determination for Floating Rate Securities*) above.
- "**Floating Rate**" means, in respect of an Interest Payment Date, the percentage rate of interest per annum for the relevant Interest Payment Date calculated in accordance with paragraph (d) (*Floating Rate*) above.
- "**Floating Rate Option**" means the floating rate option as specified in the Final Terms.
- "**Interest Calculation Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the next succeeding Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date, as applicable.
- "**Interest Determination Date**" means, with respect to a Floating Rate and an Interest Calculation Period, the date specified in the Final Terms or, if none is so specified:
  - (a) the first day of such Interest Calculation Period, if the relevant currency is sterling;
  - (b) the date falling two TARGET Business Days prior to the first day of such Interest Calculation Period, if the relevant currency is euro; or
  - (c) in any other case, the date falling two London Banking Days prior to the first day of such Interest Calculation Period.
- "**Interest Payment Date**" means each date specified in the Final Terms, subject to adjustment in accordance with the relevant Business Day Convention.

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- **"Interest Period End Date"** means each date specified in the Final Terms or, if none, each Interest Payment Date (after adjustment due to any applicable Business Day Convention), provided that if the Final Terms specifies that the Interest Period End Date is not subject to adjustment, the Interest Period End Date will be each date specified as such (or, if none, each Interest Payment Date) disregarding any adjustment to the Interest Payment Date due to any applicable Business Day Convention.
- **"Reference Banks"** means the principal office of four major banks in the relevant interbank market, in each case selected by the Determination Agent.
- **"Relevant Screen Page"** means such screen page as specified in the Final Terms (or the relevant screen page of such other service or services as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto) or such other equivalent information vending service as is so specified.
- **"Relevant Screen Time"** means the time specified in the Final Terms.
- **"Reference Rate"** means the floating interest rate specified in the Final Terms.
- **"Reset Date"** means the date or dates specified in the Final Terms or, if no such date is specified in the Final Terms, the first day of the relevant Interest Calculation Period.

### 5.3 Switch Option

#### (a) Application

This General Condition 5.3 applies to Fixed Rate Securities or Floating Rate Securities in respect of which the Final Terms specifies that the Switch Option is applicable.

#### (b) Switch Option

The Issuer may, at its option (the **"Switch Option"**), elect to switch the interest payable in respect of the Securities from:

- (i) in the case of Fixed Rate Securities, interest calculated by reference to a Fixed Rate to interest calculated by reference to a Rate of Interest (as described in General Condition 5.2 (*Floating Interest Rate*)); or
- (ii) in the case of Floating Rate Securities, interest calculated by reference to a Rate of Interest to interest calculated by reference to a Fixed Rate.

The Issuer may exercise the Switch Option only once during the term of the Securities. It may determine not to exercise the Switch Option.

#### (c) Exercise

The Issuer may exercise the Switch Option on any Business Day falling within any period specified as a 'Switch Exercise Period' (the **"Switch Exercise Period"**) in the Final Terms. The last day of each Switch Exercise Period shall be a date falling not less than the number of Business Days specified as the **"Switch Notice Period Number"** of Business Days in the Final Terms (which shall not be less than five Business Days) preceding the Interest Payment Date for such Switch Exercise Period. The Final Terms will specify which Interest Payment Date (the **"Switch Date"**) corresponds to each Switch Exercise Period.

#### (d) Effect

Upon exercise of the Switch Option:

- (i) in respect of Fixed Rate Securities, as at the Switch Date the Securities will be deemed to (A) no longer be Fixed Rate Securities and so stop accruing interest at the Fixed Rate of interest as at (but excluding) the last day of the Interest Calculation Period ending on or around the Switch Date and (B) become Floating Rate Securities and so

start accruing interest at the Rate of Interest from (and including) the Interest Calculation Period beginning on or around the Switch Date in accordance with General Condition 5.2 (*Floating Rate Interest*); or

- (ii) in respect of Floating Rate Securities, as at the Switch Date the Securities will be deemed to (A) no longer be Floating Rate Securities and so stop accruing interest at the Rate of Interest as at (but excluding) the last day of the Interest Calculation Period ending on or around the Switch Date and (B) become Fixed Rate Securities and so start accruing interest at the Fixed Rate of interest from (and including) the Interest Calculation Period beginning on or around the Switch Date in accordance with General Condition 5.1 (*Fixed Rate Interest*);

#### 5.4 **Zero Coupon**

##### (a) **Application**

This General Condition 5.4 applies to Zero Coupon Securities only.

##### (b) **No interest**

No amount of interest will accrue or become payable on Zero Coupon Securities unless such a Zero Coupon Security is duly presented for payment and such payment is improperly withheld or refused, in which case interest shall accrue on the amount due at a rate per annum (expressed as a percentage) equal to the Internal Rate of Return, where 'Internal Rate of Return' means the rate specified in the Final Terms.

#### 5.5 **Inflation-Linked Interest**

##### (a) **Application**

This General Condition 5.5 applies to Inflation-Linked Interest Securities only.

##### (b) **Accrual of interest and when paid**

Each Inflation-Linked Interest Security bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Inflation-Linked Rate of Interest for each Interest Calculation Period, as determined below. Interest will be payable on the Interest Payment Date falling on or about the end of such Interest Calculation Period.

##### (c) **Interest Amount**

###### (i) **Calculation of Interest Amount**

The Interest Amount payable in respect of each Security (representing a nominal amount equal to the Calculation Amount) on each Interest Payment Date shall be calculated on the relevant Interest Calculation Date by the Determination Agent by multiplying the Inflation-Linked Rate of Interest for the Interest Payment Date by the Calculation Amount, and then further multiplying such amount by the applicable Day Count Fraction.

###### (ii) **Determination of Inflation-Linked Rate of Interest**

The inflation-linked rate of interest (the "**Inflation-Linked Rate of Interest**") for an Interest Payment Date will be a rate equal to the product of the Fixed Rate for such Interest Payment Date and the amount (the "**Inflation Factor**") that is determined by dividing:

- (x) the Inflation Index Level for the calendar month ("**Reference Month**") specified in the Final Terms as corresponding to the relevant Interest Payment Date ("**Inflation Index(t)**"); by
- (y) the Inflation Index Level for the Reference Month specified in the Final Terms as corresponding to the Initial Valuation Date ("**Inflation Index (initial)**").

The Inflation Factor calculation can also be expressed formulaically as:

$$\frac{\text{Inflation Index}(t)}{\text{Inflation Index (initial)}}$$

If the Initial Valuation Date or any Interest Payment Date does not fall on the first calendar day of a month, and the Final Terms specifies that the Reference Month corresponding to such Initial Valuation Date or Interest Payment Date is subject to linear interpolation, the relevant Inflation Index Level corresponding to such Initial Valuation Date or Interest Payment Date shall be calculated using linear interpolation between (x) the Inflation Index Level for the Reference Month corresponding to such Initial Valuation Date or Interest Payment Date and (y) the Inflation Index Level for the calendar month following such Reference Month.

(d) **Relevant defined terms**

The following terms as used above have the following meanings:

- **"Calculation Amount"** means a nominal amount of the Securities equal to the Specified Denomination (unless a different amount is specified in the Final Terms, in which case, such amount).
- **"Day Count Fraction"** means the fraction equal to the number of days of the relevant Interest Calculation Period divided by the number of days of the year, in each case as determined by the applicable convention, which may be any of 'Actual/Actual(ICMA)', 'Act/Act(ICMA)', 'Actual/Actual', 'Actual/Actual (ISDA)', 'Actual/365 (Fixed)', 'Actual/360', '30/360', '360/360', 'Bond Basis', '30E/360', 'Eurobond Basis', '30E/360 (ISDA)' (each as defined in General Condition 25.1 (*Definitions*) in the definition 'Day Count Fraction Conventions'), as specified in the Final Terms.
- **"Fixed Rate"** means the percentage rate of interest per annum for the relevant Interest Payment Date as set out in the Final Terms.
- **"Inflation Index"** means the index specified in the Final Terms.
- **"Inflation Index Level"** means the level of the Inflation Index first published or announced for the relevant Reference Month, as determined by the Determination Agent, subject to Section D: INFLATION INDEX DISRUPTION EVENTS of the General Conditions.
- **"Initial Valuation Date"** means the date specified in the Final Terms.
- **"Interest Calculation Date"** means the date falling 5 Business Days prior to the relevant Interest Payment Date.
- **"Interest Calculation Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the next succeeding Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date, as applicable.
- **"Interest Payment Date"** means the date or dates specified in the Final Terms, subject to adjustment in accordance with the relevant Business Day Convention.
- **"Interest Period End Date"** means each date specified in the Final Terms or, if none, each Interest Payment Date (after adjustment due to any applicable Business Day Convention), provided that if the Final Terms specifies that the Interest Period End Date is not subject to adjustment, the Interest Period End Date will be each date specified as such (or, if none, each Interest Payment Date) disregarding any adjustment to the Interest Payment Date due to any applicable Business Day Convention.

- **"Valuation Date"** means the Initial Valuation Date, each Interest Calculation Date or any other date on which the Inflation Index Level is required to be determined.

6. **Optional Early Redemption**

(a) **Application and type**

The Final Terms will indicate whether Optional Early Redemption is applicable and, in the event it is, the Final Terms will specify whether the Option Type is:

- Call-European;
- Call-Bermudan;
- Put-European; or
- Put-Bermudan.

(b) **Certain information to be found in the Final Terms**

The Final Terms will contain provisions applicable to the Optional Early Redemption provisions (if applicable) and must be read in conjunction with this General Condition 6 for full information on the manner in which an option may be exercised. In particular, the Final Terms will specify the following information items where relevant to the particular Securities:

- the Issuer Option Exercise Period(s)
- the Put Option Exercise Period(s)
- the Early Redemption Percentage used to calculate the Optional Cash Settlement Amount
- the Optional Cash Redemption Date(s)

6.1 **Issuer Call Option**

(a) **Application**

This General Condition 6.1 applies only to those Securities for which 'Option Type' is specified to be 'Call-European' or 'Call-Bermudan' in the Final Terms.

(b) **Optional Cash Settlement Amount**

The Issuer may (at its option) elect to redeem all (but not some only) of the Securities in whole (but not in part) prior to the scheduled maturity on the date (or dates) specified as an 'Optional Cash Redemption Date' (the "**Optional Cash Redemption Date**") in the Final Terms for a cash amount for each Security (representing a nominal amount equal to the Calculation Amount) (the "**Optional Cash Settlement Amount**") equal to (x) the Calculation Amount, multiplied by (y) the percentage specified as the 'Early Redemption Percentage' in the Final Terms (which amount may differ depending on the relevant Optional Cash Redemption Date) (or if no such amount is specified, 100 per cent) (the "**Early Redemption Percentage**"), as determined by the Determination Agent.

(c) **Exercise**

(i) **Call-European**

The Issuer may exercise a Call-European option by giving irrevocable notice to Holders on any Business Day falling within the period specified as the Issuer Option Exercise Period (the "**Issuer Option Exercise Period**") in the Final Terms.

The last day of the Issuer Option Exercise Period shall be a date falling not less than the number of Business Days preceding the Optional Cash Redemption Date as is specified in the Final Terms as the 'Call Notice Period Number' of Business Days (provided that such number shall not be less than 5 and if no such number is specified it shall be deemed to be 5) (the "**Call Notice Period Number**").

(ii) **Call-Bermudan**

The Issuer may exercise a Call-Bermudan option by giving irrevocable notice to Holders on any Business Day falling within a period specified as an Issuer Option Exercise Period (each, an "**Issuer Option Exercise Period**") in the Final Terms.

The last day of each Issuer Option Exercise Period shall be a date falling not less than the number of Business Days preceding the Optional Cash Redemption Date for such Issuer Option Exercise Period as is specified in the Final Terms as the 'Call Notice Period Number' of Business Days (provided that such number shall not be less than 5 and if no such number is specified the Call Notice Period Number shall be deemed to be 5) (the "**Call Notice Period Number**"). The Final Terms will specify which Optional Cash Redemption Date applies to which Issuer Option Exercise Period.

6.2 **Holder Put Option**

(a) **Application**

This General Condition 6.2 applies only to those Securities for which 'Option Type' is specified to be 'Put-European' or 'Put-Bermudan' in the Final Terms.

(b) **Optional Cash Settlement Amount**

A Holder may (at its option) elect that a Security be redeemed in whole (but not in part) prior to its scheduled maturity on the date (or dates) specified as an Optional Cash Redemption Date (the "**Optional Cash Redemption Date**") in the Final Terms for a cash amount for each Security (representing a nominal amount equal to the Calculation Amount) (the "**Optional Cash Settlement Amount**") equal to (x) the Calculation Amount, multiplied by (y) the percentage specified as the 'Early Redemption Percentage' in the Final Terms (which amount may differ depending on the relevant Optional Cash Redemption Date) (or if no such amount is specified, 100 per cent) (the "**Early Redemption Percentage**"), as determined by the Determination Agent.

(c) **Exercise**

(i) **Put-European**

A Holder may exercise a Put European option by giving irrevocable notice to the Issuer on any Business Day falling within the period specified as the Put Option Exercise Period (the "**Put Option Exercise Period**") in the Final Terms.

The last day of the Put Option Exercise Period shall be a date falling not less than the number of Business Days preceding the Optional Cash Redemption Date as is specified in the Final Terms as the 'Put Notice Period Number' of Business Days (provided that such number shall not be less than 5 and if no such number is specified it shall be deemed to be 5) (the "**Put Notice Period Number**").

(ii) **Put-Bermudan**

A Holder may exercise a Put-Bermudan option by giving irrevocable notice to the Issuer on any Business Day falling within a period specified as a Put Option Exercise Period (each, a "**Put Option Exercise Period**") in the Final Terms.

The last day of each Put Option Exercise Period shall be a date falling not less than the number of Business Days preceding the Optional Cash Redemption Date for such Put Option Exercise Period as is specified in the Final Terms as the 'Put Notice Period Number' of Business Days (provided that such number shall not be less than 5 and if no such number is specified it shall be deemed to be 5) (the "**Put Notice Period Number**"). The Final Terms will specify which Optional Cash Redemption Date applies to which Put Option Exercise Period.

(d) **Other exercise provisions**(i) **General**

In the event that any option of any Holder is exercised, such Holder must deposit (in the case of Bearer Securities) the relevant Bearer Securities (together with all unmatured or unexchanged Coupons) with any Paying Agent or (in the case of Registered Securities) the relevant Global Registered Security or Definitive Registered Security representing such Registered Securities with the Registrar or any Transfer Agent at its specified office together with the duly completed irrevocable option exercise notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) (the "**Option Exercise Notice**"). If the Securities are Cleared Securities, such option may be exercised by the relevant Holder giving an Option Exercise Notice to the Issue and Paying Agent through the Relevant Clearing Systems stating the nominal amount of Securities in respect of which the option is exercised and the relevant Common Depositary, Common Safekeeper, custodian or nominee shall deposit and surrender the relevant Securities in accordance with the Relevant Rules. No transfers of interests in Cleared Securities in respect of which an Option Exercise Notice has been delivered will be valid and an Option Exercise Notice in respect of Cleared Securities must be accompanied by a copy of instructions given to the Relevant Clearing System by the relevant Accountholder that the Accountholder's account be blocked for such purposes. No Securities so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. In all cases, the exercise of any put option in respect of Securities that are Cleared Securities must be exercised in accordance with the Relevant Rules and, to the extent there is any inconsistency between the terms set out herein and the Relevant Rules, such Relevant Rules shall prevail.

(ii) **CREST Securities**

Notwithstanding anything to the contrary herein, if the Securities are CREST Securities, such option may be exercised by the relevant Holder sending an Option Exercise Notice by way of a Dematerialised Instruction to the Operator (or procuring that such an instruction is sent) in the form obtainable from the Issuer or the CREST Agent. Such Option Exercise Notice must state the nominal amount of Securities in respect of which the option is exercised and irrevocably instruct the Operator to transfer from the Holder's account to the appropriate account of the Issuer in CREST the relevant nominal amount of Securities to be redeemed, provided that the Option Exercise Notice shall not be effective until such transfer to the Issuer's account is complete. The right to require redemption of Securities that are CREST Securities must be exercised in accordance with the regulations of CREST and if there is any inconsistency between the General Conditions and the regulations of CREST, the latter shall prevail. No CREST Securities in respect of which such option has been exercised may be withdrawn without the prior consent of the Issuer.

7. **Final Redemption**(a) **Redemption Type**

The Final Terms will indicate whether the Securities will pay:

- a Bullet Redemption amount; or
- an Inflation-Linked Redemption amount.

(b) **Certain information to be found in the Final Terms**

The Final Terms will contain provisions applicable to the Final Redemption provisions and must be read in conjunction with this General Condition 7 for full information on the manner in which the Final Cash Settlement Amount will be calculated. In particular, the Final Terms will specify the following information items where relevant to the particular Securities:

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- the Final Redemption Percentage;
- the Final Valuation Date; and
- details of any applicable Inflation Index.

### 7.1 **Bullet Redemption**

#### (a) **Application**

This General Condition 7.1 applies only to those Securities for which the Final Redemption Type is specified to be 'Bullet Redemption' in the Final Terms.

#### (b) **Final Cash Settlement Amount**

Unless previously redeemed or purchased and surrendered for cancellation, each Security (representing a nominal amount equal to the Calculation Amount) will be redeemed by the Issuer by payment on the Scheduled Redemption Date of a cash amount (the "**Final Cash Settlement Amount**") determined on the Final Valuation Date by the Determination Agent as (x) the Calculation Amount, multiplied by (y) the percentage specified as the 'Final Redemption Percentage' in the Final Terms (or if no such amount is specified, 100 per cent) (the "**Final Redemption Percentage**").

### 7.2 **Inflation-Linked Redemption**

#### (a) **Application**

This General Condition 7.2 applies only to those Securities for which the Final Redemption Type is specified to be 'Inflation-Linked Redemption' in the Final Terms.

#### (b) **Final Cash Settlement Amount**

Unless previously redeemed or purchased and surrendered for cancellation, each Security (representing a nominal amount equal to the Calculation Amount) will be redeemed by the Issuer by payment on the Scheduled Redemption Date of a cash amount (the "**Final Cash Settlement Amount**"), determined on the Final Valuation Date by the Determination Agent as the Calculation Amount multiplied by the amount (the "**Final Inflation Factor**") that is determined by dividing:

- (i) the Inflation Index Level for the calendar month ("**Reference Month**") specified in the Final Terms as corresponding to the Scheduled Redemption Date ("**Inflation Index (final)**"); by
- (ii) the Inflation Index Level for the Reference Month specified in the Final Terms as corresponding to the Initial Valuation Date ("**Inflation Index (initial)**"),

provided that if the above calculation would result in the Final Inflation Factor being less than the Final Redemption Floor, then the Final Inflation Factor shall be deemed to be equal to the Final Redemption Floor. The "**Final Redemption Floor**" means 1 unless another amount is specified in the Final Terms.

The Final Inflation Factor (subject to the Final Redemption Floor) calculation can also be expressed formulaically as:

$$\frac{\text{Inflation Index (final)}}{\text{Inflation Index (initial)}}$$

If the Initial Valuation Date or the Scheduled Redemption Date does not fall on the first calendar day of a month, and the Final Terms specifies that the Reference Month corresponding to such Initial Valuation Date or Scheduled Redemption Date is subject to linear interpolation, the relevant Inflation Index Level corresponding to such Initial Valuation Date or Scheduled Redemption Date shall be calculated using linear interpolation between (x) the Inflation Index Level for the Reference Month corresponding to such Initial Valuation

Date or Scheduled Redemption Date and (y) the Inflation Index Level for the calendar month following such Reference Month.

(c) **Relevant defined terms**

The following terms as used above have the following meanings:

- **"Calculation Amount"** means a nominal amount of the Securities equal to the Specified Denomination (unless a different amount is specified in the Final Terms, in which case, such amount).
- **"Final Valuation Date"** means the date falling five Business Days prior to the Scheduled Redemption Date.
- **"Inflation Index"** means the index specified in the Final Terms.
- **"Inflation Index Level"** means the level of the Inflation Index first published or announced for the relevant Reference Month, as determined by the Determination Agent, subject to Section D: INFLATION INDEX DISRUPTION EVENTS of the General Conditions.
- **"Initial Valuation Date"** means the date specified in the Final Terms.
- **"Valuation Date"** means the Initial Valuation Date, the Final Valuation Date or any other date on which the Inflation Index Level is required to be determined.

**D. INFLATION INDEX DISRUPTION EVENTS**

**8. Inflation Index Disruption Events**

This General Condition 8 applies to Inflation-Linked Securities only.

**8.1 Delay of Publication**

If the Inflation Index Level for a Reference Month which is relevant to the calculation of an amount payable in respect of an Inflation-Linked Security (a **"Relevant Level"**) has not been published or announced by the relevant Valuation Date, the Determination Agent shall determine a **"Substitute Inflation Index Level"** (in place of such Relevant Level) by using the following methodology:

- (i) if applicable, the Determination Agent will take the same action to determine the Substitute Inflation Index Level for the relevant Valuation Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond; or
- (ii) if the Determination Agent is not able to determine a Substitute Inflation Index Level pursuant to sub-clause (i) above for the relevant Valuation Date for any reason, then the Determination Agent shall determine the Substitute Inflation Index Level as follows:

$$\text{Base Level} \times \left( \frac{\text{Latest Level}}{\text{Reference Level}} \right)$$

If a Relevant Level is published or announced at any time after the relevant Valuation Date, such Relevant Level will not be used in any calculations and instead the Substitute Inflation Index Level so determined pursuant to this General Condition 8.1 will be the definitive level for the relevant Reference Month.

For the purposes of this General Condition 8.1 the following terms shall have the following meanings (and to the extent not defined below, shall have the meaning set out in General Condition 25 (*Definitions and Interpretation*):

**"Base Level"** means the level of the Inflation Index (excluding any 'flash' estimates) published or announced by the Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Inflation Index Level is being determined.

**"Latest Level"** means the latest level of the Inflation Index (excluding any 'flash' estimates) published or announced by the Inflation Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being calculated.

**"Reference Level"** means the level of the Inflation Index (excluding any 'flash' estimates) published or announced by the Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in 'Latest Level' above.

## 8.2 Cessation of Publication

If the level of the relevant Inflation Index has not been published or announced for two consecutive months or the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index, then the Determination Agent shall determine a **"Successor Inflation Index"** (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation-Linked Securities by using the following methodology:

- (i) if at any time (other than after the designation by the Determination Agent of a date for the early redemption of the Inflation-Linked Securities pursuant to paragraph (v) below) a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a Successor Inflation Index for the purposes of all subsequent Interest Payment Dates or the Scheduled Redemption Date (as applicable) in relation to the Inflation-Linked Securities notwithstanding that any other successor index may previously have been determined under the other sub-sections of this General Condition 8.2;
- (ii) if: (1) a Successor Inflation Index has not been determined under paragraph (i) above; (2) there has been no designation of a date for the early redemption of the Inflation-Linked Securities by the Determination Agent pursuant to paragraph (v) below; (3) a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor; and (4) the Determination Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, then such replacement index shall be deemed to be the Successor Inflation Index for the purposes of the Inflation-Linked Securities from the date that such replacement Inflation Index comes into effect;
- (iii) if a Successor Inflation Index has not been determined by the Determination Agent under sub-paragraph (i) or (ii) above (and there has been no designation of a date for the early redemption of the Inflation-Linked Securities by the Determination Agent pursuant to sub-paragraph (v) below), the Determination Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If at least four responses are received and, of those responses, three or more of such dealers state the same index, such index will be deemed the Successor Inflation Index for the purposes of the Inflation-Linked Securities. If three responses are received and, of those responses, two or more of such dealers state the same index, such index will be deemed the Successor Inflation Index for the purposes of the Inflation-Linked Securities. If fewer than three responses are received, paragraph (iv) below shall apply;
- (iv) if no Successor Inflation Index has been determined under paragraphs (i), (ii) or (iii) above by the relevant Valuation Date, the Determination Agent will determine an appropriate alternative index for such Valuation Date, and such index will be deemed a Successor Inflation Index; or
- (v) if the Determination Agent determines that there is no appropriate alternative index, the Issuer may, by notice to the Holders, redeem on the Early Cash Redemption Date or

cancel all but not some only of the Inflation-Linked Securities at the Early Cash Settlement Amount.

### 8.3 **Rebasing of Inflation Index**

If the Determination Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the "**Rebased Inflation Index**") will be used for purposes of determining the level of an Inflation Index from the date of such rebasing; provided, however, that the Determination Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Inflation Index so that the Rebased Inflation Index levels reflect the same rate of inflation as the Inflation Index before it was rebased. If there is no Related Bond, the Determination Agent shall make adjustments to the levels of the Rebased Inflation Index so that the Rebased Inflation Index levels reflect the same rate of inflation as the Inflation Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Inflation-Linked Securities.

### 8.4 **Material Modification Prior to an Interest Payment Date or Scheduled Redemption Date**

If, on or prior to the relevant Interest Calculation Date or the Final Valuation Date, as applicable, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index, the Determination Agent shall make any such adjustments to the Inflation Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Inflation Index to continue as the Inflation Index.

### 8.5 **Manifest Error in Publication**

If, within thirty days of publication, but no later than the relevant Interest Calculation Date or the Final Valuation Date, as applicable, the Determination Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Determination Agent will use the latest corrected level of the Inflation Index for the purpose of determining any amounts payable by the Issuer to the Holders and take such other action as it may deem necessary to give effect to such correction.

## **E. GENERAL PROVISIONS**

### 9. **Accrual of Interest**

Interest shall cease to accrue on each interest bearing Security other than Zero Coupon Securities on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the rate of interest and in the manner provided in General Condition 5 (*Interest*) to the Relevant Date as if such period was an Interest Calculation Period.

In respect of French Law Securities, any Interest Amount shall, where applicable, (to the extent permitted by law) bear interest accruing only, in accordance with Article 1154 of the French Code civil, after such interest has been due for a period of at least one year.

### 10. **Early Redemption or Adjustment following an Additional Disruption Event**

If an Additional Disruption Event occurs, the Issuer may:

- (a) request that the Determination Agent determines whether an appropriate adjustment can be made to the Conditions or any other provisions relating to the Securities to account for the economic effect of such Additional Disruption Event on the Securities and to preserve substantially the economic effect to the Holders of a holding of the relevant Security. The Issuer shall notify Holders of any such adjustment(s) as soon as reasonably practicable after the nature and effective date of the adjustments are determined; provided that if the Determination Agent determines that no adjustment that could be made would produce a commercially reasonable result and preserve substantially the economic effect to the Holders of a holding of the relevant Security,

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the Determination Agent will notify the Issuer of such determination and no adjustment(s) shall be made and paragraph (ii) below will apply to the Securities; or

- (b) on giving not less than the Early Redemption Notice Period Number of Business Days' irrevocable notice to the Holders, redeem on the Early Cash Redemption Date all of the Securities of the relevant Series on the date specified in such notice, and pay to each Holder, in respect of each Security held by it and in respect of an Additional Disruption Event that is:
  - 1) a Currency Disruption Event, Issuer Tax Event or a Change in Law for which 'Change in Law – Hedging' is not specified to be applicable in the Final Terms, an amount equal to the Early Cash Settlement Amount; or
  - 2) a Hedging Disruption, Increased Cost of Hedging, or a Change in Law for which 'Change in Law – Hedging' is specified to be applicable in the Final Terms, an amount equal to the Early Termination Amount.

### 11. Events of Default

If any of the following events occurs and is continuing (each an "**Event of Default**") and unless the Event of Default shall have been cured by the Issuer prior to receipt of a notice from the Holders or Representative, as referred to below, a Holder (or, in respect of French Law Securities where "*Full Masse*" or "*Contractual Masse*" is specified as applicable in the Final Terms, the Representative upon request by any Holder) may give notice to the Issuer (and, in respect of Securities other than CREST Securities, the Issue and Paying Agent or Paying Agent, as applicable) that such Security is, and in all cases such Security shall become, immediately due and payable at the Early Cash Settlement Amount:

- (i) the Issuer does not pay any Optional Cash Settlement Amount, Early Cash Settlement Amount, or Final Cash Settlement Amount, as applicable, in respect of the Securities when the same is due and payable and such failure continues for 30 days; or
- (ii) any interest has not been paid within 14 calendar days of the due date for payment. The Issuer shall not, however, be in default if such sums ("**Withheld Amounts**") were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14-calendar-day period by independent legal advisers; or
- (iii) the Issuer breaches any other provision of such Securities and that breach has not been remedied within 30 calendar days of the Issuer having received notice thereof from Holders holding at least one tenth in outstanding nominal amount of the relevant Series demanding remedy; or
- (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer (otherwise than in connection with a scheme of reconstruction, merger or amalgamation).

In respect of (i) French Law Securities in bearer form (*au porteur*) where '*Full Masse*' or '*Contractual Masse*' is specified as applicable in the Final Terms or (ii) French Cleared Securities, the notice to the Issuer and French Issue and Paying Agent referred to above must be sent together with evidence from the relevant financial intermediary that the relevant Securities are inscribed in the Holder's securities accounts held by such financial intermediary.

### 12. Agents

#### 12.1 Appointment of Agents

The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right to vary or terminate the appointment of the Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain:

- (a) an Issue and Paying Agent;
- (b) a Registrar and a Transfer Agent in relation to Registered Securities;
- (c) one or more Determination Agent(s) where these General Conditions so require;
- (d) Paying Agents having specified offices in at least two major European cities;
- (e) such other agents as may be required by any stock exchange on which the Securities may be listed;
- (f) to the extent not already satisfied pursuant to (d) or (e) above, in relation to Definitive Bearer Securities, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (g) a CREST Agent so long as any CREST Securities are outstanding; a French Issue and Paying Agent, so long as French Cleared Securities or French Law Securities are outstanding; a Danish Issue and Paying Agent, so long as any Danish Securities are outstanding; a Finnish Issue and Paying Agent, so long as any Finnish Securities are outstanding; a Swedish Issue and Paying Agent and Euroclear Sweden as the central securities depository, so long as any Swedish Securities are outstanding; a Swiss Issue and Paying Agent, so long as any Swiss Law Securities are outstanding, and a Norwegian Issue and Paying Agent and an authorised VPS account manager (*Kontofører*) as Accountholder, so long as any Norwegian Securities are outstanding and, in each case, in accordance with the requirements of the Relevant Rules; and
- (h) in the case of Securities in fully registered form (*au nominatif pur*) a Registration Agent.

Notice of any termination of appointment and of any changes to the specified office of any Agent will be given to Holders.

#### 12.2 **Determinations by the Determination Agent**

The Determination Agent (which will be Barclays Bank PLC, unless otherwise specified in the Final Terms), may be required to make certain determinations, considerations, decisions and calculations pursuant to the Conditions. In all circumstances the Determination Agent shall make such determinations and calculations in good faith and in a commercially reasonable manner, and (save in the case of manifest or proven error) shall be final and binding on the Issuer, the Agents and the Holders. In respect of French Law Securities, the Determination Agent shall act as an independent expert in the performance of its duties hereunder.

#### 12.3 **Responsibility of the Issuer and the Agents**

Save in respect of French Law Securities, neither the Issuer nor any Agent shall be held responsible for any loss or damage resulting from any legal enactment (domestic or foreign), the intervention of a public authority (domestic or foreign), an act of war, strike, blockade, boycott or lockout or any other similar event or circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts shall also apply if any of such parties itself take such measures or becomes the subject of such measures. Where the Issuer or any of the Agents is prevented from effecting payment or delivery due to such event, payment or delivery may be postponed until the time the event or circumstance impeding payment has ceased, and shall have no obligation to pay or delivery any additional amounts in respect of such postponement.

#### 13. **Taxation**

The Issuer is not liable for, or otherwise obliged to pay amounts in respect of, any Taxes borne by a Holder. A Holder must pay all Taxes arising from or payable in connection with all

payments relating to the Securities and all payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any present or future Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within the Bank Jurisdiction (or any authority or political subdivision thereof or therein having power to tax) unless such withholding or deduction is required by law.

In that event, the appropriate withholding or deduction shall be made and the Issuer shall pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts receivable by the relevant Holder shall equal the respective amounts that would have been receivable by such Holder in the absence of such withholding or deduction. Notwithstanding the above, no Additional Amounts shall be payable with respect to any Security:

- (a) to, or to a third party on behalf of, a Holder who is liable for such Taxes in respect of such Securities by reason of his having a connection with the Bank Jurisdiction other than the mere holding of the relevant Security or Coupon; or
- (b) 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 complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Security or Coupon is presented for payment or, in the case of French Law Securities, in the place of residence of the Holder; or
- (c) where such withholding or deduction is required by the rules of the US Internal Revenue Code 1986, as amended, (the "**IR Code**") sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any agreement with the US Internal Revenue Service; or
- (d) (except in the case of French Law Securities) presented for payment more than 30 calendar days after the Relevant Date, except to the extent that the Holder would have been entitled to an Additional Amount on presenting such Security for such payment on the last day of such 30-day period; or
- (e) where such withholding or deduction is imposed on a payment to an individual and required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) (except in the case of Registered Securities, French Law Securities or CREST Securities) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Security or Coupon to another Paying Agent without such deduction or withholding; or
- (g) in relation to Definitive Bearer Securities, unless it is proved, to the satisfaction of the Issue and Paying Agent or the Paying Agent to whom the Security or Coupon is presented or, in respect of CREST Securities, to the satisfaction of the Issuer, that the Holder is unable to avoid such withholding or deduction by satisfying any applicable certification, identification or reporting requirements or by making a declaration of non-residence or other similar claim for exemptions to the relevant tax authorities.

The imposition of any withholding or deduction on any payments in respect of the Securities by or on behalf of the Issuer will be an "**Issuer Tax Event**" if such withholding or deduction is required by law.

14. **Prescription**

14.1 **Prescription in relation to Securities (other than Danish Securities, Finnish Securities and Norwegian Securities)**

Claims for payment of principal shall become void unless made within ten years and claims for interest shall become void unless made within five years of the appropriate Relevant Date.

**14.2 Prescription in relation to Danish Securities**

In the case of Danish Securities, claims against the Issuer for the payment of principal and interest payable in respect of the Danish Securities shall, in accordance with section 73 of the Securities Trading Act, be void unless made within 10 years (in the case of principal) and three years (in the case of interest) of the Relevant Date therefore and thereafter any principal or interest in respect of such Danish Securities shall be forfeited and revert to the Issuer.

**14.3 Prescription in relation to Finnish Securities**

In case of Finnish Securities, claims against the Issuer for the payment of principal and interest payable in respect of the Securities shall be prescribed unless made within three years of the Relevant Date, and thereafter any principal or interest payable under such Securities shall be forfeited and reverted to the Issuer.

**14.4 Prescription in relation to Norwegian Securities**

In case of Norwegian Securities, claims against the Issuer for the payment of principal and interest payable in respect of the Securities shall be prescribed unless made within three years of the Relevant Date, and thereafter any principal or interest payable under such Securities shall be forfeited and reverted to the Issuer.

**15. Replacement of Securities (other than CREST Securities, Danish Securities, Finnish Securities, French Law Securities, Norwegian Securities or Swedish Securities)**

Should any Security or Coupon in respect of any Series be lost, stolen, mutilated, defaced or destroyed, it may, subject to all applicable laws, regulations and any Relevant Stock Exchange or any other relevant authority requirements, be replaced at the specified office of the Issue and Paying Agent, in the case of Bearer Securities, or the Registrar, in the case of Registered Securities, or of such other Paying Agent or Transfer Agent, if the Issuer designates such and gives notice of the designation to Holders. The replacement of any Security or Coupon shall be subject to payment by the claimant of the fees, expenses and Taxes incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may require. This General Condition 15 shall not apply to CREST Securities.

**16. Early Redemption for Unlawfulness**

If the Issuer determines that the performance of any of its obligations under the Securities has become unlawful, in whole or in part, as a result of (i) any change in financial, political or economic conditions or currency exchange rates, or (ii) compliance in good faith by the Issuer or any relevant subsidiaries or affiliates with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative or judicial authority or power or in interpretation thereof, the Issuer may, at its option, redeem or terminate the Securities.

If the Issuer redeems the Securities pursuant to this General Condition 16, then the Issuer will, if and to the extent permitted by applicable law, pay to each Holder in respect of each Security held by it, an amount equal to the Early Cash Settlement Amount.

**17. Notices**

**17.1 To Holders**

All notices to Holders will be deemed to have been duly given and valid:

- (a) in the case of Bearer Securities, if published in a daily newspaper of general circulation in England (which is expected to be the Financial Times) and will be deemed to have been given on the date of first publication; and/or

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- (b) in the case of listed Securities, if given in accordance with the rules and regulations of the Relevant Stock Exchange or other relevant authority and will be deemed to have been given on the first date of transmission or publication; and/or
- (c) if publication pursuant to paragraph (a) or (b) above is not practicable, if published in another leading English language daily newspaper with circulation in Europe on the date of first publication; and/or
- (d) in the case of Registered Securities, if mailed to the relevant Holders of such Registered Securities at their respective designated addresses appearing in the Register and will be deemed delivered on the third weekday (being a day other than a Saturday or a Sunday) after the date of mailing; and/or
- (e) in the case of Cleared Securities, if given to the Relevant Clearing System provided that any publication or other requirements required pursuant to paragraph (b) above shall also be complied with if applicable. In such cases, notices will be deemed given on the first date of transmission to the applicable Relevant Clearing System; and/or
- (f) in the case of CREST Securities, if mailed to the relevant Holders of such CREST Securities at their respective designated addresses appearing in the Record on the second CREST Business Day immediately prior to despatch of such notice and will be deemed delivered on the third weekday (being a day other than a Saturday or a Sunday) after the date of mailing or in substitution for mailing, if given to the Operator in which case it will be deemed delivered on the first date of transmission to the Operator (regardless of any subsequent mailing); and/or
- (g) in the case of French Cleared Securities, if published in a daily newspaper of general circulation in France (which is expected to be *Les Echos*) and will be deemed to have been given on the date of first publication; and/or
- (h) in the case of French Law Securities in registered form (*au nominatif*), if mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing. Notices to the Holders of French Law Securities (whether in registered (*au nominatif*) or in bearer (*au porteur*) form) may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Securities are for the time being cleared in substitution for the mailing and publication; and/or
- (i) in the case of Finnish Securities, sent by mail to the Holders on the addressed registered for such Holders in the register maintained by Euroclear Finland in accordance with the Relevant Rules and provided to the Issuer, or the Finnish Issue and Paying Agent; and/or
- (j) in the case of Danish Securities, all notices to Holders of Danish Securities will be valid if mailed to their registered addresses appearing on the register of VP. Any such notice shall be deemed to have been given on the fourth day after the day on which it is mailed; and/or
- (k) in the case of a public distribution of Securities in Switzerland, all notices to Holders will be valid if published on the Internet on the website [www.barx-is.com](http://www.barx-is.com) or any successor webpage thereto. Any such notice shall be deemed to have been given on the day of publication of the website; and/or
- (l) in the case of Norwegian Securities, if mailed to the Norwegian Issue and Paying Agent who shall deliver same to the VPS which in turn will distribute the notice through the VPS System (to the Accountholders for the Holders of Norwegian Securities)

### 17.2 To the Issuer and the Agents

In respect of any Series, all notices to the Issuer and/or the Agents must be sent to the address specified for each such entity in the Agency Agreement or to such other person or place as shall be specified by the Issuer and/or the Agent by notice given to Holders. Any notice determined not to be valid, effective, complete and in proper form shall be null and void unless the Issuer and the Relevant Clearing System, or, in respect of CREST Securities, the Issuer and the Operator, or, in respect of French Law Securities, the Issuer and the French Issue and Paying Agent, agree otherwise. This provision shall not prejudice any right of the person delivering the notice to deliver a new or corrected notice. The Issuer, Operator, Paying Agent, Registrar or Transfer Agent shall use all reasonable endeavours promptly to notify any Holder submitting a notice if it is determined that such notice is not valid, effective, complete or in the proper form.

**18. Substitution (Securities other than French Law Securities)**

The Issuer shall be entitled at any time, without the consent of the Holders, to substitute any other entity, the identity of which shall be determined by the Issuer, to act as issuer in respect of Securities then outstanding under the Programme (the "**New Bank Issuer**"), provided that (a) the New Bank Issuer's long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least the same as Barclays Bank PLC's long-term rating at the date on which the substitution is to take effect or the New Bank Issuer has an equivalent long-term rating from another internationally recognised rating agency and (b) no Event of Default as set out in General Condition 11 (*Events of Default*) shall occur as a result thereof. Any such substitution shall take effect upon giving notice to the Holders of each Series then outstanding, the UK Listing Authority and any other Relevant Stock Exchange and the relevant Agents.

In the event of any such substitution, any reference in the Conditions to the Issuer shall be construed as a reference to the New Bank Issuer. In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with or subject to the jurisdiction of, any particular territory, and no Holder shall be entitled to claim from the Issuer or the New Bank Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Holder.

In respect of Finnish Securities, notwithstanding the above, such substitution may only take place if Euroclear Finland gives its consent to the substitution of the Issuer with the New Bank Issuer.

In respect of Norwegian Securities, notwithstanding the above, such substitution may only take place if the VPS gives its consent to the substitution of the Issuer with the New Bank Issuer.

In respect of Swedish Securities, notwithstanding the above, such substitution may only take place if Euroclear Sweden gives its consent to the substitution for the New Bank Issuer.

**19. Modifications and Meetings of Holders**

**19.1 Modifications without consent of Holders (Securities other than French Law Securities)**

The Conditions of the Securities and/or the Agency Agreement and/or the Deed of Covenant may be amended by the Issuer in each case without the consent of the Holders if, in the reasonable opinion of the Issuer, the amendment (i) is of a formal, minor or technical nature, (ii) is made to correct a manifest or proven error or omission, (iii) is made to comply with mandatory provisions of the law of the Bank Jurisdiction or (in the case of CREST Securities and on the condition that Holders of CREST Securities are given prior notice where reasonably practicable) change in any of the CREST Requirements, (iv) is made to cure, correct or supplement any defective provision contained herein and/or (v) will not materially and adversely affect the interests of the Holders. Any such modification shall be binding on the Holders and any such modification shall take effect by notice to the Holders.

**19.2 Modifications requiring the consent of the Holders (Securities other than French Law Securities)**

(a) **Consent by written resolution**

Notwithstanding the provisions in paragraph (b) and paragraph (c) below, in order to modify and amend the Agency Agreement and the Securities (including the General Conditions), a resolution in writing signed by or on behalf of the Holders of not less than 90 per cent in aggregate nominal amount of Securities at the time outstanding shall be required. Such a 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.

(b) **Majority Consent**

Subject as provided in paragraph (c) below, the Agency Agreement contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the amendment of the Agency Agreement or of any of the Conditions relating to a Series.

Such a meeting may be convened by the Issuer or Holders holding not less than 10 per cent in aggregate nominal amount of the Securities at the time outstanding. At least 21 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is to be held) specifying the date, time and place of the meeting shall be given to Holders. An Extraordinary Resolution will be two or more persons holding or representing a clear majority in nominal amount or number of the Securities held or represented. Any resolution other than an Extraordinary Resolution duly passed shall be binding on all Holders of Securities of that Series, whether present or not.

(c) **Consent by Extraordinary Resolution**

An Extraordinary Resolution will need to be passed in respect of any of the following modifications:

- (i) to amend the dates of maturity or redemption of the principal or interest due on any Securities or extend the date for payment of interest or Interest Amounts on the Securities,
- (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption or exercise of, the Securities,
- (iii) to reduce the rate or rates of interest in respect of the Securities or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Securities,
- (iv) if a Cap Rate, Floor Rate or a Minimum Tradable Amount is specified in the Final Terms, to amend any such value,
- (v) to reduce any minimum and/or maximum rate of interest, or maximum and/or minimum tradable amount,
- (vi) to vary any method of, or basis for, calculating any Settlement Amount (other than as provided for in the Conditions),
- (vii) to vary the currency or currencies of payment or denomination of the Securities or
- (viii) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass the Extraordinary Resolution.

The quorum required to pass an Extraordinary Resolution shall be two or more persons holding or representing not less than 75 per cent or at any adjourned meeting not less than 25 per cent in nominal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all the Holders, regardless of whether they are present at the meeting, save for those Securities that have not been redeemed but in respect of which an Exercise Notice shall have been delivered as described in General Conditions 6.2(c)(i) (*Put-European*) or 6.2(c)(ii) (*Put-Bermudan*) prior to the date of the

meeting (provided that such Securities will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Holders).

The Holder of a Permanent Global Security shall (unless such Permanent Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, the Holder of a Permanent Global Security shall be treated as having one vote in respect of each integral currency unit of the Currency of the Security.

**(d) Consent in respect of Swedish Securities**

In addition to the provisions set forth in paragraph (a) above, the following shall apply in respect of the Swedish Securities:

Only Holders registered as Holders on the fifth Business Days prior to the Holders' meeting (or the procedure in writing) are entitled to vote at the Holders' meeting (or the procedure in writing). The Swedish Issue and Paying Agent shall ensure that there is an excerpt from the register kept by Euroclear Sweden available at the Holders' meeting (or the procedure in writing) showing the registered Holders on the fifth Banking Day prior to the Holders' meeting (or the procedure in writing).

Holders of Securities registered with nominees shall be considered Holders instead of the authorised nominee if the holder shows a certificate from the authorised nominee (i) certifying that the relevant person was the holder of Securities on the fifth Banking Day prior to the Holders' meeting (or procedure in writing), and (ii) showing the number of Securities held by that person on the fifth Business Day prior to the Holders' meeting (or the procedure in writing). In respect of Securities registered with authorised nominees, the authorised nominee shall be regarded as present at the Holders' meeting (or the procedure in writing) with the number of Securities that the nominee represents as Holder.

**(e) Consent in respect of Finnish Securities**

In addition to the provisions set forth in paragraph (a) above, the following shall apply in respect of the Finnish Securities:

Only those who, according to the register kept by Euroclear Finland in respect of the Securities, were registered as Holders on the fifth Business Day prior to the meeting of Holders on the list of Holders, or proxies authorised by such Holders, shall, if holding any of the nominal amount of the Securities at the time of the meeting, be entitled to vote at the meeting and shall be recorded in the list of the Holders present in the meeting of Holders.

A meeting of Holders shall be held in Helsinki and its chairman shall be appointed by the Issuer. If the Issuer fails to appoint such a chairman no later than five days prior to the meeting of Holders, he or she shall be appointed by the Finnish Issue and Paying Agent.

Resolutions passed at a meeting of Holders shall be deemed to have been notified to the Holders once they have been entered into the issue account of the Securities maintained by Euroclear Finland. In addition, Holders are obliged to notify subsequent transferees of the Securities of the resolutions of the meeting of Holders.

**(f) Consent in respect of Swiss Law Securities**

The Issuer and the Swiss Paying Agent may assume that the bank or financial intermediary who submits a Security Exercise Notice has been duly authorised by the respective holder of the Securities.

**19.3 Modifications of French Law Securities**

In respect of French Law Securities, the following shall apply:

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- (a) If the Final Terms specifies 'No Masse', the Holders will not, in respect of all Tranches in any Series, be grouped for the defence of their common interests in a Masse (as defined below) and the provisions of the French Code de commerce relating to the Masse shall not apply; or
- (b) If the Final Terms specifies 'Full Masse', the Holders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a Masse and the provisions of the French Code de commerce relating to the Masse shall apply subject to the below provisions of this General Condition 19.3(b)

The names and addresses of the initial Representative (as defined below) of the Masse and its alternate will be available upon request at the head office of the Issuer and the specified offices of the Paying Agent(s). The Representative appointed in respect of the first Tranche of any Series of Notes will be the representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as is set out in the Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the general meeting of the Holders of Notes (the "**General Meeting**").

In accordance with Article R.228–71 of the French Code de commerce, the right of each Holder to participate in General Meetings will be evidenced by the entries in the books of the relevant Accountholder of the name of such Holder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting.

The place where a General Meeting shall be held will be set out in the notice convening such General Meeting; or

- (c) If the Final Terms specifies 'Contractual Masse', the Holders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a masse (in each case, the "**Masse**") which will be subject to the below provisions of this General Condition 19.3(c)

The Masse will be governed by the provisions of the French Code de commerce with the exception of Articles L.228–48, L.228–59, the second sentence of Article L.228–65 II and Articles R.228–63, R.228–67 and R.228–69 subject to the following provisions:

- (i) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a General Meeting of the Holders.

The Masse alone, to the exclusion of all individual Holders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the French Law Securities.

- (ii) Representative

The office of Representative may be conferred on a person of any nationality.

However, the following persons may not be chosen as Representative:

- (A) the Issuer, the members of its Management Board or Supervisory Board, its general managers, its statutory auditors, its employees and their ascendants, descendants and spouse; or
- (B) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors, Executive Board or Supervisory Board,

their statutory auditors, employees and their ascendants, descendants and spouse; or

- (C) companies holding 10 per cent or more of the share capital of the Issuer or companies having 10 per cent or more of their share capital held by the Issuer; or
- (D) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of the Paying Agent(s).

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, another alternate Representative will be elected by the General Meeting of Holders.

(iii) Powers of the Representative

The Representative shall, in the absence of any decision to the contrary of the General Meeting, have the power to take all acts of management necessary in order to defend the common interests of the Holders.

All legal proceedings against the Holders or initiated by them, must be brought by or against the Representative.

The Representative may not interfere in the management of the affairs of the Issuer.

(iv) General Meeting

A General Meeting may be held at any time on convocation either by the Issuer or by the Representative. One or more Holders, holding together at least one-thirtieth of the nominal amount of the French Law Securities outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months of such demand, the Holders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided in General Condition 17 (*Notices*) not less than fifteen (15) days prior to the date of such General Meeting.

Each Holder has the right to participate in a General Meeting in person or by proxy, correspondence, or, if the by-laws of the Issuer so specify, videoconference or any other means of telecommunication allowing the identification of the participating Holders.

Each French Note carries the right to one vote. General Meetings may deliberate validly on first convocation only if Holders present or represented hold at least one-fifth of the nominal amount of the French Law Securities then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Holders attending such General Meetings or represented thereat.

In accordance with Article R.228–71 of the French Code de commerce, the rights of each Holder to participate in General Meetings will be evidenced by the entries in the books of the relevant Accountholder of the name of such Holder on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting at 12:00 midnight, Paris time.

Decisions of General Meetings must be published in accordance with the provisions set forth in General Condition 17 (*Notices*).

(v) Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the French Law Securities, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions, including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (charges) of the Holders, nor authorise or accept a postponement of the date of payment of interest on or a modification of the terms of repayment of or the rate of interest on the French Law Securities, nor establish any unequal treatment between the Holders.

(vi) Expenses

The Issuer will bear the cost of compensating the representative of the Masse as well as the expenses of calling and holding the General Meetings, publishing its decisions, the fees relating to the appointment of the representative of the Masse under Article L.228–50 of the French Code de commerce, where applicable, and, more generally, all costs arising from the administration and operation of the Masse.

(vii) Information to the Holders

General Meetings shall be held at the registered office of the Issuer or any other place specified in the notice convening the meeting. Each Holder shall have the right, during the 15-day period preceding the General Meeting of the Masse, to examine or make copies of the text of the proposed resolutions, as well as any reports to be presented to the General Meeting, at the registered office or administrative headquarters of the Issuer or at such other place as may be specified in the notice convening the meeting, or to cause an agent to do the foregoing on its behalf.

(viii) Single Masse

In the event that subsequent issues of French Law Securities give subscribers rights identical to those under the French Law Securities, and if the terms and conditions of such subsequent French Law Securities so provide, the Holders of all of such French Law Securities shall be grouped together in a single masse.

20. **Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Holders to create and issue further Securities so as to form a single Series with the Securities of any particular Series.

In the case of French Law Securities, such further Securities shall be assimilated (*assimilables*) to Securities as regards their financial services.

21. **Purchases and Cancellations**

The Issuer and any of its subsidiaries may at any time purchase Securities (provided that all unmatured Coupons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

All Securities so purchased may be held, surrendered for cancellation, or reissued or resold, and Securities so reissued or resold shall for all purposes be deemed to form part of the original Series.

Notwithstanding anything to the contrary above, all CREST Securities so purchased by the Issuer or any of its subsidiaries may be cancelled by agreement between the Issuer and the CREST Agent, provided that such cancellation shall be in accordance with the regulations of CREST in effect at the relevant time.

## 22. **Governing Law and Jurisdiction**

### 22.1 **Governing Law**

#### (a) **Governing Law in relation to Securities other than French Law Securities and Swiss Law Securities**

The Securities and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

#### (b) **Governing Law in relation to Swiss Law Securities**

In case of Swiss Law Securities, the Securities, Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with Swiss law.

#### (c) **Governing Law in relation to French Law Securities**

In case of French Law Securities, any contractual or non-contractual obligation arising out of or in connection with French Law Securities is governed by, and shall be construed in accordance with French law.

#### (d) **Danish Securities, Finnish Securities, Norwegian Securities and Swedish Securities**

Danish law will be applicable in respect of the registration (including transfer of title redemption and payments) of Danish Securities in the VP. Finnish law will be applicable in respect of the title to and registration of Finnish Securities in Euroclear Finland. Norwegian law will be applicable in respect of the registration of Norwegian Securities in the VPS. Swedish law will be applicable in respect of the registration of Swedish Securities in Euroclear Sweden.

### 22.2 **Jurisdiction**

#### (a) **Jurisdiction in relation to Securities other than French Law Securities and Swiss Law Securities**

The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Securities, Coupons and/or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with them.

#### (b) **Jurisdiction in relation to French Law Securities**

Any claim against the Issuer in connection with any French Law Securities may be brought before any competent court in Paris.

#### (c) **Jurisdiction in relation to Swiss Law Securities**

The Courts of Zurich are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Swiss Law Securities, Coupons and/or the Agency Agreement and, accordingly, any legal action or proceedings arising out of or in connection with them.

23. **Severability**

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

24. **Contracts (Rights of Third Parties) Act 1999**

In respect of any Securities which are governed by English law, no person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

25. **Definitions and Interpretation**

25.1 **Definitions**

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

"**Account Bank**" means, in relation to a payment denominated in a particular currency, a bank in the principal financial centre for such currency as determined by the Determination Agent or, where the relevant payment is denominated in euro, in a city in which banks have access to the TARGET System.

"**Accountholder**" has the meaning given to it in General Condition 1.4(a) (*Title to Securities (other than CREST Securities, Danish Securities, Finnish Securities, French Law Securities, Norwegian Securities, Swedish Securities and Swiss Law Securities)*).

"**Additional Amounts**" has the meaning given to it in General Condition 13 (*Taxation*).

"**Additional Business Centre**" means each centre specified in the Final Terms.

"**Additional Disruption Event**" means, with respect to a Series:

- (a) each of a (i) Change in Law, (ii) Currency Disruption Event and (iii) Issuer Tax Event; and
- (b) if specified as applicable in the Final Terms, either or both of (i) Hedging Disruption and (ii) Increased Cost of Hedging.

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

"**Agency Agreement**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

"**Agents**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

"**Aggregate Nominal Amount**" means, on the Issue Date, the aggregate nominal amount of the Securities of such Series specified in the Final Terms and on any date thereafter such amount as reduced by any amortisation or partial redemption on or prior to such date.

"**Bank Jurisdiction**" means, at any time, the jurisdiction of incorporation of the Issuer or any New Bank Issuer substituted therefor in accordance with General Condition 18 (*Substitution*).

"**Banking Day**" means, in respect of any city, any day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in that city.

"**Base Level**" has the meaning given to it in General Condition 8.1 (*Delay of Publication*).

"**Bearer Securities**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities (other than CREST Securities, Danish Securities, Finnish Securities, French Cleared Securities, French Law Securities, Norwegian Securities, Swedish Securities and Swiss Law Securities)*).

"**Business Day**" means a day which is each of:

- (a) a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the Final Terms;
- (b) in respect of Cleared Securities, a Clearing System Business Day for the Relevant Clearing System;
- (c) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant currency (if other than London and any Additional Business Centre);
- (d) in relation to any sum payable in euro, a TARGET Business Day; and
- (e) in respect of CREST Securities, a CREST Business Day.

"**Business Day Convention**" means any of the conventions specified in General Condition 3.4 (*Business Day Convention*).

"**C Rules**" means the requirements under US Treasury Regulation section 1.163-5(c)(2)(i)(C).

"**Calculation Amount**" has the meaning given to it in General Condition 5.1 (*Fixed Rate Interest*), General Condition 5.2 (*Floating Rate Interest*), General Condition 5.5 (*Inflation-Linked Interest*) or General Condition 7.2 (*Inflation-Linked Redemption*) (as applicable).

"**Call Notice Period Number**" has the meaning given to it in General Condition 6.1(c)(i) (*Call-European*) and General Condition 6.1(c)(ii) (*Call-Bermudan*) (as applicable).

"**Cap Rate**" has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

"**CDI**" means dematerialised depository interests issued, held, settled and transferred through CREST that represent interests in specified Securities.

"**CGN Form**" has the meaning given to it in General Condition 1.1(j) (*Initial Issue of Global Securities*).

"**Change in Law**" means that, on or after the Trade Date, (i) due to the adoption or announcement of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in or public announcement of the formal or informal interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (a) it is unable to perform its obligations under the Securities, in whole or in part; or
- (b) where 'Change in Law – Hedging' is specified to be applicable in the Final Terms:
  - (i) it has become illegal for the Issuer and/or any of its affiliates to hold, acquire, or dispose of or otherwise deal in the Hedge Positions;
  - (ii) the Issuer or any of its Affiliates will incur a materially increased cost in performing their obligations under such Securities (including, without

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limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on their tax position); or

- (iii) the Issuer considers that the cost of capital on the Securities and/or related Hedge Positions is a fundamental element of the economics of the Securities and the Issuer and/or any of its Affiliates would be subject to materially less favourable regulatory capital treatment on the Securities or its related Hedge Positions, than was the position on the Trade Date.

"**Cleared Securities**" means any Securities that are Global Securities held by a Common Depository, Common Safekeeper or custodian for, or registered in the name of a nominee of, a Relevant Clearing System.

"**Clearing System Business Day**" means, in respect of a Relevant Clearing System, any day on which such Relevant Clearing System is open for the acceptance and execution of settlement instructions.

"**Clearstream**" means Clearstream Banking, *société anonyme*, 42 avenue JF Kennedy, L-1855 Luxembourg or any successor thereto.

"**Clearstream Rules**" means the Management Regulations of Clearstream and the Instructions to Participants of Clearstream, as may be from time to time amended, supplemented or modified.

"**Common Depository**" means, in relation to a particular Series, whether listed on any Relevant Stock Exchange or elsewhere, such common depository outside the United Kingdom and the United States (and the possessions of the United States) as shall be specified in the Final Terms with respect to such Series.

"**Common Safekeeper**" has the meaning given to it in General Condition 1.1(j) (*Initial Issue of Global Securities*).

"**Conditions**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

"**Coupons**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities*).

"**CREST**" means the system for the paperless settlement of trades and the holding of uncertificated securities operated by the Operator in accordance with the Uncertificated Regulations, as amended from time to time.

"**CREST Agent**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

"**CREST Business Day**" means any day on which CREST is open for the acceptance and execution of settlement instructions.

"**CREST Deed Poll**" means a global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated).

"**CREST Depository**" means CREST Depository Limited or any successor thereto.

"**CREST Requirements**" has the meaning given to such term in General Condition 1.5(a)(ii) (*Transfers of CREST Securities*).

"**CREST Securities**" means Securities which are specified as CREST Securities in the Final Terms and that are issued and held in uncertificated registered form in accordance with the Uncertificated Regulations.

"**Currency**" means, the currency specified in the Final Terms.

"**Currency Disruption Event**" means, with respect to a Series, the occurrence or official declaration of an event impacting one or more currencies that the Issuer determines would

materially disrupt or impair its ability to meet its obligations in the Currency or otherwise settle, clear, or hedge such Series.

"**D Rules**" means the requirements under US Treasury Regulation section 1.163-5(c)(2)(i)(D).

"**Danish Business Day**" means, in respect of Danish Securities, a day which is a Clearing System Business Day and a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Denmark.

"**Danish Issue and Paying Agent**" means, in respect of any Series of Danish Securities, Skandinaviska Enskilda Banken AB (publ), a banking institution incorporated under the laws of Sweden whose registered office is at Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden, acting through its Copenhagen branch SEB Merchant Banking, or such other issue and paying agent specified as a 'Paying Agent' in the Final Terms.

"**Danish Securities**" means Securities issued in uncertificated and dematerialised book-entry form and registered with VP Securities A/S in accordance with all applicable Danish laws, regulations and rules. Danish Securities will not be issued in definitive form.

"**Danish VP Registration Order**" has the meaning given to it in General Condition 1.1(c) (*Form of Danish Securities*).

"**Day Count Fraction**" has the meaning given to it in General Condition 5.1 (*Fixed Rate Interest*), General Condition 5.2 (*Floating Rate Interest*) or General Condition 5.5 (*Inflation-Linked Interest*) (as applicable).

"**Day Count Fraction Conventions**" means, in respect of the calculation of an amount of interest on any Security for an Interest Calculation Period any of the following (as applicable):

- (a) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified in the Final Terms, a fraction equal to 'number of days accrued/number of days in year', as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non US dollar denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Interest Calculation Period in respect of which payment is being made;
- (b) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is specified in the Final Terms, the actual number of calendar days in the Interest Calculation Period divided by 365 (or, if any portion of that Interest Calculation Period falls in a leap year, the sum of (i) the actual number of calendar days in that portion of the Interest Calculation Period falling in a leap year divided by 366 and (ii) the actual number of calendar days in that portion of the Interest Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is specified in the Final Terms, the actual number of calendar days in the Interest Calculation Period divided by 365;
- (d) if "**Actual/360**" is specified in the Final Terms, the actual number of calendar days in the Interest Calculation Period divided by 360;
- (e) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Final Terms, the number of calendar days in the Interest Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis 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:

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

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

'D<sub>1</sub>' is the first calendar day, expressed as a number, of the Interest 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 Interest 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;

- (f) if "**30E/360**" or "**Eurobond Basis**" is specified in the Final Terms, the number of calendar days in the Interest Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis 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 Interest 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 Interest Calculation Period falls;

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

'D<sub>1</sub>' is the first calendar day, expressed as a number, of the Interest 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 Interest Calculation Period unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if "**30E/360 (ISDA)**" is specified in the Final Terms, the number of calendar days in the Interest Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis 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 Interest 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 Interest Calculation Period falls;

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

'D<sub>1</sub>' is the first calendar day, expressed as a number, of the Interest Calculation Period unless (i) that day is the last day of February or (ii) 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 Interest Calculation Period unless (i) that day is the last day of February but not the Scheduled Redemption Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

"**Deed of Covenant**" has the meaning given to it by Section A: INTRODUCTION.

"**Definitive Bearer Security**" and "**Definitive Bearer Securities**" have the meanings given to them in General Condition 1.1(a) (*Form of Securities*).

"**Definitive Registered Securities**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities*).

"**Definitive Securities**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities*).

"**Dematerialised Instruction**" means, with respect to CREST Securities, an instruction sent by (or on behalf of) a Holder to the Operator in accordance with the rules, procedures and practices of the Operator and CREST in effect at the relevant time.

"**Designated Maturity**" has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

"**Determination Agent**" has the meaning given to it in Section A: INTRODUCTION to the General Conditions.

"**Distribution Compliance Period**" means the period that ends 40 calendar days after the completion of the distribution of each Series, as certified by the relevant Manager (in the case of a non-syndicated issue) or the relevant lead Manager (in the case of a syndicated issue).

"**Early Cash Redemption Date**" means the date specified as such in the notice given to Holders in accordance with General Condition 10 (*Early Redemption or Adjustment following an Additional Disruption Event*).

"**Early Cash Settlement Amount**" means, in relation to a Security on any day:

- (i) if 'Par' is specified in the Final Terms, an amount in the Currency equal to the outstanding nominal amount of such Security;
- (ii) if 'Amortised Face Amount' is specified in the Final Terms, an amount in the Currency equal to the scheduled Final Cash Settlement Amount of such Security discounted to the date of its early redemption at a rate per annum (expressed as a percentage) equal to the 'Amortisation Yield' (which, if none is specified in the Final Terms, shall be the rate as would produce an Amortised Face Amount equal to the Issue Price of such Security if it were discounted back from the Scheduled Redemption Date to the Issue Date) compounded annually; or
- (ii) if 'Market Value' is specified as applicable in the Final Terms, an amount in the Currency equal to the market value of such Security following the event triggering the early

redemption. Such amount shall be determined by the Determination Agent in a commercially reasonable manner on or as soon as reasonably practicable following the event giving rise to the early redemption of the Securities and by reference to such factors as the Determination Agent considers in good faith to be appropriate including, without limitation:

- (I) market prices or values for the Underlying Asset(s) and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (II) the remaining life of the Securities had they remained outstanding to scheduled maturity;
- (III) the value at the relevant time of any principal protection which would have been applicable had the Securities remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (IV) internal pricing models; and
- (V) prices at which other market participants might bid for securities similar to the Securities.

**"Early Redemption Notice Period Number"** means, in respect of a Series, ten unless otherwise specified in the Final Terms.

**"Early Redemption Percentage"** has the meaning given to it in General Condition 6.1 (*Issuer Call Option*) or General Condition 6.2 (*Holder Put Option*) (as applicable).

**"Early Termination Amount"** means an amount in the Currency equal to the market value of such Security following the event triggering the early redemption. Such amount shall be determined by the Determination Agent in a commercially reasonable manner on or as soon as reasonably practicable following the event giving rise to the early redemption of the Securities and by reference to such factors as the Determination Agent considers in good faith to be appropriate including, without limitation:

- (I) market prices or values for the Underlying Asset(s) and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (II) the remaining life of the Securities had they remained outstanding to scheduled maturity;
- (III) the value at the relevant time of any principal protection which would have been applicable had the Securities remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (IV) internal pricing models; and
- (V) prices at which other market participants might bid for securities similar to the Securities,

provided that the Determination Agent may adjust such amount to take into account any costs, losses and expenses which are incurred by the Issuer or its Affiliates in connection with such early redemption of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs.

**"EUR"**, **"euro"** and **"€"** each means the lawful single currency of the member states of the European Union that have adopted or adopt and continue to retain a common single currency through monetary union in accordance with European Union treaty law (as amended from time to time).

**"EURIBOR"** means the Euro Interbank Offered Rate.

"**Euroclear**" means Euroclear Bank S.A./N.V, 1 Boulevard du Roi Albert II B-1210, Brussels, Belgium or any successor thereto.

"**Euroclear Finland**" means Euroclear Finland Oy, the Finnish Central Securities Depository, P.O. Box 1110, 00 101 Helsinki, Finland or any successor or replacement thereto.

"**Euroclear France**" means Euroclear France S.A., 115 rue Réaumur, F-75081 Paris-CEDEX 02, France or any successor or replacement thereto.

"**Euroclear Rules**" means the terms and conditions governing the use of Euroclear and the operating procedures of Euroclear, as may be amended, supplemented or modified from time to time.

"**Euroclear Sweden**" means Euroclear Sweden AB, the Swedish Central Securities Depository & Clearing Organisation, company registration number 556112-8074, PO Box 191, SE-103 97 Stockholm, Sweden.

"**Euroclear Sweden Rules**" means the terms and conditions governing the use of Euroclear Sweden and the operating procedures of Euroclear, as may be amended, supplemented or modified from time to time.

"**Eurozone**" means the region comprising of member states of the European Union that have adopted the euro as the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

"**Event of Default**" means each of the events set out in General Condition 11 (*Events of Default*).

"**Exchange Date**" means, in relation to a Temporary Global Security, the calendar day falling after the expiry of 40 calendar days after its issue date and, in relation to a Permanent Global Security, a calendar day falling not less than 60 calendar days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issue and Paying Agent is located and (if applicable) in the city in which the Relevant Clearing System is located.

"**Exchange Event**" means in respect of (i) Cleared Securities, that the Issuer has been notified that any Relevant Clearing System has permanently ceased doing business and no successor clearing system is available, and (ii) Global Securities that are not Cleared Securities, that the Issuer has failed to make any payment of principal when due.

"**Exercise Notice**" means an Option Exercise Notice.

"**Extraordinary Resolution**" means a resolution passed in accordance with the Agency Agreement relating to the relevant Securities.

"**Fallback Bond**" means a bond selected by the Determination Agent and issued by the government of the country to whose level of inflation the Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to the Inflation Index, with a maturity date which falls on (a) the same day as the Scheduled Redemption Date of the Inflation-Linked Securities, (b) the next longest maturity after the Scheduled Redemption Date if there is no such bond maturing on the Scheduled Redemption Date, or (c) the next shortest maturity before the Scheduled Redemption Date if no bond defined in (a) or (b) is selected by the Determination Agent. If the Inflation Index relates to the level of inflation across the European Monetary Union, the Determination Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Determination Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Determination Agent from those bonds. If the Fallback Bond redeems the Determination Agent will select a new Fallback Bond

on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**"Final Cash Settlement Amount"** has the meaning given to it in General Condition 7.1 (*Bullet Redemption*) or General Condition 7.2 (*Inflation-Linked Redemption*), as applicable.

**"Final Inflation Factor"** has the meaning given to it in General Condition 7.2 (*Inflation-Linked Redemption*).

**"Final Redemption Floor"** has the meaning given to it in General Condition 7.2 (*Inflation-Linked Redemption*).

**"Final Redemption Percentage"** has the meaning given to it in General Condition 7.1(b) (*Final Cash Settlement Amount*).

**"Final Terms"** means, with respect to a particular Series of Securities, the final terms specified as such for such Securities.

**"Final Valuation Date"** has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*).

**"Finnish Issue and Paying Agent"** means, in respect of any Series of Finnish Securities, Skandinaviska Enskilda Banken AB (publ), a banking institution incorporated under the laws of Sweden whose registered office is at Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden, acting through its Helsinki branch SEB Merchant Banking, or such other issue and paying agent specified as a 'Paying Agent' in the Final Terms.

**"Finnish Securities"** means Securities issued in uncertificated and dematerialised book-entry form and registered with Euroclear Finland Oy, the Finnish Central Securities Depository in accordance with all applicable Finnish laws, regulations and rules. Finnish Securities will not be issued in definitive form.

**"FISA"** has the meaning given to it in General Condition 1.1(i) (*Form of Swiss Law Securities*)

**"Fixed Rate"** has the meaning given to it in General Condition 5.1 (*Fixed Rate Interest*).

**"Fixed Rate Securities"** means Securities in respect of which the Type of Interest specified in the Final Terms is 'Fixed Rate Interest'.

**"Floating Rate"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Floating Rate Option"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Floating Rate Securities"** means Securities in respect of which the Type of Interest specified in the Final Terms is 'Floating Rate Interest'.

**"Floor Rate"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Following"** has the meaning given to in General Condition 3.4(i) (*Business Day Convention*).

**"French Cleared Securities"** means Securities issued in dematerialised bearer form (*au porteur*) or registered form (*au nominatif*) and deposited with Euroclear France as central depository.

**"French Issue and Paying Agent"** means, in respect of any Series of French Law Securities, BNP Paribas Securities Services a *société en commandite par actions* incorporated under the laws of France (R.C.S. Paris no. 552 108 011) whose registered office is at 3, rue d'Antin, 75002 Paris, France, acting through its office located at Les Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin, France in its capacity as issue and paying agent, or such other issue and paying agent specified as a 'Paying Agent' in the Final Terms.

"**French Law Securities**" means Securities in respect of which the 'Governing Law' is specified to be French Law in the Final Terms.

"**FSMA**" means the Financial Services and Markets Act 2000, as amended from time to time.

"**GBP**", "**sterling**" and "**£**" each means pounds sterling the lawful currency of the United Kingdom.

"**General Meeting**" has the meaning given to it in General Condition 19.3 (*Modifications of French Law Securities*).

"**Global Bearer Securities**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities*).

"**Global Registered Securities**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities*).

"**Global Securities**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities*).

"**Hedge Positions**" means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions or (c) other instruments or arrangements (howsoever described) by the Issuer or any of its Affiliates in order to hedge individually, or on a portfolio basis, the Issuer's obligations in respect of the Securities.

"**Hedging Disruption**" means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the relevant Series, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"**Helsinki Business Day**" means, in respect of Finnish Securities, a day which is a Clearing System Business Day and a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Finland.

"**Holder**" has the meaning given to it in General Condition 1.4(a) (*Title to Securities (other than CREST Securities, Danish Securities, Finnish Securities, French Law Securities, Norwegian Securities, Swedish Securities and Swiss Law Securities)*).

"**Increased Cost of Hedging**" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the relevant Series, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

"**Inflation Factor**" has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*).

"**Inflation Index**" has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*) or General Condition 7.2 (*Inflation-Linked Redemption*) (as applicable).

"**Inflation Index (final)**" has the meaning given to it in General Condition 7.2 (*Inflation-Linked Redemption*).

"**Inflation Index (initial)**" has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*) or General Condition 7.2 (*Inflation-Linked Redemption*) (as applicable).

**"Inflation Index(t)"** has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*).

**"Inflation Index Level"** has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*) or General Condition 7.2 (*Inflation-Linked Redemption*) (as applicable).

**"Inflation Index Sponsor"** means the Inflation Index sponsor specified in the Final Terms and any successor Inflation Index sponsor of such Inflation Index.

**"Inflation-Linked Interest Securities"** means Securities in respect of which the Type of Interest specified in the Final Terms is 'Inflation-Linked Interest'.

**"Inflation-Linked Rate of Interest"** has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*).

**"Inflation-Linked Securities"** means Securities in respect of which the Type of Interest specified in the Final Terms is 'Inflation-Linked Interest' and/or the Final Redemption Type specified in the Final Terms is 'Inflation-Linked Redemption'.

**"Initial Valuation Date"** has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*) or General Condition 7.2 (*Inflation-Linked Redemption*) (as applicable).

**"Interest Amount"** means, in respect of an Interest Calculation Period, the amount of interest payable in respect of a Security (representing a nominal amount equal to the Calculation Amount) for that Interest Calculation Period.

**"Interest Calculation Date"** has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*).

**"Interest Calculation Period"** has the meaning given to it in General Condition 5.1 (*Fixed Rate Interest*), General Condition 5.2 (*Floating Rate Interest*) or General Condition 5.5 (*Inflation-Linked Interest*) (as applicable).

**"Interest Commencement Date"** means, in respect of any interest bearing Security, the Issue Date or such other date as may be set out in the Final Terms.

**"Interest Determination Date"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Interest Payment Date"** has the meaning given to it in General Condition 5.1 (*Fixed Rate Interest*), General Condition 5.2 (*Floating Rate Interest*) or General Condition 5.5 (*Inflation-Linked Interest*) (as applicable).

**"Interest Period End Date"** has the meaning given to it in General Condition 5.1 (*Fixed Rate Interest*), General Condition 5.2 (*Floating Rate Interest*) or General Condition 5.5 (*Inflation-Linked Interest*) (as applicable).

**"Intermediated Securities"** has the meaning given to it in General Condition 1.1(i) (*Form of Swiss Law Securities*).

**"Internal Rate of Return"** has the meaning given to it in General Condition 5.4 (*Zero Coupon*).

**"IR Code"** has the meaning given to it in General Condition 13(c) (*Taxation*).

**"ISDA"** means the International Swaps and Derivatives Association, Inc.

**"ISDA Definitions"** means the 2006 ISDA Definitions, published by ISDA, as amended and updated as at the Issue Date of the Securities.

**"ISDA Determination"** has the meaning given to it in General Condition 5.2(d) (*Floating Rate*).

"**ISDA Rate**" has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

"**Issue and Paying Agent**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

"**Issue Date**" means the issue date specified in the Final Terms.

"**Issue Price**" means the price specified in the Final Terms.

"**Issuer**" means Barclays Bank PLC.

"**Issuer Option Exercise Period**" has the meaning given to it in General Condition 6.1(c)(i) (*Call-European*) or General Condition 6.1(c)(ii) (*Call-Bermudan*) (as applicable).

"**Issuer Tax Event**" has the meaning given to it in General Condition 13 (*Taxation*).

"**Latest Level**" has the meaning given to it in General Condition 8.1 (*Delay of Publication*).

"**LIBOR**" means the London Interbank Offered Rate.

"**Linear Interpolation**" means the straight-line interpolation by reference to two rates based on the relevant ISDA Rate or Reference Rate (as applicable), one of which will be determined as if the Specified Duration were the period of time for which rates are available next shorter than the length of the affected Interest Calculation Period and the other of which will be determined as if the Specified Duration were the period of time for which rates are available next longer than the length of such Interest Calculation Period.

"**London Stock Exchange**" means London Stock Exchange plc.

"**Masse**" has the meaning given to it in General Condition 19.3 (*Modifications of French Law Securities*)

"**Manager(s)**" shall mean the Issuer or Barclays Capital Inc. or such other entity, as specified in the Final Terms.

"**Minimum Tradable Amount**" means the amount, if any, specified in the Final Terms.

"**Modified Following**" has the meaning given to in General Condition 3.4(ii) (*Business Day Convention*).

"**Nearest**" has the meaning given to in General Condition 3.4(iii) (*Business Day Convention*).

"**New Bank Issuer**" has the meaning given to it in General Condition 18 (*Substitution (Securities other than French Law Securities)*).

"**NGN Form**" has the meaning given to it in General Condition 1.1(j) (*Initial Issue of Global Securities*).

"**Norwegian Issue and Paying Agent**" means, in respect of any Series of Norwegian Securities, Skandinaviska Enskilda Banken AB (publ), a banking institution incorporated under the laws of Sweden whose registered office is at Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden, acting through its Oslo branch SEB Merchant Banking, or such other issue and paying agent specified as a 'Paying Agent' in the Final Terms.

"**Norwegian Securities**" means Securities issued in uncertificated and dematerialised electronic book-entry form and registered with the Norwegian Central Securities Depository in accordance with all applicable Norwegian laws, regulations and rules. Norwegian Securities will not be issued in definitive form.

"**NSS**" has the meaning given to it in General Condition 1.1(j) (*Initial Issue of Global Securities*).

"**Operator**" has the meaning given to such term in General Condition 1.4(b) (*Title to CREST Securities*).

"**Operator register of corporate securities**" has the meaning given to such term in General Condition 1.4(b) (*Title to CREST Securities*).

"**Optional Cash Redemption Date**" has the meaning given to it in General Condition 6.1 (*Issuer Call Option*) or 6.2 (*Holder Put Option*) (as applicable).

"**Optional Cash Settlement Amount**" has the meaning given to it in General Condition 6.1 (*Issuer Call Option*) or General Condition 6.2 (*Holder Put Option*) (as applicable).

"**Option Exercise Notice**" has the meaning given to it in General Condition 6.2 (*Holder Put Option*).

"**Participation**" has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

"**participating security**" has the meaning given to such term in General Condition 1.4(b) (*Title to CREST Securities*).

"**Paying Agents**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions

"**Permanent Global Security**" has the meaning given to it in General Condition 1.2(a) (*Exchanges of Global Securities (other than French Cleared Securities and French Law Securities)*).

"**Preceding**" has the meaning given to in General Condition 3.4(iv) (*Business Day Convention*).

"**Programme**" means the Global Structured Securities Programme as defined in, established by and contemplated in the Agency Agreement, as the same may be from time to time amended, supplemented or modified.

"**Put Notice Period Number**" has the meaning given to it in General Condition 6.2(c)(i) (*Put-European*) or General Condition 6.2(c)(ii) (*Put-Bermudan*) (as applicable).

"**Put Option Exercise Period**" has the meaning given to it in General Condition 6.2(c)(i) (*Put-European*) or General Condition 6.2(c)(ii) (*Put-Bermudan*) (as applicable).

"**Rate of Interest**" has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

"**Rebased Inflation Index**" has the meaning given to it in General Condition 8.3 (*Rebasing of Inflation Index*).

"**Receiving Bank**" has the meaning given to it in General Condition 4.7 (*Payments and Deliveries in Respect of French Law Securities*).

"**Record**" has the meaning given to it in General Condition 1.4(b) (*Title to CREST Securities*).

"**Record Date**" means, in relation to a payment under a Registered Security, the fifteenth calendar day (whether or not such fifteenth calendar day is a Business Day) before the relevant due date for such payment except that, with respect to Cleared Securities that are represented by a Global Registered Security, it shall be the Clearing System Business Day immediately prior to the due date for payment or delivery.

"**record of uncertificated corporate securities**" has the meaning given to such term in General Condition 1.4(b) (*Title to CREST Securities*).

"**Reference Banks**" has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Reference Level"** has the meaning given to it in General Condition 8.1 (*Delay of Publication*).

**"Reference Month"** has the meaning given to it in General Condition 5.5 (*Inflation-Linked Interest*) or General Condition 7.2 (*Inflation-Linked Redemption*) (as applicable).

**"Reference Rate"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Register"** means, with respect to any Registered Securities, the register of holders of such Securities maintained by the applicable Registrar.

**"Registrar"** has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

**"Registration Agent"** has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

**"Related Bond"** means the bond specified in the Final Terms or, if no bond is specified as the Related Bond, the Related Bond shall be the Fallback Bond. If the bond specified to be the Related Bond redeems or matures during the term of the Inflation-Linked Securities, following such redemption or maturity the Related Bond shall be the Fallback Bond.

**"Relevant Clearing System"** means any of Clearstream, CREST, Euroclear, Euroclear France, Euroclear Finland, Euroclear Sweden, SIS, VP and/or VPS, as specified in the Final Terms, through which interests in Securities are to be held and/or through an account at which such Securities are to be cleared.

**"Relevant Date"** means, in respect of any Security or Coupon, the date on which payment in respect of it first becomes due (or would have first become due if all conditions to settlement had been satisfied) 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 five calendar days after that on which notice is duly given to the Holders that, upon further presentation of the Security or Coupon being made in accordance with the General Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Level"** has the meaning given to it in General Condition 8.1 (*Delay in Publication*).

**"Relevant Rules"** means the Clearstream Rules, the Euroclear Rules, Euroclear Finland Rules, Euroclear Sweden Rules, VP Rules, VPS Rules, the SIS Rules and/or the terms and conditions and any procedures governing the use of such other Relevant Clearing System, as updated from time to time.

**"Relevant Screen Page"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Relevant Screen Time"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Relevant Stock Exchange"** means, in respect of any Series, the stock exchange upon which such Securities are listed, being the principal stock exchange of Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, Malta, The Netherlands, Norway, Portugal, Spain; and Sweden or the United Kingdom, as specified in Part B(1) of the Final Terms.

**"Relevant system"** has the meaning given to such term in General Condition 1.4(b) (*Title to CREST Securities*).

**"Representative"** has the meaning given to it in General Condition 19.3 (*Modifications of French Law Securities*).

**"Reset Date"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Scheduled Redemption Date"** means the scheduled date of redemption as specified in the Final Terms, subject to adjustment in accordance with the relevant Business Day Convention.

**"Screen Rate Determination"** has the meaning given to it in General Condition 5.2(d) (*Floating Rate*).

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

**"Securities Trading Act"** has the meaning given to it in General Condition 1.1(c) (*Form of Securities*).

**"Security"** or **"Securities"** means any Securities which may from time to time be issued under the Programme in accordance with the terms of this Base Prospectus. Unless the context otherwise requires, any reference to 'Security' shall be deemed to refer to a Security having a nominal amount equal to the relevant Specified Denomination.

**"Series"** means the Securities of each original issue together with the Securities of any further issues expressed to be consolidated to form a single Series with the Securities of an original issue.

**"Settlement Amount"** means the Final Cash Settlement Amount, the Optional Cash Settlement Amount or the Early Cash Settlement Amount, as applicable.

**"Settlement Expenses"** means, in respect of any Security or Securities, any costs, fees and expenses or other amounts (other than in relation to Taxes) payable by a Holder in respect of such Security (representing a nominal amount equal to the Calculation Amount) on or in respect of or in connection with the redemption, exercise or settlement of such Security or Securities as determined by the Determination Agent.

**"SIS"** has the meaning given to it in General Condition 1.1(i) (*Form of Swiss Law Securities*).

**"SIS Rules"** means the rules and regulations, manuals and operating procedures as well as any agreements between the Issuer and SIS governing the use of SIS, as may be amended, supplemented or modified from time to time.

**"Specified Denomination"** has the meaning given to it in General Condition 1.3 (*Denomination and Number*).

**"Specified Duration"** means the duration specified as such or, if none, a period equal to the corresponding Interest Calculation Period, ignoring any adjustment made in accordance with any Business Day Convention.

**"Spread"** has the meaning given to it in General Condition 5.2 (*Floating Rate Interest*).

**"Stockholm Business Day"** means, in respect of Swedish Securities, a day which is a Clearing System Business Day and a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sweden.

**"Substitute Inflation Index Level"** has the meaning given to it in General Condition 8.1 (*Delay of Publication*).

**"Successor Inflation Index"** has the meaning given to it General Condition 8.2 (*Cessation of Publication*).

**"Swedish Issue and Paying Agent"** means, in respect of any Series of Swedish Securities, Svenska Handelsbanken AB (publ) a banking institution incorporated under the laws of Sweden whose registered office is at Kungsträdgårdsgatan 2, SE-106 70 Stockholm, Sweden, or such other issue and paying agent specified as a 'Paying Agent' in the Final Terms.

**"Swedish Securities"** means Securities issued in uncertificated and dematerialised electronic book-entry form and registered with Euroclear Sweden AB, the Swedish Central Securities

Depository in accordance with all applicable Swedish laws, regulations and rules. Swedish Securities will not be issued in definitive form.

"**Swiss Issue and Paying Agent**" means, in respect of any Series of Swiss Law Securities, BNP Paribas Securities Services, a *société en commandite par actions* incorporated under the laws of France (R.C.S. Paris no. 552 108 011) whose registered office is at 3, rue d'Antin, 75002 Paris, France, acting through its Zurich branch located at Selnaustrasse 16, 8002 Zurich, Switzerland and registered under the number CH-020.9.001.593-5, or such other issue and paying agent specified as a 'Paying Agent' in the Final Terms.

"**Swiss Law Securities**" means Securities in respect of which the 'Governing Law' is specified to be Swiss Law in the Final Terms.

"**Swiss Register**" has the meaning given to it in General Condition 1.4(i) (*Title to Swiss Law Securities*).

"**Switch Date**" has the meaning given to it in General Condition 5.3 (*Switch Option*).

"**Switch Exercise Period**" has the meaning given to it in General Condition 5.3 (*Switch Option*).

"**Switch Notice Period Number**" has the meaning given to it in General Condition 5.3 (*Switch Option*).

"**Switch Option**" has the meaning given to it in General Condition 5.3 (*Switch Option*).

"**Talons**" has the meaning given to it in General Condition 1.1(a) (*Form of Securities*).

"**TARGET Business Day**" means a day on which the TARGET System is operating.

"**TARGET System**" 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 (TARGET2) (or, if such system ceases to be operative, such other system (if any) determined by the Determination Agent to be a suitable replacement).

"**Taxes**" means any tax, duty, impost, levy, charge or contribution in the nature of taxation or any withholding or deduction for or on account thereof, including (but not limited to) any applicable stock exchange tax, turnover tax, stamp duty, stamp duty reserve tax and/or other taxes, duties, assessments or governmental charges of whatever nature chargeable or payable and includes any interest and penalties in respect thereof.

"**TEFRA**" means the US Tax Equity and Fiscal Responsibility Act of 1982.

"**Temporary Global Security**" has the meaning given to it in General Condition 1.2(a) (*Exchanges of Global Securities (other than French Cleared Securities and French Law Securities)*).

"**Trade Date**" means the date specified in the Final Terms.

"**Tranche**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

"**Transfer Agents**" has the meaning given to it in Section A: INTRODUCTION of the General Conditions.

"**Uncertificated Regulations**" shall have the meaning ascribed in General Condition 1 (*Form, Title and Transfer*).

"**Underlying Asset**" has the meaning given to it in the Final Terms.

"**Unit**" has the meaning given to it in General Condition 3.1 (*Rounding*).

"**USD**", "**US\$**", "**\$**" and "**US Dollars**" each means United States dollars.

**"Valuation Date"** has the meaning given to it General Condition 5.5 (*Inflation-Linked Interest*) or General Condition 7.2 (*Inflation-Linked Redemption*) (as applicable).

**"VP"** means the Danish Securities Centre, VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark.

**"VP Rules"** means the terms and conditions governing the use of VP, as may be amended, supplemented or modified from time to time.

**"VPS"** means Verdipapirsentralen ASA, Biskop Gunnerus gate 14 A, 0185 Oslo, Norway.

**"VPS Register"** means the register opened in the VPS System for Securities issued by the Issuer.

**"VPS Rules"** means the Norwegian Securities Registration Act 2002-07-05 no 64 and the Regulation 2003-05-21- no 620 on information to be registered in the Securities Register and the rules and regulations and terms and conditions governing the use of the VPS as from time to time amended supplemented or modified.

**"VPS System"** means the technical system at VPS for the registration of securities and the clearing and settlement of securities transactions.

**"Withheld Amounts"** has the meaning given to it in General Condition 11 (*Events of Default*).

**"Zero Coupon Securities"** means Securities in respect of which the Type of Interest specified in the Final Terms is "Zero Coupon".

## 25.2 Interpretation

- (a) Capitalised terms used but not defined in these General Conditions will have the meanings given to them in the Final Terms, the absence of any such meaning indicating that such term is not applicable to the Securities of the relevant Series.
- (b) A reference to a 'person' in these General Conditions includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) of two or more of the foregoing.
- (c) A reference in these General Conditions to a provision of law is a reference to that provision as amended or re-enacted.
- (d) References in these General Conditions to a company or entity shall be deemed to include a reference to any successor or replacement thereto.

## PRO FORMA FINAL TERMS

The Final Terms for each Series will include such of the following information as is applicable with respect to such Securities.



### BARCLAYS BANK PLC

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

[Up to][ ] [Fixed Rate]/[Floating Rate]/[Zero Coupon]/[Fixed Rate Switchable into Floating Rate]/[Floating Rate Switchable into Fixed Rate]/[Inflation-Linked] Securities due [ ] pursuant to the Global Structured Securities Programme [(to be consolidated and to form a single series with the [ ] Securities due [ ] , and issued on [ ] pursuant to the Global Structured Securities Programme (the "**Tranche [ ] Securities**"))]  
Issue Price: [ ] per cent

This document constitutes the final terms of the Securities (the "**Final Terms**") described herein for the purposes of Article 5.4 of the Prospectus Directive and is prepared in connection with the Global Structured Securities Programme established by Barclays Bank PLC (the "**Issuer**"). These Final Terms are supplemental to and should be read in conjunction with the GSSP Base Prospectus 1 dated [ ] 2013[, as supplemented on [ ]], which constitutes a base prospectus (the "**Base Prospectus**") for the purpose of the Prospectus Directive. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the individual issue of the Securities is annexed to these Final Terms.

The Base Prospectus is available for viewing at <http://www.barclays.com/InvestorRelations/DebtInvestors> and during normal business hours at the registered office of the Issuer and the specified office of the Issue and Paying Agent for the time being in London, and copies may be obtained from such office. Words and expressions defined in the Base Prospectus and not defined in this document shall bear the same meanings when used herein.

**Barclays**

**Final Terms dated [ ]**

**Part A – CONTRACTUAL TERMS**

1.
  - a. Series number: [ ]
  - b. Tranche number: [ ]

[The Securities shall be consolidated and form a single series with the Tranche [ ] Securities but shall not be fungible with the Tranche [ ] Securities until such time as the clearing systems recognise the Securities to be fungible with the Tranche [ ] Securities].
2. Currency: [ ]
3. Securities:
  - a. Aggregate Nominal Amount as at the Issue Date:
    - (i) Tranche: [Up to] [ ]
    - (ii) Series: [Up to] [ ]
  - b. Specified Denomination: [ ]
 

[ ] and integral multiples of [ ] in excess thereof up to and including [ ].]
  - c. Calculation Amount: [ ] [Specified Denomination]
  - d. Minimum Tradable Amount: [ ] [Not Applicable]
4. Issue Price: [ ] per cent of the Aggregate Nominal Amount [plus accrued interest from [ ]].
5.
  - a. Issue Date: [ ]
  - b. Interest Commencement Date: [ ] [Not Applicable]
6. Scheduled Redemption Date: [ ]

**Provisions relating to interest (if any) payable**

8. Type of Interest: [Fixed Rate Interest] [Floating Rate Interest][Inflation-Linked Interest] [Zero Coupon]
  - a. Interest Payment Date(s): [ ] [Not Applicable]
  - b. Interest Period End Date(s): [ ] [each Interest Payment Date] [without adjustment] [Not Applicable]
9. Switch Option: [Applicable] [Not Applicable]
  - a. Switch Exercise Period[s]:
 

Interest Payment Date: Switch Exercise Period (each date inclusive):

[ ] [ ] to [ ]

- b. Switch Notice Period Number: [ ]
10. Fixed Rate Interest provisions: [Applicable] [Applicable subject to exercise of Switch Option] [Applicable following exercise of Switch Option] [Not Applicable]
- a. Fixed Rate: [[ ] %]
- [Interest Payment [Fixed Rate (%):]  
Date:]
- [ ] [ ]
- b. Day Count Fraction: [Actual/Actual (ICMA)] [Act/Act (ICMA)]  
[Actual/Actual] [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)] [Actual/360] [30/360]  
[360/360] [Bond Basis] [30E/360] [Eurobond  
Basis] [30E/360 (ISDA)]
11. Floating Rate Interest provisions: [Applicable] [Applicable subject to exercise of Switch Option] [Applicable following exercise of Switch Option] [Not Applicable]
- a. ISDA Determination: [Applicable] [Not Applicable]
- Floating Rate Option: [GBP-LIBOR-BBA] [EUR-EURIBOR-REUTERS] [ ]
- Designated Maturity: [ ] [Month[s]] [Year[s]] [Overnight] [Not Applicable]
- Reset Date: [The first day of each Interest Calculation Period]  
[ ]
- b. Screen Rate Determination: [Applicable] [Not Applicable]
- Reference Rate: [ ] [LIBOR] [EURIBOR] [[ECB] [ ]]
- Designated Maturity: [ ] [Month[s]] [Year[s]] [Not Applicable]
- Offered Quotation: [Applicable] [Not Applicable]
- Arithmetic Mean: [Applicable] [Not Applicable]
- Interest Determination Date: [ ] [As set out in General Condition 5.2 (*Floating Rate Interest*)]
- Relevant Screen Page: [ ]
- Relevant Screen Time: [ ] [a.m.]/[p.m.]
- c. Cap Rate: [Not Applicable] [[ ] %]
- [Interest Payment [Cap Rate (%):]  
Date:]
- [ ] [ ]
- d. Floor Rate: [Not Applicable] [[ ] %]
- [Interest Payment [Floor Rate (%):]  
Date:]

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		[ ]	[ ]
e.	Participation:	[[ ] ] [Not Applicable]	
		[Interest Payment Date:]	[Participation:]
		[ ]	[ ]
f.	Spread:	[zero] [[plus][minus] [ ] %][Not Applicable]	
		[Interest Payment Date:]	[Spread (%):]
		[ ]	[plus][minus] [ ]
g.	Day Count Fraction:	[Actual/Actual (ICMA)] [Act/Act (ICMA)] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]	
h.	Details of any short or long Interest Calculation Period:	[ ] [Not Applicable]	
12.	Zero Coupon Provisions:	[Applicable] [Not Applicable]	
	Internal Rate of Return:	[ ] %	
13.	Inflation-Linked Interest provisions:	[Applicable] [Not Applicable]	
a.	Inflation Index:	[ ]	
b.	Inflation Index Sponsor:	[ ]	
c.	Initial Valuation Date:	[ ]	
d.	Reference Month:	(i) Initial Valuation Date: the calendar month falling [ ] month[s] prior to the Initial Valuation Date [subject to linear interpolation].  (ii) Interest Payment Date(s): [the calendar month falling [ ] month[s] prior to the relevant Interest Payment Date [subject to linear interpolation].]	
		[Reference Month:]	[Interest Payment Date:]
		[ ] [subject to linear interpolation]	[ ]
e.	Related Bond:	[ ]	
f.	Fixed Rate:	[[ ] %]	
		[Interest Payment Date:]	[Fixed Rate (%):]
		[ ]	[ ]
g.	Day Count Fraction:	[Actual/Actual (ICMA)] [Act/Act (ICMA)] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360]	

[360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

**Provisions relating to redemption**

14. a. Optional Early Redemption: [Applicable] [Not Applicable]
- b. Option Type: [Call-European] [Call-Bermudan] [Put-European] [Put-Bermudan] [Not Applicable]
15. Issuer call option provisions [Applicable] [Not Applicable]
- a. Optional Cash Redemption Date[s]: [ ]
- [Each date set out in the table in the column entitled 'Optional Cash Redemption Date' in the definition of Issuer Option Exercise Period[s] below.]
- b. Early Redemption Percentage: [[ ] %]
- |                                    |                                  |
|------------------------------------|----------------------------------|
| [Early Redemption Percentage (%):] | [Optional Cash Redemption Date:] |
| [ ]                                | [ ]                              |
- c. Issuer Option Exercise Period[s]: [[ ] to [ ] (each date inclusive)]
- |  |                                  |
|--|----------------------------------|
| [Issuer Option Exercise Period (each date inclusive):] | [Optional Cash Redemption Date:] |
| [ ] to [ ]   | [ ]                              |
- d. Call Notice Period Number: [ ]
16. Holder put option provisions [Applicable] [Not Applicable]
- a. Optional Cash Redemption Date[s]: [ ]
- [Each date set out in the table in the column entitled 'Optional Cash Redemption Date' in the definition of Put Option Exercise Period below.]
- b. Early Redemption Percentage: [[ ] %]
- |                                    |                                  |
|------------------------------------|----------------------------------|
| [Early Redemption Percentage (%):] | [Optional Cash Redemption Date:] |
| [ ]                                | [ ]                              |
- c. Put Option Exercise Period[s]: [[ ] to [ ] (each date inclusive)]
- |   |                                  |
|---|----------------------------------|
| [Put Option Exercise Period (each date inclusive):] | [Optional Cash Redemption Date:] |
| [ ] to [ ]  | [ ]                              |

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- d. Put Notice Period Number: [ ]
17. Final Redemption Type: [Bullet Redemption]  
[Inflation-Linked Redemption]
18. Bullet Redemption provisions: [Applicable] [Not Applicable]  
Final Redemption Percentage: [ ] %
19. Inflation-Linked Redemption provisions: [Applicable] [Not Applicable]
- a. Final Redemption Floor: [[ ]] [Not Applicable]
- b. Inflation Index: [ ]
- c. Inflation Index Sponsor: [ ]
- d. Initial Valuation Date: [ ]
- e. Reference Month: (i) Initial Valuation Date: the calendar month falling [ ] month[s] prior to the Initial Valuation Date[, subject to linear interpolation]  
  
(ii) Scheduled Redemption Date: the calendar month falling [ ] month[s] prior to the Scheduled Redemption Date[, subject to linear interpolation]
- f. Related Bond: [ ]
20. Early Cash Settlement Amount: [Par][Market Value][Amortised Face Amount (Amortisation Yield: [ ] %)]
21. Form of Securities: [Global Bearer Securities: [Temporary Global Security, exchangeable for a Permanent Global Security][Permanent Global Security][exchangeable for a Definitive Bearer Security]]  
  
[Global Registered Security, exchangeable for a Definitive Registered Security] [Definitive Registered Securities]  
  
[CREST Securities held in uncertificated registered form] [Book-Entry Securities in [bearer form (*au porteur*)] [registered form (*au nominative*)] [deposited with Euroclear France]]  
  
[Uncertificated Securities in dematerialised book-entry form] [registered with VP] [registered with Euroclear Finland][registered with the Norwegian Central Securities Depository][held in accordance with the Swedish Financial Instruments Accounts Act (1998:1479), as amended. Cleared and settled in Euroclear Sweden]  
  
[Uncertificated Securities in dematerialised and registered form, in accordance with article 973c of the Swiss Federal Code of Obligations]  
  
NGN Form: [Applicable] [Not Applicable]

		Held under the NSS: [Applicable] [Not Applicable]
		CGN Form: [Applicable] [Not Applicable]
		CDIs: [Applicable] [Not Applicable]
22.	Trade Date:	[ ]
23.	Early Redemption Notice Period Number:	[ ] [As set out in General Condition 25.1 ( <i>Definitions</i> )]
24.	Additional Business Centre(s):	[ ]
25.	Business Day Convention:	[Following] [Modified Following] [Nearest] [Preceding] [Floating Rate]
26.	Determination Agent:	[Barclays Capital Securities Limited] [Barclays Bank PLC] [ ]
27.	[Common Depository:][Common Safekeeper:]	[The Bank of New York Mellon] [ ] [Not Applicable]
28.	Registrar:	[The Bank of New York Mellon (Luxembourg) S.A.] [The Bank of New York Mellon (New York branch)] [ ] [Not Applicable]
29.	CREST Agent:	[Computershare Investor Services PLC] [ ] [Not Applicable]
30.	Transfer Agent:	[The Bank of New York Mellon] [The Bank of New York Mellon (Luxembourg S.A.)] [The Bank of New York Mellon (New York branch)] [The Bank of New York Mellon (New York branch)] [ ] [Not Applicable]
31.	a. [Names] [and addresses] [of] Manager[s] [and underwriting commitments]:	[Barclays Bank PLC][Barclays Capital Inc.][ ] [Not Applicable]
	b. Date of underwriting agreement:	[ ] [Not Applicable]
	c. Names and addresses of secondary trading intermediaries and main terms of commitment:	[ ] [Not Applicable]
32.	Registration Agent:	[ ] [Not Applicable]
33.	Masse Category:	[Full Masse][Contractual Masse][No Masse][Not Applicable]
34.	Governing Law:	[English Law] [French law] [Swiss Law]
35.	Change in Law – Hedging:	[Applicable][Not Applicable]
36.	Hedging Disruption:	[Applicable][Not Applicable]
37.	Increased Cost of Hedging:	[Applicable][Not Applicable]

**Part B - OTHER INFORMATION**

- 1. LISTING AND ADMISSION TO TRADING** [Application is expected to be made by the Issuer (or on its behalf) for the Securities to be listed on [the official list] and admitted to trading on the regulated market of the [London Stock Exchange] [Irish Stock Exchange] [NYSE Euronext Paris] [NYSE Euronext Brussels] [Luxembourg Stock Exchange] [Malta Stock Exchange] [NASDAQ OMX Copenhagen] [NASDAQ OMX Stockholm] [NASDAQ OMX Helsinki] [Borsa Italiana S.p.A] [Bolsas y Mercados Españoles] [NYSE Euronext Lisbon] [NYSE Euronext Amsterdam] [SIX Swiss Exchange] with effect from [ ]]. [Not Applicable] [The Tranche [ ] Securities were admitted to trading on [the London Stock Exchange] [the Irish Stock Exchange] [NYSE Euronext Paris] [NYSE Euronext Brussels] [Luxembourg Stock Exchange] [Malta Stock Exchange] [NASDAQ OMX Copenhagen] [NASDAQ OMX Stockholm] [NASDAQ OMX Helsinki] [Borsa Italiana S.p.A] [Bolsas y Mercados Españoles] [NYSE Euronext Lisbon] [NYSE Euronext Amsterdam] [SIX Swiss Exchange] on or around [ ] ]
- [The Securities shall not be fungible with the Tranche [ ] Securities until such time as the Securities are listed and admitted to trading as indicated above.]
- Estimate of total expenses related to admission to trading: [ ] [Not Applicable]
- 2. RATINGS**
- Ratings: [The Securities have not been individually rated.]
- [Upon issuance, the Securities are expected to be rated:
- [Standard & Poor's: [ ] ]
- [Moody's: [ ] ]
- [Fitch: [ ] ]
- 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**
- [Save for any fees payable to the Manager[s] and save as discussed in the risk factor 'Risks associated with conflicts of interest between the Issuer and purchasers of Securities', so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the [issue/offer].] [ ]
- 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**
- (i) Reasons for the offer: [ ] [General funding] [Not Applicable]
- (ii) Estimated net proceeds: [ ] [Not Applicable]
- (iii) Estimated total expenses: [ ] [Not Applicable]
- [5.] [YIELD]**
- [Indication of yield: [ ] .]

**[6.] [HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/ECB/[ ] ] rates can be obtained from [Bloomberg Screen [ ] ] [Reuters Screen [ ] ] Page]:

**[7.] [PERFORMANCE OF INFLATION INDEX AND OTHER INFORMATION CONCERNING THE INFLATION INDEX]**

[ ]

[[Bloomberg Screen [ ] ] [Reuters Screen [ ] ] Page]: [ ] [and] [ ] ]

**[8.] OPERATIONAL INFORMATION**

- (i) ISIN: [ ]  
 [Temporary ISIN:] [ ]
- (ii) Common Code: [ ]  
 [Temporary Common Code:] [ ]
- (iii) Relevant Clearing System(s) [and the relevant identification number(s)]: [Clearstream [-identification number [ ] ]] [CREST [-identification number [ ] ]] [Euroclear [-identification number [ ] ]] [Euroclear Finland [-identification number [ ] ]] [Euroclear France [-identification number [ ] ]] [Euroclear Sweden [-identification number [ ] ]] [SIS [-identification number [ ] ]] [VP [-identification number [ ] ]] [VPS [-identification number [ ] ]]
- [The Securities are [CREST/ Danish/ Finnish/ French Cleared/ Norwegian/ Swedish] Securities]
- (iv) Delivery: Delivery [against/free of] payment.
- (v) Name and address of [additional Paying Agent(s) (if any):] [ ] [Not Applicable]

**[9.] [DISTRIBUTION]**

Name and address of financial intermediary/ies authorised to use the Base Prospectus ("**Authorised Offeror(s)**"):

[ ] [Each such financial intermediary whose name and address is published on the Issuer's website (<http://www.barclays.com/InvestorRelations/DebtInvestors>)] [Any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC)]

Offer period for which use of the Base Prospectus is authorised by the Authorised Offeror(s) ("**Offer Period**"):

[ ]

Other conditions for use of the Base Prospectus by the Authorised Offeror(s):

1. [ ]
2. [ ]

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

- (i) Offer Price: [ ] per cent of the Issue Price.

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- |        |  |   |
|--------|--|---|
| (ii)   | Conditions to which the offer is subject:  | <input type="checkbox"/> [Not Applicable] |
| (iii)  | Description of the application process:  | <input type="checkbox"/> [Not Applicable] |
| (iv)   | Details of the minimum and/or maximum amount of application:   | <input type="checkbox"/> [Not Applicable] |
| (v)    | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | <input type="checkbox"/> [Not Applicable] |
| (vi)   | Details of method and time limits for paying up and delivering the Securities:   | <input type="checkbox"/> [Not Applicable] |
| (vii)  | Manner in and date on which results of the offer are to be made public:  | <input type="checkbox"/> [Not Applicable] |
| (viii) | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | <input type="checkbox"/> [Not Applicable] |
| (ix)   | Whether tranche(s) have been reserved for certain countries:   | <input type="checkbox"/> [Not Applicable] |
| (x)    | Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:          | <input type="checkbox"/> [Not Applicable] |
| (xi)   | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | <input type="checkbox"/> [Not Applicable] |
| (xii)  | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | <input type="checkbox"/> [Not Applicable] |

**SUMMARY**

[ ]

## **CLEARANCE, SETTLEMENT AND TRANSFER RESTRICTIONS**

### **Book-Entry Ownership**

#### **Bearer Securities**

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Securities. In respect of Bearer Securities, a Temporary Global Security and/or a Permanent Global Security in bearer form without Coupons may be deposited with a common depository for Euroclear and/or Clearstream or an alternative clearing system as agreed between the Issuer and the Managers. Transfers of interests in such Temporary Global Securities or Permanent Global Securities will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream or, if appropriate, the alternative clearing system.

#### **Registered Securities**

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Securities to be represented by a Global Security. Each Global Security deposited with a common depository for, and registered in the name of, a nominee of Euroclear and/or Clearstream will have an ISIN and a Common Code.

All Registered Securities will initially be in the form of Global Securities. Definitive Securities will only be available, in the case of Securities initially represented by a Global Security, in amounts or numbers specified in the Final Terms.

#### **Transfers of Registered Securities**

Transfers of interests in Global Securities within Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Beneficial interests in a Global Security may only be held through Euroclear or Clearstream.

For a further description of restrictions on transfer of Registered Securities, see 'Transfer Restrictions for Registered Securities'.

#### **Definitive Securities**

Registration of title to Registered Securities in a name other than a common depository or its nominee for Clearstream and Euroclear will be permitted only in the circumstances set out in General Condition 1 (*Form, Title and Transfer*). In such circumstances, the Issuer will cause sufficient individual Securities to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Holder(s). A person having an interest in a Global Security must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Securities.

## **GENERAL INFORMATION APPLICABLE TO CREST SECURITIES AND CDIS**

### **CREST Securities**

CREST Securities may be issued and held in uncertificated registered form in accordance with the Uncertificated Regulations and, as such, are dematerialised and not constituted by any physical document of title. Securities which are CREST Securities shall be specified in the Final Terms.

CREST Securities issued under the Programme will be cleared through CREST and are participating securities for the purposes of the Uncertificated Regulations. The Operator is in charge of maintaining the Operator register of corporate securities. Title to the CREST Securities is recorded and will pass on registration in the Operator register of corporate securities. As at the date of this Base Prospectus, the relevant Operator for the purposes of the Uncertificated Regulations is Euroclear UK & Ireland Limited.

The address of Euroclear UK & Ireland Limited is 33 Cannon Street, London EC4M 5SB, United Kingdom.

### **CDI Securities**

Investors may hold indirect interests in Cleared Securities issued under the Programme by holding CDIs through CREST. CDIs represent indirect interests in the Underlying Securities to which they relate and holders of CDIs will not be the legal owners of the Underlying Securities.

CDIs may be issued by the CREST Depository and held through CREST in dematerialised uncertificated form in accordance with the CREST Deed Poll. CDIs in respect of Underlying Securities will be constituted and issued to investors pursuant to the terms of the CREST Deed Poll.

Following their delivery into Euroclear (directly or through another clearing system using bridging arrangements with Euroclear), interests in Underlying Securities may be delivered, held and settled in CREST by means of the creation of dematerialised CDIs representing the interests in the relevant Underlying Securities. Interests in the Underlying Securities will be credited to the CREST nominee's account with Euroclear and the CREST nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated as one Underlying Security, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to holders of CDIs any interest or other amounts received by it as holder of the Underlying Securities on trust for such CDI holder. CDI holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Securities and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Securities by a CREST participant to a participant of Euroclear or another Relevant Clearing System will be effected by cancellation of the CDIs and transfer of an interest in such Securities underlying the CDIs to the account of the relevant participant with Euroclear or such other Relevant Clearing System. The CDIs will have the same securities identification number as the ISIN of the Underlying Securities and will not require a separate listing on the Official List.

The rights of the holders of CDIs will be governed by the arrangements between CREST, the Relevant Clearing System and the Issuer, including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Securities which are not represented by CDIs.

The attention of investors in CDIs is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB or by calling +44 20 7849 0000 or from the Euroclear UK & Ireland Limited website at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI).

## TAXATION

### General Taxation Information

**The information provided below does not purport to be a complete overview of tax law and practice currently applicable to the Securities. Transactions involving Securities (including purchases, transfers and/or redemptions), the accrual or receipt of any interest or premium payable on the Securities and the death of a holder of any Security may have tax consequences for investors which may depend, amongst other things, upon the tax residence and/or status of the investor. Investors are therefore advised to consult their own tax advisers as to the tax consequences of transactions involving Securities and the effect of any tax laws in any jurisdiction in which they may be tax resident or otherwise liable to tax. In particular, no representation is made as to the manner in which payments under the Securities would be characterised by any relevant taxing authority.**

Purchasers and/or sellers of Securities may be required to pay stamp taxes and other charges in addition to the issue price or purchase price (if different) of the Securities.

Prospective holders of Securities are referred to General Conditions 3 (*Calculations and Publication*) and 4.12 (*Taxes and Settlement Expenses Conditions to Settlement*).

Terms defined in the sections below are defined for the purpose of the relevant section only.

As used below, the "**Savings Directive**" shall mean European Council Directive 2003/48/EC on the taxation of savings income.

### United Kingdom Taxation

**The comments are of a general nature based on current United Kingdom tax law and HM Revenue & Customs ("HMRC") published practice and are an overview of the understanding of the Issuer of current law and practice in the United Kingdom relating only to certain aspects of United Kingdom taxation. They are not intended to be exhaustive. They relate only to persons who are the beneficial owners of Securities and do not apply to certain classes of taxpayers (such as persons carrying on a trade of dealing in Securities, certain professional investors and persons connected with the Issuer) to whom special rules may apply.**

**Investors who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.**

### Withholding Tax

#### Payments of interest by the Issuer only

The Issuer, provided that it continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), and provided that the interest on Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom tax.

#### Payments of interest in respect of Securities which are listed on a recognised stock exchange

Payments of interest under Securities may be made without withholding or deduction for or on account of United Kingdom tax, provided that such Securities carry a right to interest, and are and remain listed on a 'recognised stock exchange', as defined in section 1005 of the Act. The London Stock Exchange is a recognised stock exchange. Securities will satisfy this requirement if they are admitted to trading on the relevant recognised stock exchange, and are (in the case of the UK) included in the Official List or (in a country outside the UK where there is a recognised stock exchange) are officially listed in accordance with provisions corresponding to those generally applicable in EEA states.

Provided, therefore, that Securities are and remain so listed, interest on such Securities will be payable without withholding or deduction for or on account of United Kingdom tax whether or not the Issuer carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

**Payments of interest to certain holders of Securities**

Interest on Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where, at the time the payment is made, the Issuer reasonably believes that either:

- (i) the person beneficially entitled to the interest payable on such Securities is within the charge to United Kingdom corporation tax as regards the payment of such interest; or
- (ii) the payment is made to one of the classes of exempt bodies or persons set out in section 936 of the Act,

provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that such payment of interest will not be an 'excepted payment' at the time the payment is made) that the interest should be paid under deduction of tax.

**Securities with a maturity of less than 365 days**

Interest on Securities having a maturity of less than one year from the date of issue and which are not issued under arrangements, the effect of which is to render such Securities part of a borrowing with a total term of a year or more, may also be paid without deduction for or on account of United Kingdom income tax.

**Other withholdings**

In other cases, an amount may have to be withheld from payments of interest on Securities for or on account of United Kingdom income tax at the basic rate, subject to the availability of other exemptions or reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available under an applicable double taxation treaty.

In addition, an amount for or on account of United Kingdom income tax at the basic rate may have to be withheld on payments on Securities where such payments do not constitute interest for United Kingdom tax purposes but instead constitute annual payments, subject to the availability of exemptions or reliefs or subject to any direction to the contrary from HMRC in respect of such relief as may be available under an applicable double taxation treaty.

**Reporting Requirements**

Persons in the United Kingdom paying interest to, or receiving interest on behalf of, another person who is an individual may be required to provide certain information to HMRC regarding the identity of the payee or the person entitled to the interest. In certain circumstances, such information may be exchanged with tax authorities in other countries.

The provisions referred to above may also apply, in certain circumstances, to payments of amounts due on redemption of Securities that constitute 'deeply discounted securities' (as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005). However, HMRC's published practice indicates that no such information will be required in relation to such redemption amounts where they are paid before 5 April 2014.

Prospective holders of Securities are also directed to the disclosure below in respect of the EU Directive on the Taxation and Savings Income.

**United Kingdom Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

Depending upon the terms and conditions of the relevant Securities, UK stamp duty or SDRT may be payable on the issue, subsequent transfer and/or redemption of such Securities. Prospective holders of Securities should take their own advice from an appropriately qualified professional adviser in this regard.

## **European Union Taxation**

### **EU Directive on the Taxation of Savings Income**

Under European Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**") each EU Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg will (unless they elect otherwise) instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU territories to the exchange of information relating to such payments.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual or certain other persons in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Prospective holders of Securities should note that the European Commission has announced proposals to amend the Savings Directive. If implemented, the proposed amendments would, *inter alia*, extend the scope of the Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

## **United States Taxation**

**TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS BASE PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

The following is an overview of certain material US federal income tax consequences of the acquisition, ownership and disposition of Securities by a non-US holder. For purposes of this section, a 'non-US holder' is a beneficial owner of Securities that is: (i) a non-resident alien individual for US federal income tax purposes; (ii) a foreign corporation for US federal income tax purposes; or (iii) an estate or trust whose income is not subject to US federal income tax on a net income basis. If the investor is not a non-US holder, he/she should consult his/her tax advisor with regard to the US federal income tax treatment of an investment in Securities.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year (counting for those purposes all of the days present in the current year, one third of the days present in the immediately preceding year, and one sixth of the days present in the second preceding year).

This overview is based on interpretations of the IR Code, Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any of those changes may be applied retroactively and may adversely affect the US federal income tax consequences described herein. Investors considering the purchase of Securities should consult their own tax advisors concerning the application of US federal income tax laws to their particular situations.

as well as any consequences of the purchase, beneficial ownership and disposition of Securities arising under the laws of any other taxing jurisdiction.

**INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE US FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SECURITIES.**

**US Federal Tax Treatment of Non-US Holders**

In general and subject to the discussion in the following paragraphs, payments on the Securities to a non-US holder and gain realized on the sale, exchange, redemption or other disposition of the Securities by a non-US holder will not be subject to US federal income or withholding tax, unless (1) such income is effectively connected with a trade or business conducted by such non-US holder in the United States, or (2) in the case of gain, such non-US holder is a non-resident alien individual who holds the Securities as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

It is possible that Securities that do not guarantee a return of principal ("**Non-Principal-Protected Securities**") could be treated as forward or executory contracts for US federal income tax purposes. The Internal Revenue Service ("**IRS**") released a notice in 2007 that may affect the taxation of non-US holders of Non-Principal-Protected Securities. According to the notice, the IRS and the Treasury Department are actively considering whether, among other issues, the holder of instruments such as Non-Principal-Protected Securities should be required to accrue ordinary income on a current basis. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, non-US holders of such Securities will ultimately be required to accrue income currently and that non-US holders of such Securities could be subject to withholding tax on deemed income accruals and/or other payments made in respect of such Securities. In addition, alternative treatments of Non-Principal-Protected Securities are possible under US federal income tax law. Under one such alternative characterisation, it is possible that an investor could be treated as owning the Underlying Asset of such Securities.

If the amount that is payable on a Security is determined by reference to dividends that are paid or declared with respect to a US stock, it is possible that the IRS could assert that investors should be subject to US withholding tax in respect of such dividends. Similarly, in the case of Securities that are linked to one or more assets characterised as 'US real property interests' (as such term is defined in section 897(c) of the IR Code), non-US holders may be subject to special rules governing the ownership and disposition of US real property interests. Prospective non-US holders should consult their own tax advisors regarding the possible alternative treatments of the Securities.

In addition, the Treasury Department has issued proposed regulations under section 871(m) of the IR Code which address payments contingent on or determined by reference to dividends paid on US equities which could ultimately require the Issuer to treat all or a portion of any payment in respect of the Securities as a 'dividend equivalent' payment that is subject to withholding tax at a rate of 30 per cent (or a lower rate under an applicable treaty). However, such withholding would potentially apply only to payments made after 31 December 2013. Investors could also be required to make certain certifications in order to avoid or minimize such withholding obligations, and could be subject to withholding (subject to the investor's potential right to claim a refund from the IRS) if such certifications were not received or were not satisfactory. Investors should consult their tax advisors concerning the potential application of these regulations to payments received with respect to the Securities when these regulations are finalised.

**Foreign Account Tax Compliance Withholding.**

A 30 per cent withholding tax will be imposed on certain payments to certain non-US financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect United States shareholders and/or United States accountholders. United States accountholders subject to such information reporting or certification requirements may include holders of the Securities. To avoid becoming subject to the 30 per cent withholding tax on such payments, the Issuer and other non-US financial institutions may be required to report information to the IRS regarding the holders of Securities and, in the case of holders who (i) fail to provide the relevant information, (ii) are non-US financial institutions who have not agreed to comply with these

information reporting requirements, or (iii) hold Securities directly or indirectly through such non-compliant non-US financial institutions, withhold on a portion of payments under the Securities. Under final regulations issued by the Treasury Department, such withholding will not apply to payments made before 1 January 2014 with respect to US source payments (e.g. 'dividend equivalent' payments) and before 1 January 2017 with respect to non-US source payments.

### **French Taxation**

This overview is based on tax laws and taxation practice, as in effect and applied as at the date of this Base Prospectus, and is intended to provide general information only. Tax laws, taxation practices and their interpretation are subject to constant change, and such changes may sometimes have a retroactive effect and may change the conclusions set out in this overview.

#### **Income Tax and Withholding Tax**

Investors in Securities who are French residents for tax purposes or who would hold such Securities through a permanent establishment or fixed base in France should be aware that transactions involving Securities, including any purchase or disposal of, or other dealings in, Securities, may have French tax consequences. The tax consequences regarding interest, premium on redemption and capital gains in particular may depend, amongst other things, upon the status of the investor (i.e. legal entities or individuals). Investors in Securities should consult their own advisers about the tax implications of holding Securities and of any transactions involving Securities.

Pursuant to Article 9 of the 2013 Finance Law (*loi n° 2012-1509 du 29 décembre 2012 de finances pour 2013*), subject to certain limited exceptions, interest and other income received by French resident holders of such Securities treated as debt instruments for French tax purposes, who are individuals and who do not hold their Securities in connection with a business they carry on, is subject to a 24 per cent advance income tax, which is deductible from such holders' personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied on top of this at an aggregate rate of 15.5 per cent on interest and other income paid to such holders.

#### **Implementation of the Savings Directive**

The Savings Directive was implemented into French law under Article 242 of the French tax code, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

### **Italian Taxation**

**The following is an overview of current Italian law and practice relating to the taxation of Securities that take the form of notes. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Investors in the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Securities.**

**This overview does not describe the tax consequences for an investor with respect to Securities that will be redeemed by physical delivery. This overview does not describe the tax consequences for an investor with respect to Securities that provide payout linked to the profits of the Issuer, profits of another company in the group or profits of the investment in relation to which they are issued. Investors are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Securities and receiving payments of yield, principal and/or other amounts under the Securities, including in particular the effect of any state, regional or local tax laws.**

### Tax treatment of Securities qualifying as debentures similar to bonds

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**"), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Securities falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued by non-Italian resident issuers.

For these purposes, debentures similar to bonds are defined as debt instruments that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for any other periodic payment) and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control over the management.

#### *Italian Resident investor*

Where an Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected (unless he has opted for the application of the *risparmio gestito* regime where applicable – see '*Capital Gains Tax*' below), (ii) a non-commercial partnership pursuant to Article 5 of the Italian Income Consolidated Code ("**TUIR**") (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation (a "**Non-commercial Resident Investor**") interest, premium and other income relating to the Securities, accrued during the relevant holding period, are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent. In the event that the investor described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident investor is a company or similar commercial entity pursuant to Article 73 of TUIR or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected and the Securities are deposited with an authorised intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to general Italian corporate taxation ("**IRES**" levied at the rate of 27.5 per cent) and, in certain circumstances, depending on the 'status' of the investor, also to the regional tax on productive activities ("**IRAP**", generally levied at the rate of 3.90 per cent, but regional surcharges may apply).

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (subject to the regime provided for by Law No. 77 of 23 March 1983, a "**Fund**") or a SICAV, and the Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Securities will not be subject to *imposta sostitutiva* but must be included in the management result of the Fund or the SICAV. The Fund or SICAV will not be subject to taxation on such result, but a withholding tax up to 20 per cent will be levied on proceeds distributed by the Funds or the SICAV to certain categories of unitholders upon redemption or disposal of the Units.

Where an Italian resident investor is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent substitute tax.

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *Società di gestione del risparmio* ("**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each, an "**Intermediary**").

For the Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not

## Taxation

resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Securities. For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to an investor. If interest and other proceeds on the Securities are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 20 per cent.

### *Non-Italian Resident investor*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident investor of interest or premium relating to the Securities provided that, if the Securities are held in Italy, the non-Italian resident investor declares itself to be a non-Italian resident according to Italian tax regulations.

## Capital Gains Tax

### *Italian Resident investor*

Where the Italian resident investor is a Non-commercial Resident Investor, capital gains accrued under the sale or the redemption of the Securities are subject to a 20 per cent substitute tax (*imposta sostitutiva*).

The Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected ("**Non-entrepreneurial Investor**") may opt for three different taxation criteria.

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Non-entrepreneurial Investors, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any off-settable capital loss, realised by Non-entrepreneurial Investors pursuant to all sales or redemptions of the Securities carried out during any given tax year. Non-entrepreneurial Investors must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains for an overall amount of 62.5 per cent of the relevant capital losses.
- (2) As an alternative to the tax declaration regime, Non-entrepreneurial Investors may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the *risparmio amministrato* regime provided for by Article 6 of Legislative Decree No. 461 of 21 November 1997 ("**Decree No 461**"). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant investor. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the investor or using funds provided by the investor for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains for an overall amount of 62.5 per cent of the relevant

capital losses. Under the *risparmio amministrato* regime, the investor is not required to declare the capital gains in the annual tax return.

- (3) Any capital gains realised or accrued by Non-entrepreneurial Investors who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have validly opted for the so-called *risparmio gestito* regime (regime provided for by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Depreciation of the managed assets accrued before 1 January 2012 may be carried forward to be offset against subsequent increase in value of the managed assets for an overall amount of 62.5 per cent of the relevant depreciation. Under the *risparmio gestito* regime, the investor is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident investor is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Securities are effectively connected, capital gains arising from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to Italian corporate tax and, in certain circumstances, depending on the 'status' of the investor, also as a part of the net value of production for IRAP purposes.

Any capital gains realised by an investor which is a Fund or a SICAV will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund or SICAV, but a withholding tax up to 20 per cent will be levied on proceeds distributed by the Funds or the SICAV to certain categories of unitholders upon redemption or disposal of the Units.

Any capital gains realised by an investor which is an Italian pension fund (subject to the regime provided by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent ad hoc substitute tax.

Any capital gains realised by an Italian real estate fund created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1994 and Article 14 bis of Law No. 86 of 25 January 1994, shall not be subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

#### *Non-Italian Resident investor*

Capital gains realised by non-Italian resident beneficial owner are not subject to Italian taxation provided that the Securities (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

The provisions of the applicable tax treaties against double taxation entered into by Italy apply if more favourable and all relevant conditions are met.

#### **Tax treatment of Securities qualifying as Atypical securities**

Securities that cannot be qualified as securitised derivatives or instruments similar to bonds under TUIR could be considered 'atypical' securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Securities may be subject to an Italian withholding tax, levied at the rate of 20 per cent.

The 20 per cent withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Securities and to an Italian resident holder of the Securities which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Securities.

#### **Inheritance and gift taxes**

## Taxation

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent on the entire value of the inheritance or the gift.

### **Transfer Tax**

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("**Decree 201**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the securities deposited therewith. The stamp duty applies at a rate of 0.15 per cent; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the securities held. The stamp duty can be no lower than EUR 34.20 and not exceed the amount of EUR 4,500 if the recipient of the periodic reporting communications is an entity (i.e. not an individual).

It may be understood that the stamp duty applies both to Italian resident and non-Italian resident investors, to the extent that the Securities are held with an Italian-based financial intermediary.

### **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the securities outside the Italian territory are required to pay an additional tax at a rate of 0.15 per cent for each year.

This tax is calculated on the market value of the Securities at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### **Implementation of the Savings Directive**

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

### **Swiss Taxation**

The following is an overview only of the Issuer's understanding of current law and practice in Switzerland relating to the taxation of the Securities issued under the Programme. Because this overview does not address all tax considerations under Swiss law and as the specific tax situation of an

investor cannot be considered in this context, investors are recommended to consult their personal tax advisers as to the tax consequences of the purchase, ownership, sale or redemption of and the income derived from the Securities issued under the Programme including, in particular, the effect of tax laws of any other jurisdiction.

The Swiss Federal Tax Administration has issued on 7 February 2007 a Circular Letter No. 15 regarding Certificates and Derivative Financial Instruments subject to Direct Federal Tax, Withholding Tax and Stamp Duty ("**Circular Letter No. 15**"). The Securities issued under the Programme will be taxed in accordance with Circular Letter No. 15 and its appendices. Depending on the qualification of the relevant Security by the competent Swiss tax authorities the taxation of each Security may be different.

### **Income Tax**

#### ***Securities are held as private assets (Privatvermögen) by investors resident in Switzerland***

Pursuant to the principles of Swiss income taxation, capital gains are in principle Swiss personal income tax exempt for (i) federal direct tax purposes if realised upon a disposal or exchange of movable and immovable private assets and for (ii) cantonal/municipal direct tax purposes if realised upon a disposal or exchange of movable private assets whereas investment income (such as, but not limited to, interest, dividends etc.) deriving from private assets is subject to Swiss personal income tax. However, any capital losses sustained in relation to private assets are not tax deductible. Hence, (i) capital gains realised upon a sale or redemption of the Securities or (ii) income derived from the Securities stemming from capital gains, are in principle Swiss personal income tax exempt for an investor resident in Switzerland holding the Securities as private assets whereas investment income deriving from the Securities is in principle subject to Swiss personal income tax.

#### ***Securities are held as business assets (Geschäftsvermögen) by investors resident in Switzerland***

Pursuant to the principles of Swiss income taxation, capital gains realised upon disposal, exchange or re-evaluation of business assets are in general subject to (i) either Swiss personal income tax with respect to individuals or (ii) to Swiss corporate income tax with respect to corporations in the same manner as any other commercial or investment income. This applies to both movable and immovable assets. However, as capital gains in relation to business assets are in principle fully taxable, it follows that capital loss in relation to business assets is tax deductible. Hence, (i) capital gains realised upon a sale, exchange, redemption or re-evaluation of the Securities or (ii) income derived from the Securities, irrespective of whether such income stems from investment income or capital gains, are in principle subject to either Swiss personal income tax with respect to an individual investor resident in Switzerland holding the Securities as business assets or subject to Swiss corporate income tax with respect to a corporate investor resident in Switzerland.

### **Withholding Tax**

The Swiss federal withholding tax is in principle levied on income (such as, but not limited to, interest, pensions, profit distributions etc.) from, amongst others, bonds and other similar negotiable debt instruments issued by a Swiss tax resident (*Inländer*), distributions from Swiss tax resident corporations, interest on deposits with Swiss banks as well as distributions of or in connection with Swiss tax resident collective investment schemes. For Swiss federal withholding tax purposes, an individual or corporation qualifies as Swiss tax resident (*Inländer*) being subject to withholding taxation if it (i) is resident in Switzerland, (ii) has its permanent abode in Switzerland, (iii) is a company incorporated under Swiss law having its statutory seat in Switzerland, (iv) is a company incorporated under foreign law but with a registered office in Switzerland, or (v) is a company incorporated under foreign law but is managed and conducts business activities in Switzerland. Hence, as long as the Securities are not issued by an issuer qualifying as a Swiss tax resident for the purposes of the Swiss withholding tax, income derived from the Securities is in principle not subject to Swiss withholding tax.

### **Securities Transfer Tax**

Swiss securities transfer tax is levied on the transfer of ownership against consideration of certain taxable securities (including, but not limited to, bonds) if a Swiss securities dealer is involved in the transaction. Hence, secondary market transactions in the Securities are subject to Swiss securities

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transfer tax, calculated on the purchase price or sales proceed, if the Securities are qualified as taxable securities, provided that a Swiss securities dealer is involved in the transaction and no exemption applies.

### **EU System of Tax Retention**

Switzerland has introduced a tax retention (withholding tax) pursuant to the agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in the Savings Directive effective as of 1 July 2005 (the "**Agreement**") on interest payments or similar income paid by a Swiss paying agent to an individual resident of an EU Member State, unless the interest payments are made as debt-claims issued by debtors who are residents of Switzerland or pertaining to permanent establishments in Switzerland of non-residents, of 15 per cent during the first three years from the date of application of the Agreement, 20 per cent for the subsequent three years, and 35 per cent thereafter. The beneficial owner may avoid the retention by expressly authorising the paying agent in Switzerland to report the interest payments to the competent authority of that state. The competent authority of Switzerland then communicates the information to the competent authority of the EU Member State of residence of the beneficial owner.

### **Rubik Agreements**

Switzerland has signed agreements on a final withholding tax (*Quellensteuerabkommen*) with the United Kingdom and with Austria. Furthermore, it is expected that Switzerland will sign similar agreements with other countries in the near future. According to these agreements, qualifying Swiss paying agents levy a final withholding tax on any investment income if the Securities are held in a custody account with a qualifying Swiss paying agent and if the custody account is directly or indirectly owned by an individual resident in the other contracting state (e.g. Austria). The applicable final withholding tax rate may vary depending on the applicable tax rate in the other contracting state and the type of realised investment income (dividend, interest, capital gain, etc.). Furthermore, the calculation of the income subject to a final withholding tax may vary depending on the applicable agreement. A person subject to a final withholding tax ("**Affected Person**") may avoid such final withholding tax by expressly allowing the qualifying Swiss paying agent to report to the foreign tax authorities in the state of residence of the Affected Person, amongst others, the identity of the Affected Person and the amount of the realised investment income in a certain period.

### **Belgian Taxation**

The following overview describes the principal Belgian tax considerations with respect to the holding of Securities obtained by an investor in Belgium. This information is of a general nature based on the description of the Securities in the Conditions and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Securities. In some cases, different rules can be applicable taking into account the Final Terms. This overview is based on Belgian tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of the date of the publication of this Base Prospectus, without prejudice to any amendments introduced at a later date, even if implemented with retroactive effect. Unless expressly stated otherwise, this overview does not describe the tax consequences for a holder of Securities that are redeemable in exchange for, or convertible into shares or other underlying assets, or of the exercise, settlement or redemption of such Securities.

Each investor should consult a professional adviser with respect to the tax consequences of an investment in the Securities, taking into account the Final Terms and taking into account the influence of each regional, local or national law.

### **Belgian Withholding Tax and Belgian Income Tax**

#### ***Tax rules applicable to natural persons resident in Belgium***

Individuals who are Belgian residents for tax purposes, i.e. individuals subject to the Belgian individual income tax (*Personenbelasting/ Impôt des personnes physiques*) and who hold the Securities as a private investment, are subject to the following tax treatment in Belgium with respect to the Securities. Other tax rules apply to Belgian resident individuals holding the Securities not as a private investment but in the framework of their professional activity or when the transactions with respect to the Securities fall outside the scope of the normal management of their own private estate.

Under Belgian tax law, 'interest' income includes: (i) periodic interest income, (ii) any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) only if the Securities qualify as 'fixed income securities' (in the meaning of Article 2, §1, 8° Belgian Income Tax Code), in the case of a realisation of the Securities between two interest payment dates, the interest accrued during the holding period. In general, Securities are qualified as 'fixed income securities' if there is a causal link between the amount of interest income and the holding period of the security, on the basis of which it is possible to calculate the amount of pro rata interest income at the moment of the sale of the Securities during their lifetime.

Payments of interest on the Securities made through a paying agent in Belgium will in principle be subject to a 25 per cent withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Securities in their personal income tax return, provided withholding tax was levied on these interest payments. They may nevertheless elect to declare interest in respect of the Securities in their personal income tax return.

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 25 per cent (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is more beneficial). If the interest payment is declared, any withholding tax retained may be credited.

Capital gains realised upon the sale of the Securities are in principle tax exempt, except if the capital gains are realised outside the scope of the management of one's private estate or except to the extent that the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

#### ***Belgian resident corporations***

Corporations that are Belgian residents for tax purposes, i.e. corporations subject to Belgian corporate income tax (*Vennootschapsbelasting/ Impôt des sociétés*) are subject to the following tax treatment in Belgium with respect to the Securities.

Interest derived by Belgian corporate investors on the Securities and capital gains realised on the disposal or settlement of the Securities will in principle be subject to Belgian corporate income tax at the rate of in principle 33.99 per cent. Capital losses on the Securities are in principle tax deductible.

Payments of interest (as defined in the section '*Tax rules applicable to natural persons resident in Belgium*') on the Securities made through a paying agent in Belgium will in principle be subject to a 25 per cent withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes).

However, interest payments on the Securities (except Zero Coupon Securities and other Securities which provide for the capitalisation of interest) made through a paying agent in Belgium can under certain circumstances be exempt from withholding tax, provided a special affidavit is delivered. The Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

#### ***Other Belgian legal entities***

Legal entities that are Belgian residents for tax purposes, i.e. that are subject to Belgian tax on legal entities (*Rechtspersonenbelasting/ Impôt des personnes morales*) are subject to the following tax treatment in Belgium with respect to the Securities.

Payments of interest (as defined in the section '*Tax rules applicable to natural persons resident in Belgium*') on the Securities made through a paying agent in Belgium will in principle be subject to a 25 per cent withholding tax in Belgium and no further tax on legal entities will be due on the interest. However, if the interest is paid outside Belgium, i.e. without the intervention of a Belgian paying agent

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and without deduction of the Belgian withholding tax, the legal entity itself is liable to declare the interest to the Belgian tax administration and to pay the 25 per cent withholding tax to the Belgian treasury.

Capital gains realised on the Securities are in principle tax exempt, except to the extent the capital gain qualifies as interest (as defined in the section *'Tax rules applicable to natural persons resident in Belgium'*).

Capital losses on the Securities are in principle not tax deductible.

### ***Organisation for Financing Pensions***

Belgian pension fund entities that have the form of an Organisation for Financing Pensions ("**OFP**") are subject to Belgian corporate income tax (*Vennootschapsbelasting/ Impôt des sociétés*). OFPs are subject to the following tax treatment in Belgium with respect to the Securities.

Interest derived on the Securities and capital gains realised on the Securities will not be subject to Belgian corporate income tax in the hands of OFPs. Capital losses incurred by OFPs on the Securities will not be tax deductible. Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

### ***Non-residents of Belgium***

The interest income on the Securities paid to a Belgian non-resident outside of Belgium, i.e. without the intervention of a professional intermediary in Belgium, is not subject to Belgian withholding tax. Interest income on the Securities paid through a Belgian professional intermediary will in principle be subject to a 25 per cent Belgian withholding tax, unless the holder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit.

Non-resident holders that have not allocated the Securities to business activities in Belgium can also obtain an exemption of Belgian withholding tax on interest if the interest is paid through a Belgian credit institution, a Belgian stock market company or a Belgian clearing or settlement institution and provided that the non-resident (i) is the owner or usufruct holder of the Securities, (ii) has not allocated the Securities to business activities in Belgium and (iii) delivers an affidavit confirming his non-resident status and the fulfilment of conditions (i) and (ii).

Non-resident holders using the Securities to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident corporations (see above). Non-resident holders who do not allocate the Securities to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

## **Implementation of the Savings Directive**

### ***Individuals not resident in Belgium***

A Belgian paying agent within the meaning of the Savings Directive will exchange information with the country of tax residence of the beneficial owner regarding interest payments as defined by the Savings Directive. It concerns payments made to an individual, beneficial owner of the interest payments and resident in another EU Member State or resident in Curaçao, Bonaire, Saba, Sint-Maarten and Sint-Eustatius (former Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands. Residual entities (in the meaning of the Savings Directive) are subject to a specific regime. The communicated information will include the identity and residence of the beneficial owner, the name and address of the paying agent, the account number of the beneficial owner and information concerning the interest payment. The exchange of information cannot be avoided by the submission of an affidavit.

### ***Individuals resident in Belgium***

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint-Maarten and Sint-Eustatius (former Netherlands Antilles), Aruba,

Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to source tax pursuant to the withholding system under the Savings Directive, such source tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The source tax will be credited against the personal income tax. If the source tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of 2.5 EUR.

### **Belgian tax on stock exchange transactions and tax on repurchase transactions**

A stock exchange tax (*'Taxe sur les opérations de bourse', 'Taks op de beursverrichtingen'*) will be levied on the acquisition and disposal of the Securities for consideration on the secondary market in Belgium through a professional intermediary. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. The tax rate is in principle 0.09 per cent for Securities with a maximum amount of EUR 650 per transaction and per party.

A tax on repurchase transactions (*'taxe sur les reports'*) at the rate of 0.085 per cent subject to a maximum of EUR 650 per party and per transaction, will be due from each party to any such transaction entered into or settled in Belgium in which a professional intermediary for stock transactions acts for either party.

However, the tax on stock exchange transactions and the tax on repurchase transactions referred to above will not be payable by exempt persons acting for their own account, including non-residents (subject to certain formalities) and certain Belgian institutional investors, as defined in Articles 126-1.2 and 139 of the Code of various duties and taxes (*'Code des droits et taxes divers'*).

### **Belgian tax on the physical delivery of bearer Securities**

A tax of 0.6 per cent is levied upon the physical delivery of bearer Securities pursuant to their acquisition on the secondary market through a professional intermediary. The same tax applies to the conversion of registered Securities into bearer Securities and to the physical delivery of bearer Securities pursuant to a withdrawal of these Securities from open custody.

The tax on the delivery of bearer Securities is due either on the sums payable by the purchaser, or on the sales value of the Securities as estimated by the custodian in the case of a withdrawal from open custody or by the person asking for the conversion of the Securities in case of conversion of registered Securities into bearer Securities. The tax is payable by the issuer, the professional intermediary or the custodian.

The physical delivery of bearer Securities to recognised Belgian professional intermediaries (such as credit institutions), acting for their own account, is exempt from the above tax.

### **Belgian estate and gift tax**

#### ***Individuals resident in Belgium***

An estate tax is levied on the value of the Securities transferred as part of a Belgian resident's estate.

Gifts of Securities in Belgium are subject to gift tax, unless the gift is made by way of a purely physical delivery of bearer Securities or otherwise without written evidence of the gift being submitted to the Belgian Tax Administration. However, estate taxes on donated Securities are avoided only if a person can demonstrate that the gift occurred more than three years preceding the death of the grantor.

#### ***Individuals not resident in Belgium***

There is no Belgian estate tax on the transfer of Securities on the death of a Belgian non-resident.

Gifts of Securities in Belgium are subject to gift tax, unless the gift is made by way of a purely physical delivery of bearer Securities or otherwise without written evidence of the gift being submitted to the Belgian Tax Administration.

### **Luxembourg Taxation**

**The comments below are intended as a basic overview of certain tax consequences in relation to the purchase, ownership and disposal of the Securities under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.**

#### **Withholding tax and Self-Applied Tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual holders of Securities or so-called residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual holders of Securities or so-called residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Securities.

#### ***Luxembourg non-resident individuals***

Under the Luxembourg laws dated 21 June 2005 (the "**Laws**") implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU, a Luxembourg based paying agent (within the meaning of the Laws) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain 'residual entities' resident or established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the exchange of information or, in case of an individual beneficiary, the tax certificate procedure. 'Residual entities' within the meaning of Article 4.2 of the Savings Directive are entities established in a Member State or in certain EU dependent or associated territories which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, which are not and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

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

#### ***Luxembourg resident individuals***

In accordance with the law of 23 December 2005, as amended (the "**Law**") on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or for the exchange of information regime) are subject to a 10 per cent withholding tax.

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

### **Dutch Taxation**

**The following overview of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The**

**following overview does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Security, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.**

**Investors are advised to consult their professional advisers as to the tax consequences of purchase, ownership and disposition of the Securities.**

### **Withholding Tax**

All payments made by the Issuer of interest and principal under the Securities can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

### **Other Taxes**

The subscription, issue, placement, allotment, delivery or transfer of a Security will not be subject to registration tax, stamp duty or any other similar tax or duty payable in The Netherlands.

### **Residence**

The holder of a Security will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Security or the execution, performance, delivery and/or enforcement of a Security.

### **Norwegian Taxation**

The following discussion is an overview of certain material Norwegian tax considerations relating to the Securities where the holder is tax resident in Norway. The overview is based on legislation as at the date of this document. Any changes to applicable tax laws may have a retrospective effect.

This overview is intended to provide general information only and is limited to the question of whether there is withholding tax payable on the Issuer's payment of interest to holders of Securities. The tax treatment of each individual holder can depend on the holder's specific situation.

It is recommended that investors consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Securities, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.

Payments of interest on the Securities are not subject to any withholding tax in Norway.

### **Finnish Taxation**

The following overview is applicable to Finnish resident individuals and limited liability companies for the purposes of Finnish domestic tax legislation relating to income and capital gains arising from the Securities issued under the Programme. The overview does not address tax considerations applicable to holders of Securities that may be subject to special tax rules, including, among others, different restructurings of corporations, controlled foreign corporations ("**CFC**"), non-business carrying entities, income tax-exempt entities or general or limited partnerships. Furthermore, this overview addresses neither Finnish inheritance nor gift tax consequences.

This overview is based on the tax laws of Finland as in effect and applied on the date of this Base Prospectus, and is subject to changes in Finnish law, including changes that could have a retroactive effect. The following overview is not exhaustive and does not take into account or discuss the tax laws of any country other than Finland. It is assumed that the Issuer does not have any permanent establishment in Finland where the Securities would be issued.

This overview is based on the Finnish Income Tax Act (*Tuloverolaki*, 30.12.1992/1535, as amended) (the "**Finnish Income Tax Act**"), the Finnish Business Income Tax Act (*Laki elinkeinotulon verottamisesta*, 24.6.1968/360, as amended), the Finnish Transfer Tax Act (*Varainsiirtoverolaki*,

29.11.1996/931, as amended) (the "**Finnish Transfer Tax Act**") and the Finnish Act on Withholding Tax on Interests (*Laki korkotulon lähdeveroista* 28.12.1990/1341, as amended). In addition, relevant case law, decisions and statements made by the tax authorities as in effect and available on the date of this Base Prospectus have been taken into account.

### **Income Taxation**

The worldwide income of persons resident in Finland is subject to taxation in Finland. Generally, an individual is deemed a resident of Finland if such individual stays in Finland for more than six consecutive months or if the permanent home and dwelling of such individual is in Finland. Earned income, including salary, is taxed at progressive rates while capital income and capital gains are currently taxed at tax rates of 30 per cent for capital income (including capital gains) not exceeding EUR 50,000 and 32 per cent for capital income (including capital gains) exceeding EUR 50,000. Capital gains arising from a sale of assets is, however, exempted from tax if the total amount of the sales prices of the assets sold by the individual does not exceed EUR 1,000 in a tax year. Capital losses arising from the transfer of assets are deductible only from capital gains arising from the sale of assets in the same year or during the following five years. The capital losses will not, however, be tax deductible if the total amount of the acquisition prices of the assets sold by the individual does not exceed EUR 1,000 in a tax year. In addition, under the Finnish Income Tax Act, there is a risk that any loss is non-deductible (which risk should be evaluated separately instrument by instrument), if those instruments are unlisted (see the advance ruling 46/2012 given by the Central Tax Board, an appeal pending in the Supreme Administrative Court).

The final withholding tax on interest is not applicable to interest paid by a non-Finnish tax resident credit institution or other entity not having a branch or office in Finland and not carrying out business in Finland through a permanent establishment for Finnish corporate income tax purposes on a loan instrument issued by such non-Finnish tax resident credit institution or entity. Interest that is not subject to the final withholding tax on interest is taxable as capital income of a Finnish-resident individual and is subject to a tax withholding, currently according to a tax withholding percentage of 30 per cent.

Corporate entities established under the laws of Finland are regarded as residents of Finland. Finnish companies are subject to corporate income tax on their worldwide income, including interest income and capital gains. Currently, the corporate income tax rate is 24.5 per cent.

In general, investors that are tax resident in Finland or holding Securities under the Programme through a permanent establishment in Finland should be aware that transactions involving the Securities, including any purchase, disposal of, or other transactions with the Securities, may have Finnish tax consequences. The tax consequences regarding interest, premium on redemption and capital gains may depend, amongst other things, upon the status of the investor. Investors are advised to consult their own professional tax advisors as to the Finnish or other tax consequences of the income derived from the Securities. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances.

### **Transfer Taxation**

Investors should note that Finnish transfer tax considerations may arise in connection with Securities that are settled or redeemed by way of a physical delivery of Finnish shares or other instruments deemed as securities under the Finnish Transfer Tax Act.

There is no transfer tax payable in Finland on transfers or sales of the shares admitted to trading on NASDAQ OMX Helsinki or in multilateral trading, or on a regulated market located in a member state of the EU or the EEA, or on a regulated market located in a state that has ratified the Council of Europe's and OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters, if the transfer is made against fixed pecuniary consideration. The transfer tax exemption requires that a securities broker is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market where the transfer is executed. Certain separately defined transfers are not covered by the transfer tax exemption.

If the transfer or sale of the shares does not fulfil the above criteria for a tax-exempt transfer, a transfer tax at the rate of 1.6 per cent of the sales price is payable by the buyer. However, if the buyer is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm or

fund management company, the seller must collect the tax from the buyer. If the broker is a Finnish stockbroker or credit institution, or a Finnish branch or office of a foreign stockbroker or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the state. If neither the buyer nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution or foreign investment firm, the transfer of shares will be exempt from Finnish transfer tax. No transfer tax is collected if the amount of the tax is less than EUR 10. Transfer tax is not payable in connection with the issuance of new shares.

### **Danish Taxation**

The following is an overview description of the taxation in Denmark of Securities according to the Danish tax laws in force at the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following overview does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Investors are, in all circumstances, strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment, holding and disposal of Securities. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Securities.

#### ***Taxation at source***

Under existing Danish tax laws, only interest and capital gains on controlled debt may be subject to withholding tax. Thus, if the holder of Securities does not control or is controlled by or under common control with the Issuer, there will be no withholding tax. The definition of controlled debt is very wide and includes the exercise of control through a joint management or a shareholder agreement.

Moreover, Danish withholding tax on payments of interest or principal or other amounts due on the Securities will not apply where the payment does not have a Danish source.

#### ***Danish Residents***

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Securities through their permanent establishment in Denmark are liable to pay tax on such interest.

Capital gains are taxable to individuals and corporate entities in accordance with the Danish act on taxation of debt, debt claims and financial contracts (*Kursgevinstloven*). Gains and losses on Securities held by corporate entities are generally taxed in accordance with a mark-to-market principle (*lagerprincippet*), i.e. on an unrealised basis. Gains and losses on Securities held by individuals are generally taxed on a realised basis and the gains or losses will be taxed over and above DKK 2,000 annually.

Pension funds and other entities governed by the Danish act on taxation of pension yield (*Pensionsafkastbeskatningsloven*) would, irrespective of realisation, be taxed on annual value increase or decrease of the Securities according to a mark-to-market principle (*lagerprincippet*) as specifically laid down in the act.

#### ***Danish Non-Residents***

Under existing Danish tax laws, payments of interest or nominal amounts to any non-resident investors are not subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under '*Taxation at source*' above. Thus, no Danish withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Security will not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under '*Taxation at source*' above.

This tax treatment applies solely to investors who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

### **Spanish Taxation**

**The information provided below does not purport to be a complete overview of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof that may take effect after such date, and which could be made with retroactive effect. Furthermore, it is not a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Securities issued by the Issuer, an entity resident for tax purposes in United Kingdom, and does not describe the tax consequences for certain categories of taxpayers including, but not limited to entities falling under the attribution of income regime, financial institutions, collective investment institutions, cooperatives, which may be subject to specific rules. This overview does not take into account any regional or local legislation that could be of application. Investors who are in any doubt as to their position should consult with their own professional advisers.**

**The tax implications herein contained referred exclusively to the Securities, on an individual basis. If together with the Securities, derivative instruments (i.e. call/put options) will be granted a case by case analysis must be made in respect of the tax implications derived from such instruments.**

This information has been prepared in accordance with the following Spanish tax legislation:

- for individuals resident for tax purposes in Spain who are subject to personal income tax, Law 35/2006 of 28 November 2006 on Personal Income Tax, partial amendment of Corporate Income Tax Law, Non-residents Income Tax Law and Wealth Tax Law; Royal Decree 439/2007 of 30 March promulgating the Personal Income Tax Regulations; Law 19/1991 of 6 June 1991 on Net Wealth Tax and Law 29/1987 of 18 December on Inheritance and Gift Tax;
- for legal entities resident for tax purposes in Spain which are subject to Corporate Income Tax Royal Legislative Decree 4/2004 of 5 March promulgating the Consolidated Text of the Corporate Income Tax Law and Royal Decree 1777/2004 of 30 July promulgating the Corporate Income Tax Regulations; and
- for individuals and entities who are not resident in Spain, Royal Legislative Decree 5/2004 of 5 March promulgating the Consolidated Text of the Non-Residents Income Tax Law; Royal Decree 1776/2004 of 30 July promulgating the Non-Residents Income Tax Regulations; Law 19/1991, of 6 June on Net Wealth Tax and Law 29/1987 of 18 December 1987 on Inheritance and Gift Tax.

#### **Taxes on Income and Capital Gains**

- a) Individuals with tax residency in Spain subject to personal income tax (Impuesto sobre la Renta de las Personas Físicas).*

The taxation, under the personal income tax, of income from the Securities is not expressly foreseen in the legislation. This leads to the need of applying the general principles under said tax, as well as to try to infer, from the Spanish Tax Authorities' doctrine, a line of interpretation which allows ascertaining what the tax treatment should be.

Under this scenario, and following an interpretation of the general principles governing the personal income tax, as well as the doctrine issued by the Spanish Tax Authorities on financial products, it can be said that, in principle, interest from the Securities obtained by individuals who have the status of taxpayers for the purposes of personal income tax, and also income from the transfer, reimbursement, redemption, exchange or conversion of the Securities should, in general terms, be considered income from movable capital obtained due to the supply of funds to third parties upon the terms of Article 25.2 of Law 35/2006, of 28 November, on the personal income tax.

Such income would be included in the savings tax base and, in case of losses, their integration on the savings tax base and their offsetting will be subject to the rules foreseen in that respect in the personal income tax legislation. Certain limitations exist for offsetting negative income under particular circumstances.

From 1 January 2012 pursuant to the Royal Decree Law 20/2011, of 30 December ("**RD 20/2011**"), for tax periods 2012 and 2013, income included in the savings income taxable base will be taxed (i) at a 21 per cent tax rate (applicable to the first EUR 6,000), (ii) at a 25 per cent tax rate (applicable to the following EUR 18,000) and, (iii) at a 27 per cent tax rate (applicable to the remainder amounts).

Also by application of RD 20/2011, for tax periods 2012 and 2013, any income derived from the Securities could be subject to withholding tax of 21 per cent on account of the personal income tax of the holder, in case there is any person or entity obliged to levy said withholding tax in accordance with the general rules of the levying of withholding taxes (i.e. in the event that an entity based in Spain is the custodian of the Securities, or is charged with the collection of the income from them in favour of the holders, or is charged with the redemption of the Securities, or receives from the holder the order to transfer the Security, as the case may be). However, there is no obligation to withhold tax on the positive income derived from the transfer or reimbursement of explicit yield Securities when they would be represented by book entries and would be traded on a Spanish official secondary securities market, except the part of the price which is equivalent to the accrued interest on any transfers which are made within the thirty (30) days immediately prior to the maturity of the coupon, when (i) the acquirer is an individual or entity not resident in Spanish territory, or is a taxable person for corporate income tax purposes, and (ii) this express income is exempt from the obligation to withhold in relation to the acquirer.

From January 1, 2014 and onwards, in principle, the aforementioned withholding tax will be of 19 per cent and income included in the savings income taxable base will be taxed at 19 per cent for amounts up to EUR 6,000 and 21 per cent for amounts including and in excess of EUR 6,000.01.

*b) Legal Entities with tax residency in Spain subject to corporate income tax (Impuesto sobre Sociedades)*

The tax regime for Spanish-resident entities holders of Bonds and Notes is included in the Royal Legislative Decree 4/2004 of 5 March that approves the Revised Text of the Corporate Income Tax Law ("**Royal Legislative Decree 4/2004**") and the Royal Decree 1777/2004 of 30 July that approves the Corporate Income Tax Ruling ("**Royal Decree 1777/2004**").

According to Article 10.3 of the Royal Legislative Decree 4/2004, the taxable income, derived from the interest generated by the Securities and also from the transfer, reimbursement, redemption, exchange or conversion of the Securities will be calculated in accordance with the accounting treatment of such income by the relevant entity. The tax adjustments to the accounting treatment which may be of application should be taken into account when calculating the taxable base. In principle, the resulting amounts will be taxed at the standard rate of 30 per cent in accordance with the general rules contained in the Spanish Corporate Income Tax Act.

From 1 January 2012 pursuant to the RD 20/2011, for tax periods 2012 and 2013, any income derived from the Securities could be subject to withholding tax of 21 per cent on account of the corporate income tax of the holder in case there is any person or entity obliged to levy said withholding tax in accordance with the general rules of the levying of withholding taxes (i.e. in the event that an entity based in Spain is the custodian of the Securities, or is charged with the collection of the income from them in favour of the holders, or is charged with the redemption of the Securities, or receives from the holder the order to transfer the Security, as the case may be). From 1 January 2014 and onwards, in principle, this withholding tax will be of 19 per cent.

In any case, income derived from the Securities obtained by entities which are considered taxable persons for corporate income tax purposes will not be subject to withholding tax on account of corporate income tax, in accordance with the provisions of Article 59.s) of Royal Decree 1777/2004 provided that the Securities are traded on an organized market of an OECD country. In addition, income obtained, both as interest, and due to the transfer, redemption or reimbursement of the Securities, by entities which are considered taxable persons for corporate income tax purpose will not be subject to withholding tax on account of corporate income tax, in accordance with the provisions of Article 59 q) of the Corporate Income Tax Regulations, passed by Royal Decree 1777/2004 of 30 July, provided that the Securities would be represented by book entries and would be traded on a Spanish official secondary securities market.

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### *c) Individuals and Legal Entities with no tax Residency in Spain subject to Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes)*

Interest generated by the Securities or from the transfer, reimbursement, redemption, exchange or conversion of the Securities obtained by individuals and legal entities not resident for tax purposes in Spain will be taxed pursuant to the Refunded Text of the Non-Residents Income Tax Law, passed by Royal Legislative Decree 5/2004 of 5 March ("**Non-Residents Income Tax Law**").

#### *Income obtained through a permanent establishment*

Income from the Securities obtained through a permanent establishment in Spain will be taxed in accordance with the rules of Chapter III of the Non-Residents Income Tax Law, subject to the provisions of any relevant double tax treaties.

The tax rules commented for taxable persons under corporate income tax (entities resident in Spain) will apply for persons or legal entities not resident in Spain with a permanent establishment in such territory.

#### *Income obtained without a permanent establishment*

Income realized by investors residing outside Spain and without a permanent establishment within the Spanish territory (individuals and legal entities) would not be considered, in general terms, as Spanish-source income and, therefore, would not be subject to taxation and withholding tax in Spain under the Non-Residents Income Tax Law.

### **Wealth Tax (Impuesto sobre el Patrimonio)**

The ownership of Securities would be subject to the Net Wealth Tax pursuant to the Royal Decree 13/2011 of 16 September that has restored temporarily for years 2011 and 2012 the Spanish Net Wealth Tax regulated by Law 19/1991 of 6 June ("**Net Wealth Tax Law**"), subject to the application of any relevant double tax treaties. Pursuant to Law 16/2012 27 December, this restoration has been extended to the year 2013.

Only individual holders of Securities would be subject to the Net Wealth Tax. Legal entities are not taxable persons under the Spanish Net Wealth Tax ("**NWT**").

#### *a) Individuals with Tax Residency in Spain*

Under Article 5 of the Net Wealth Tax Law, the relevant taxpayers will be all those individuals who have their habitual residence in Spain regardless of the place where their assets or rights are located or could be exercised.

Consequently, the ownership of the Securities by individuals resident for tax purposes in Spain will be subject to taxation under the NWT at a progressive rate scale from 0.2 per cent to 2.5 per cent.

However, it is necessary to take into account that the power to implement the NWT (including certain tax benefits) has been transferred to the Spanish regions. Therefore, an analysis must be made in each specific case to determine to what extent any regional legislation might be applicable, since there might be differences in respect of the final taxation under NWT depending on the region in which an investor resides that could even eliminate the taxation.

#### *b) Individuals with no Tax Residency in Spain*

Non-Spanish residents would not be subject to the NWT on the holding of the Securities, provided that the Securities were not located in Spain and the rights deriving from them could not be exercised within Spanish territory.

### **Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)**

#### *a) Individuals with Tax Residency in Spain*

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Securities by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in

accordance with the applicable Spanish regional and State rules. The applicable effective tax rates range between 7.65 per cent and 81.6 per cent, depending on several factors. However, it is necessary to take into account that the Spanish Inheritance and Gift Tax (including certain tax benefits) has been transferred to the Spanish regions. Therefore, an analysis must be made in each specific case to determine to what extent any regional legislation might be applicable, since there might be differences in respect of the final taxation under Spanish Inheritance and Gift Tax depending on the region in which an investor resides that could even eliminate the taxation.

*b) Legal Entities with Tax Residency in Spain*

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax, as income obtained will be subject to the corporate income tax.

*c) Individuals and Legal Entities with no Tax Residency in Spain*

Non-Spanish resident individuals and non-Spanish legal entities without a permanent establishment in Spain that acquire ownership or other rights over the Securities by inheritance, gift or legacy, will not be subject to Inheritance and Gift Tax provided that the Securities were not located in Spain and the rights deriving from them could not be exercised within Spanish territory.

Non-Resident entities with a permanent establishment within the Spanish territory which acquire the ownership or other rights over the Securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift, but income obtained will be subject to the Non-resident Income Tax, subject to the application of any relevant double taxation treaty.

**Value Added Tax, Transfer Tax and Stamp Duty**

The issuance, acquisition and transfer of Securities, in principle, is not taxable under the Transfer Tax and Stamp Duty Tax, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993 of 24 September. Nor will they be taxable, in principle, under the Value Added Tax, in accordance with Law 37/1992 of 28 December, regulating such tax. Physical settlement of the Securities must be analyzed on a case by case basis for VAT purposes.

In any case, a case by case analysis should be made in order to ascertain potential tax implications.

**Implementation of the Savings Directive**

The Savings Directive applies, amongst other things, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Savings Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside (although, for a transitional period, certain countries (not Spain) are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories)).

A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for, the beneficial owner.

Securities are, from a Spanish point of view, affected by the obligations foreseen in the Savings Directive and its corresponding transposition into the Spanish legislation.

**Maltese Taxation**

This commentary is of a general nature, based on current Maltese tax law and is an overview of the understanding of current law and practice in Malta relating only to certain aspects of Maltese taxation. It is not intended to be exhaustive. It relates only to the beneficial owners of Securities but investors who may be subject to tax in a jurisdiction other than Malta or who may be unsure as to their tax position should seek their own professional advice.

## **Residents**

In the case of persons being both domiciled and ordinary residents in Malta, income tax is charged on their worldwide income, including specified capital gains. However, this rule is subject to any double taxation treaty provisions which may apply in the particular circumstances in terms of Malta's double taxation treaties currently in force (in this section, reference will be made to the double taxation treaty currently in force between Malta and the United Kingdom, but other double tax treaties may apply depending on the case).

In general, the income tax rate for income and capital gains currently stands at 35 per cent for companies (as defined in the Maltese Income Tax Act, "ITA") and varies between 0 per cent and 35 per cent for other persons. However, income and gains falling within the definition of 'investment income' pursuant to the ITA may be charged with a final withholding tax of 15 per cent subject to the satisfaction of certain statutory conditions (see below).

## **Interest**

Malta has the primary right to tax interest income as per the following:

*a) Provisions under the Malta – United Kingdom double tax treaty*

Article 11 of the Malta United Kingdom double tax treaty provides that interest arising in a contracting state and paid to a resident of the other contracting state may be taxed in that other contracting state. Hence in terms of the above, Malta, being the country where the investor would be resident, has the primary right to tax such interest income. However, the United Kingdom has a secondary right to tax such income and in fact, the Article states that the tax charged in the country where the interest arises cannot exceed 10 per cent of the gross amount of such interest, provided that the investor is the beneficial owner thereof.

*b) Provisions under Maltese domestic tax law*

The Maltese income tax treatment of any interest income derived from the Securities depends on whether such income falls within the definition of 'investment income' under the ITA. The definition provides for an exhaustive list of sources of income (including different types of interest income) which would fall within the meaning of 'investment income' for Maltese tax purposes.

'Investment income' as defined under the ITA includes, for example, 'interest, discounts or premiums payable in respect of a public issue by a company, entity or other legal person howsoever constituted and whether resident in Malta or otherwise'. If the interest income qualifies as 'investment income' under Maltese tax law, such income may be subject to a 15 per cent final withholding tax.

In order for the said 15 per cent final withholding tax to be applicable, the Maltese-resident investor should fall within the definition of 'recipient' in terms of the ITA. According to this definition, a recipient is a person who is resident in Malta during the year in which investment income is payable to him, (excluding a person who carries on business in the fields of banking or insurance) or a receiver, guardian, tutor, curator, judicial sequestrator or committee acting on behalf of such person or a trustee or foundation pursuant to or by virtue of which any money or other property whatsoever is paid or applied for the benefit of such person. Collective investment schemes registered in Malta are excluded from the remit of this definition with the exception of those schemes holding a classification as 'prescribed funds' in terms of Maltese law and receiving investment income not paid by another collective investment scheme. In such a case, special rules apply and recipients should seek advice accordingly.

Furthermore, in terms of current Maltese Revenue practice, the payment of the 15 per cent final withholding tax has to be effected through an authorised financial intermediary licensed in Malta, i.e. the Maltese authorised financial intermediary has the obligation to collect and forward such withholding tax to the Maltese Revenue.

The 15 per cent withholding tax is a final tax and a resident individual investor is entitled not to declare the respective interest income on his/her income tax return. A Maltese resident investor should not be charged further tax in respect of such interest income. Tax withheld will in no case be available to any

person (other than individuals) for credit against that person's tax liability or for a refund, as the case may be.

Notwithstanding the above, the Maltese resident holder may opt to receive the interest income without deduction of withholding tax. In this case, such person will be obliged to declare the interest income on the income tax return and will be subject to tax on such interest income at the standard rates of tax applicable to that person at the time the interest income is received by the holder.

Where foreign (non-Maltese) tax is charged (or, in certain instances, deemed to be charged) on the interest income, subject to the satisfaction of certain statutory conditions, such foreign tax may be creditable against the Maltese tax. However, such credit should not be available in the case that the interest income is received by a person other than an individual and is subject to the 15 per cent final withholding tax outlined above; also, in that case, the Maltese 15 per cent final withholding tax should be chargeable on the gross interest income.

### ***Capital gains***

This part refers only to investors who do not deal in securities in the course of their trading activity and if the Securities in question represent a 'capital asset'. Hence the redemption or disposal of such Securities should result in a capital gain (and not a trading gain) for Maltese tax purposes.

Malta is entitled to tax capital gains realised on transfers of securities even in terms of the double taxation treaty between Malta and the United Kingdom (in the circumstances and subject to the terms and conditions set out in the said Treaty). The United Kingdom may also tax such gains if the transferor of the securities is an individual who was resident in that country throughout the 5 years preceding the transfer of the said securities.

According to Maltese tax law, only those capital gains as specified in the ITA are subject to income tax in Malta. The provisions regulating capital gains provide for a definition of 'securities' as follows: 'shares and stocks and such like instruments that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return. '. If the particular Securities do not fall within the above-quoted definition, the capital gain arising on their redemption or disposal should not be subject to Maltese tax. In case the particular Securities fall within the definition of 'securities' as quoted above, capital gains realised by a Maltese resident and domiciled holder on the redemption or disposal of the Securities should be subject to Maltese income tax.

Similarly to the tax position outlined above in respect of interest income, the applicable tax rate on such capital gains depends on whether the capital gains qualify as 'investment income' pursuant to the ITA. The definition of 'investment income' includes, for example, 'capital gains arising on the redemption, liquidation or cancellation of securities ... not being shares in a company'. On the assumption that the Securities should not represent 'shares in a company' as required by the said provision of the law, the capital gain, if any, arising on the redemption of the Securities should qualify as 'investment income' in terms of the aforesaid provision. In this case, chargeable capital gains may be subject to a final withholding tax of 15 per cent.

The same considerations outlined in respect of interest income regarding the applicability (and other features) of the 15 per cent final withholding tax also apply in this case. Furthermore, in respect of capital gains arising on the redemption of the Securities, the holder has the option to receive the capital gains without deduction of a withholding tax, in which case the holder would be required to declare the capital gain in the tax return and charge it to tax at the standard rate of tax applicable to that person at the time of redemption of the Securities.

The position outlined in the preceding two paragraphs should not apply in the case of a disposal of the Securities since the definition of 'investment income' referred to above specifically requires a 'redemption, liquidation or cancellation'. Hence in the case of a disposal (rather than a redemption) of the Securities, any chargeable capital gains should not qualify as 'investment income' and should therefore be declared on the investor's income tax return and be subject to tax at the standard rate of tax at the point of disposal.

### **Non-residents**

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Assuming that (i) the investor would not be a resident and not domiciled in Malta for tax purposes, and (ii) the interest income or capital gains would not represent income or gains arising in Malta and any interest income would not be received in Malta, and (iii) the Securities would not form part of the business property of the holder's Maltese permanent establishment, no Maltese income tax liability should arise pursuant to Maltese tax law.

### ***Duty on documents and transfers (stamp duty)***

The Maltese Duty on Documents and Transfers Act charges to duty transfers of 'marketable securities'. A redemption of securities should not be covered by the term 'transfer' according to Maltese stamp duty legislation and should therefore not be chargeable to Maltese stamp duty. Hence the Maltese stamp duty considerations under this part should be relevant in case a disposal (direct transfer) of the Securities occurs.

Maltese stamp duty is chargeable at the rate of EUR 2 for every EUR 100 or part thereof in respect of the amount or value of the consideration or the real value of the 'marketable security', whichever is the higher. Maltese stamp duty is due on documents executed in Malta and on documents executed outside Malta and used in Malta.

However, if the issuer, the transferor or the transferee has in place an Article 47 exemption determination issued by the Maltese Revenue, any acquisitions or disposals of 'marketable securities' issued by the issuer should be exempt from Maltese stamp duty if such an exemption determination continues to be in place until the time that any disposal of the Securities occurs. Generally, this exemption is granted if the applicant carries out more than 90 per cent of its business outside Malta or if such applicant is beneficially owned to the extent of more than 50 per cent by non-residents and carries out the majority of its business outside Malta.

### ***Implementation of the Savings Directive***

Malta has implemented the Savings Directive into Maltese domestic legislation in terms of Legal Notice 267 of 2004. If any of the payments derived from the Securities fall within the purport of the Savings Directive, the country of the Issuer or paying agent would have to determine whether any exchange of information requirements would apply or whether any foreign (non Maltese) withholding tax would apply on such payments.

In the case where there is a Maltese paying agent, and the recipient is non Maltese, the said agent has the obligation to report information to the competent authority in Malta (being the Commissioner of Inland Revenue) in line with the provisions of the Savings Directive. The information to be reported by the Maltese paying agent to the Maltese competent authority for all interest payments made during a calendar year in terms of the Savings Directive must be furnished annually not later than the 28th February following the end of such calendar year.

All paying agents in Malta must register for the purposes of the Savings Directive with the Inland Revenue Department. This means that both paying agents who pay interest income directly to beneficial owners and paying agents who receive income on behalf of the beneficial owners are to be registered with the Inland Revenue Department.

The Commissioner of Inland Revenue may, when and as often as he deems necessary, give notice in writing to any paying agent to furnish, within a reasonable time stated in the notice, not being less than 14 days, such information (including copies of any relevant books, documents or other records) which the Commissioner of Inland Revenue may deem necessary in order to determine that the information reported by the said paying agent was correct and complete. The said paying agent required to furnish such information must make available all the documents in his possession or under his control as required by the Commissioner of Inland Revenue.

The minimum amount of information concerning interest payments to be reported by Maltese paying agents should be the following:

- a) the identity and residence of the beneficial owner;
- b) the name and address of the paying agent;

- c) the account number of the beneficial owner or, where there is none, identification of the debt claim giving rise to the interest; and
- d) information concerning the interest payment.

Investors should note that the European Commission has announced proposals to amend the Savings Directive. If implemented, the proposed amendments would, inter alia, extend the scope of the Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

### **Swedish Taxation**

**The following overview of certain tax issues that may arise as a result of holding Securities is based on current Swedish tax legislation and is intended only as general information for holders of Securities who are resident in Sweden for tax purposes, unless otherwise indicated. This description does not deal comprehensively with all tax consequences that may occur for holders of Securities, nor does it cover the specific rules where Securities are held by a partnership or as current assets in a business operation. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies and mutual funds. Investors should consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Securities, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.**

#### **Taxation of Individuals Resident in Sweden**

##### *Capital Gains and Losses*

Individuals who sell their securities, or have their securities redeemed or bought back, are subject to capital gains tax. The tax rate is 30 per cent.

The capital gain or loss is calculated as the difference between the sales (or redemption) proceeds, after deduction of sales costs, and the securities' acquisition cost for tax purposes. The acquisition cost is determined according to the 'average method'. This means that the costs of acquiring all securities of the same type and class as the sold securities are added together and the average acquisition cost is calculated collectively, with respect to changes to the holding.

Gains or losses on currency exchange rate fluctuations may arise in relation to securities where the sales proceeds received are in a foreign currency. However, no special calculations are required if the sales proceeds are exchanged into SEK within 30 days from the time of disposal. In such case, the exchange rate on the date of exchange shall be used when calculating the value of the sales proceeds. The exchange rate on the date of acquisition is generally used when determining the acquisition cost for tax purposes.

For the purpose of the preceding paragraph, securities could be defined as;

- a) listed shares and other listed securities that are taxed in the same manner as shares (*delägar rätt*);
- b) receivables (*fordrings rätt*); or
- c) non-financial items (*andra tillgångar*).

As a general rule, 70 per cent of a capital loss is deductible against any other taxable income from capital. However, capital losses on listed Swedish receivables are fully deductible in the income from capital category. According to Swedish case law, full deductibility also applies to capital losses on listed foreign receivables.

Capital losses on listed shares and other listed securities that are taxed in the same manner as shares (except for listed shares in mutual funds containing only Swedish receivables), are fully deductible against taxable gains on such assets and on non-listed shares in Swedish limited liability companies and

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foreign legal entities. On non-listed shares in Swedish limited liability companies and foreign legal entities only five sixths of capital losses are deductible. If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares. 70 per cent of any excess amount is deductible according to the general rule or five-sixths of 70 per cent is deductible if the capital loss relates to non-listed shares. Capital losses on listed shares in mutual funds containing only Swedish receivables are fully deductible in the income from capital category.

If a deductible deficit arises in the income from capital category, a reduction of the tax on income from employment and from business operations, as well as the tax on real estate and the municipal real estate fee, is allowed. The tax reduction is 30 per cent of any part of the deficit not exceeding SEK 100,000 and 21 per cent of any part of the deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

### ***Interest/Dividends***

Any interest or dividend income received by an individual holder during the life of a financial instrument is subject to Swedish tax at a tax rate of 30 per cent in the income from capital category. Interest and dividends are taxable when the income can be disposed of.

There are no specific Swedish tax rules defining what constitutes debt or equity, nor is there a definition of interest. However, where a payment during the life of the instrument is made at the discretion of the Issuer, such payment should generally be considered a dividend. It is further generally held, that where the terms and conditions of the instrument provide for payments to be made under predetermined circumstances established by the terms and conditions and no shareholder meeting is required to determine the payment, such payment should be considered interest.

### **Taxation of Swedish Legal Entities**

Limited liability companies and other legal entities (except partnerships and estates of deceased persons) are normally taxed on all income (including income from the sale, redemption or repayment of the Securities) as income from business operations at a flat rate of 22 per cent (the tax rate is 26.3 per cent for fiscal years commencing prior to 1 January 2013).

Regarding the calculation of capital gains or losses, see section '*Taxation of Individuals Resident in Sweden*' above. However, for legal entities, interest income and currency exchange fluctuations are normally taxable, or deductible, as the case may be, on an accrual basis. Note that capital losses on non-financial items (*annan tillgång*) are fully deductible for tax purposes when the holder is a legal entity.

Tax deductible capital losses on receivables incurred by limited liability companies and certain other legal entities are normally fully deductible against any taxable income.

Specific rules may apply to Securities held as a hedge for foreign currency exposure.

### **Taxation of holders of Securities residing outside of Sweden**

Payments of any nominal amount or any amount that is considered to be interest or dividends for Swedish tax purposes to holders of Securities who are not fiscally resident in Sweden and who are not engaged in trade or business in Sweden through permanent establishments are not subject to Swedish income tax.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any nominal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of Securities.

Investors who are not fiscally resident in Sweden and who are not carrying on business operations from a permanent establishment in Sweden are generally not liable for Swedish capital gains taxation on the disposal of Securities. The holders may be subject to tax in their country of residence.

As far as non-resident individuals are concerned, capital gains on the sale of certain securities may in some cases be subject to Swedish tax if the individual has been resident or permanently lived in

Sweden at any time during the calendar year of the sale or any of the ten preceding calendar years. The application of this provision is, in many cases, limited by tax treaties for the avoidance of double taxation, which Sweden has concluded with other countries.

### **Other**

Sweden does not levy any net wealth tax and there are no transfer taxes on transfers of financial instruments.

### **Portuguese Taxation**

**The following is an overview of the current Portuguese tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments in respect of the Securities. The statements do not deal with other Portuguese tax aspects regarding the Securities and relate only to the position of persons who are absolute beneficial owners of the Securities. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Securities holders who are in any doubt as to their tax position should consult their own professional advisers.**

#### ***Personal income tax***

##### *Investment income*

Economic benefits derived from interest, amortisation, reimbursement premiums and other instances of remuneration arising from the Securities are designated as investment income for Portuguese tax purposes. If the payment of interest or other types of investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax applies at a rate of 28 per cent, which is the final tax on that income unless the individual elects for aggregation to his taxable income, subject to tax at progressive rates of up to 48 per cent. In this case, the tax withheld is deemed a payment on account of the final tax due. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000 and (ii) 5 per cent on the remaining part (if any) of the taxable income exceeding EUR 250,000. Also, if the option of income aggregation is chosen, an additional surcharge at the rate of 3.5 per cent will be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. However, interest paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent, unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

If the interest on the Securities is not received through an entity located in Portugal, it is not subject to Portuguese withholding tax, but an autonomous taxation rate of 28 per cent will apply, unless an option for aggregation is made, subject to the above referred progressive tax rates and also to the above referred additional income tax rate and the additional surcharge.

##### *Capital gains*

Capital gains obtained by Portuguese resident individuals on the transfer of the Securities are taxed at a rate of 28 per cent levied on the positive difference between the capital gains and capital losses of each year, unless an option for aggregation is made, subject to the above referred progressive tax rates and also to the above referred additional income tax rate and the additional surcharge.

There is no Portuguese withholding tax on capital gains.

#### ***Corporate Income Tax***

##### *Investment income and capital gains*

Interest and other investment income derived from the Securities, and capital gains obtained from the transfer of the Securities by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains attributable, are included in their taxable profits and are subject to a 25 per cent tax rate, to which may be added a

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municipal surcharge (*derrama municipal*) of up to 1.5 per cent of the taxable income. A State Surcharge (*derrama estadual*) rate of 3 per cent will be due on the part of the taxable profits exceeding EUR 1,500,000 up to EUR 7,500,000 and of 5 per cent on the part of the taxable profits exceeding EUR 7,500,000.

There is no Portuguese withholding tax on capital gains.

### **Implementation of the Savings Directive**

Portugal has implemented the Savings Directive into the Portuguese law through Decree-Law no. 62/2005 of 11 March 2005 as amended by Law no. 39-A/2005 of 29 July 2005.

### **Irish Taxation**

**The following is an overview based on the laws and practices currently in force in Ireland of certain matters regarding the tax position of investors who are the absolute beneficial owners of their Securities and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Securities including dealers in securities and trusts. The overview does not constitute tax or legal advice and the comments below are of a general nature only. It does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Securities. Investors should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Securities and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.**

### **Withholding Tax**

Tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold tax from payments of interest on the Securities so long as such payments do not constitute Irish source income. Interest and premium paid on the Securities may be treated as having an Irish source if:

- a) the Issuer is resident in Ireland for tax purposes; or
- b) the Issuer is not resident in Ireland for tax purposes but the register for the Securities is maintained in Ireland or if the Securities are in bearer form and the Securities are physically held in Ireland; or
- c) the assets relating to the Securities are attributed to an Irish branch or agency of the Issuer.

It is anticipated that (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in Ireland; (iii) that bearer Securities will not be physically located in Ireland; and (iv) the Issuer will not maintain a register of any registered Securities in Ireland.

### **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent) on any interest paid on Securities issued by a company not resident in Ireland, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Security holder who is an Irish resident.

Encashment tax does not apply where the Security holder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

### **Stamp duty**

As the Issuer is not registered in Ireland, stamp duty will not arise on a document effecting a transfer of the Securities so long as the instrument of transfer of the Securities does not relate to:

- a) any immovable property in Ireland; or
- b) stocks or marketable securities of a company registered in Ireland.

**Implementation of the Savings Directive**

Ireland has implemented Savings Directive into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Security holder (including the Security holder's name and address) to the Irish Revenue Commissioners who in turn are obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

## PURCHASE AND SALE

Pursuant to the Master Subscription Agreement dated 5 August 2009 (as amended, supplemented and/or restated from time to time, the "**Master Subscription Agreement**"), each Manager (being, at the date of this Base Prospectus, each of Barclays Bank PLC and Barclays Capital Inc. in their respective capacities as a Manager) has agreed with the Issuer the basis on which it may from time to time agree to purchase Securities. Any such agreement will extend to those matters stated under 'Summary' and 'Terms and Conditions of the Securities'. In the Master Subscription Agreement, the Issuer has agreed to reimburse the relevant Manager for certain of its expenses in connection with the Securities issued under the Programme.

No representation is made that any action has been or will be taken by the Issuer or the Managers in any jurisdiction that would permit a public offering of any of the Securities or possession or distribution of the Base Prospectus or any other offering material or any Final Terms in relation to any Securities in any country or jurisdiction where action for that purpose is required (other than actions by the Issuer to meet the requirements of the Prospectus Directive for offerings contemplated in this Base Prospectus and the Final Terms). No offers, sales, resales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction and/or to any individual or entity except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or the Managers.

### Selling Restrictions

#### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) If the Issuer expressly specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a 'Public Offer'), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;
  - (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
  - (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression 'an offer of Securities to the public' in relation to any Securities in any Relevant Member State means the communication in any form and by any means of

sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### **The Netherlands**

In addition and without prejudice to the relevant restrictions set out under '*European Economic Area*' above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of NYSE Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by NYSE Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended).

No such mediation is required in respect of: (a) the transfer and acceptance of rights representing an interest in a global security; (b) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series or Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

As used herein "**Zero Coupon Notes**" are Securities that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### **Ireland**

Each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that:

- (a) it will not underwrite the issue of, or place any Securities, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Securities, otherwise than in conformity with the provisions of the Companies Acts 1963 to 2012 (as amended), the Central Bank Acts 1942 to 2011 (as amended) and any codes of conduct rules made under section 117(1) of the Central Bank Act 1989; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Securities, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland; and
- (d) in respect of any Securities that have a maturity of less than one year, it shall ensure that the Securities are issued in accordance with an exemption granted by the Central Bank of Ireland under section 8(2) of the Central Bank Act 1971 (as amended).

### **Italy**

In addition to the requirements set out under '*European Economic Area*' above, any offer, sale or delivery of the Securities or distribution of copies of the Base Prospectus or any other document

## Purchase and Sale

relating to the Securities in the Republic of Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation 29 October 2007, No. 16190 of (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Please note that in accordance with Article 100–bis of the Financial Services Act, where no exemption from the rules on public offerings applies, Securities which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are continuously (*sistematicamente*) distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

### Portugal

Each Manager has represented and agreed and each further Manager appointed under the Programme will be required to represent and agree, that the Securities may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) approved by Decree-law no. 486/99 of 13 November 1999 (as amended and restated from time to time), unless the requirements and provisions applicable to public offering in Portugal are met and the registration, filing, approval or recognition procedure with the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, "**CMVM**") is made.

In addition, each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that other than in compliance with all applicable provisions of the Portuguese Securities Code implementing the Prospectus Directive, the Prospectus Regulation and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Securities by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, (1) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Securities in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be; (2) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Base Prospectus or any other offering material relating to the Securities to the public in Portugal; and that (3) any such distribution shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Without prejudice to the above, on 4 May 2012 CMVM launched a public consultation (*consulta pública*) on the preliminary draft of the decree-law that will transpose into the Portuguese legal framework the 2010 PD Amending Directive. Accordingly, rules in respect of public offerings of securities are likely to change in the near future, although at this stage the exact scope of those variations and when the same will enter into force is uncertain. On 13 July 2012 CMVM released a generic opinion (*parecer*) on the application of the 2010 PD Amending Directive in Portugal as from 1

July 2012. Although not yet implemented in Portugal, a directive has vertical direct effect after its implementation deadline and therefore some of the provisions of the 2010 PD Amending Directive (to the extent they impose unconditional and clearly expressed duties on the Member States) can be applied from 1 July 2012 until the date of implementation of the 2010 PD Amending Directive in Portugal. The above mentioned public consultation documents and the generic opinion may be found at [www.cmvm.pt](http://www.cmvm.pt).

### **Switzerland**

The Securities may not be publicly distributed in Switzerland. This Base Prospectus shall not be dispatched, copied to or otherwise made available to, and the Securities may not be offered for sale to any person in Switzerland, except to 'qualified investors' as defined in Article 10 of the Swiss Act on Collective Investment Schemes ("**CISA**").

This document is neither a prospectus according to Article 652a or Article 1156 of the Swiss Code of Obligations nor a simplified prospectus according to Article 5 of the CISA nor a listing prospectus according to the Listing Rules of the SIX Swiss Exchange.

### **United Kingdom**

Each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that:

- (a) 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 Securities in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

### **United States of America**

#### **US Tax Selling Restrictions**

Securities issued in bearer form for US tax purposes ("**Bearer Instruments**") may not be offered, sold or delivered within the United States or its possessions or to a United States person except as permitted under US Treasury Regulation section 1.163-5(c)(2)(i)(D) (the "**D Rules**").

The Issuer and each Manager has represented and agreed (and each additional Manager named in a set of Final Terms will be required to represent and agree) that in addition to the relevant US Securities Selling Restrictions set forth below:

- (a) except to the extent permitted under the D Rules, (x) it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Instruments to a person who is within the United States or its possessions or to a United States person and (y) such Manager has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Instruments that will be sold during the restricted period;
- (b) it has and agrees that 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 Bearer Instruments are aware that Bearer Instruments 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 United States person (except to the extent permitted under the D Rules);
- (c) if it is a United States person, it is acquiring the Bearer Instruments for purposes of resale in connection with their original issuance, and if it retains Bearer Instruments for its own account, it will do so in accordance with the requirements of the D Rules;

## Purchase and Sale

- (d) with respect to each affiliate or distributor that acquires Bearer Instruments from a Manager for the purpose of offering or selling such Bearer Instruments during the restricted period, the Manager either repeats and confirms the representations and agreements contained in sub clauses (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer and each Manager the representations and agreements contained in such sub clauses; and
- (e) it has not and agrees that it will not enter into any written contract (other than confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another Manager) has offered or sold, or during the restricted period will offer or sell, any Bearer Instruments except where pursuant to the contract the relevant Manager has obtained or will obtain from that party, for the benefit of the Issuer and each Manager, the representations contained in, and that party's agreement to comply with, the provisions of sub clauses (a), (b), (c) and (d).

Terms used in this section (US Tax Selling Restrictions) shall, unless the context otherwise requires, have the meanings given to them by the Internal Revenue Code and the US Treasury Regulations thereunder, including the D Rules.

### ***US Securities Selling Restrictions***

The Securities 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, US persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this section (*US Securities Selling Restrictions*) shall, unless the context otherwise requires, have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed (and each further Manager named in the Final Terms will be required to agree) that it will not offer or sell Securities (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after the completion of the distribution of an identifiable tranche of which such Securities are part, as determined and certified to the Agent by such Manager (in the case of a non-syndicated issue) or the relevant lead Manager (in the case of a syndicated issue), within the United States or to, or for the account or benefit of, US persons, and it will have sent to each Manager to which it sells Securities during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons. Terms used in the preceding sentence have the meanings given to them by Regulation S. Neither such Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Securities, and such Manager, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S.

The Securities are being offered and sold outside the United States to non-US persons in reliance on Regulation S.

The Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of Securities outside the United States and for the resale of the Registered Securities in the United States and for the listing of Securities on the Relevant Stock Exchange. The Issuer and the Managers reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. The Base Prospectus does not constitute an offer to any person in the United States or to any US person. Distribution of the Base Prospectus by any non-US person outside the United States is unauthorised, and any disclosure without the prior written consent of the Issuer of any of its contents to any of such US person or other person within the United States is prohibited.

### ***US Retirement Plan Selling Restrictions***

The Securities may not be sold or transferred to, and each purchaser by its purchase of Securities shall be deemed to have represented and covenanted that it is not acquiring the Securities for or on behalf of, and will not transfer Securities to, any pension or welfare plan, as defined in section 3 of the Employee Retirement Income Security Act ("**ERISA**"), that is subject to Title I of ERISA or any plan or arrangement that is subject to section 4975 of the Internal Revenue Code, or an entity the assets of

which are considered assets of such a plan, except that such purchase for or on behalf of a plan shall be permitted when, in the sole judgement of the relevant Manager, and to the extent:

- (a) such purchase is made by or on behalf of a bank collective investment fund maintained by the purchaser in which no plan (together with any other plans maintained by the same employer or employee organisation) has an interest in excess of 10 per cent of the total assets in such collective investment fund, and the other applicable conditions of Prohibited Transaction Class Exemption ("**PTCE**") 91–38 issued by the US Department of Labor are satisfied;
- (b) such purchase is made by or on behalf of an insurance company pooled separate account maintained by the purchaser in which, at any time while the Securities are outstanding, no plan (together with any other plans maintained by the same employer or employee organisation) has an interest in excess of 10 per cent of the total of all assets in such pooled separate account, and the other applicable conditions of PTCE 90–1 issued by the US Department of Labor are satisfied;
- (c) such purchase is made on behalf of a plan by (i) an investment adviser registered under the US Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**"), that had as at the last day of its most recent fiscal year total assets under its management and control in excess of US\$ 85 million and had stockholders' or partners' equity in excess of US\$ 1 million, as shown in its most recent balance sheet prepared in accordance with generally accepted accounting principles, or (ii) a bank as defined in section 202(a)(2) of the Investment Advisers Act with equity capital in excess of US\$ 1 million as at the last day of its most recent fiscal year or (iii) an insurance company which is qualified under the laws of more than one state to manage, acquire or dispose of any assets of a pension or welfare plan, which insurance company had as at the last day of its most recent fiscal year, net worth in excess of US\$ 1 million and which is subject to supervision and examination by a State authority having supervision over insurance companies and, in any case, such investment adviser, bank or insurance company is otherwise a qualified professional asset manager, as such term is used in PTCE 84–14 issued by the US Department of Labor, and the assets of such plan when combined with the assets of other plans established or maintained by the same employer (or affiliate thereof) or employee organisation and managed by such investment adviser, bank or insurance company, do not represent more than 20 per cent of the total client assets managed by such investment adviser, bank or insurance company at the time of the transaction, and the other applicable conditions of such exemption are otherwise satisfied;
- (d) such plan is a governmental plan (as defined in section 3(3) of ERISA) which is not subject to the provisions of Title I of ERISA or section 4975 of the Internal Revenue Code;
- (e) such purchase is made by or on behalf of an insurance company using the assets of its general account, of which the reserves and liabilities for the general account contracts held by or on behalf of any plan, together with any other plans maintained by the same employer (or its affiliates) or employee organisation, do not exceed 10 per cent of the total reserves and liabilities of the insurance company general account (exclusive of separate account liabilities), plus surplus as set forth in the National Association of Insurance Commissioners Annual Statement filed with the state domicile of the insurer, in accordance with PTCE 95–60, and the other applicable conditions of such exemption are otherwise satisfied;
- (f) such purchase is made by an in-house asset manager within the meaning of Part IV(a) of PTCE 96–23, such manager has made or properly authorized the decision for such plan to purchase Securities, under circumstances such that PTCE 96–23 is applicable to the purchase and holding of Securities; or
- (g) such purchase will not otherwise give rise to a transaction described in section 406 of ERISA or section 4975(c)(1) of the Internal Revenue Code for which a statutory or administrative exemption is unavailable.

### **General**

The selling restrictions may be modified by the agreement of the Issuer and the relevant Manager, including following a change in a relevant law, regulation or directive.

## Purchase and Sale

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Manager has agreed that it will comply with all relevant laws, regulations and directives, and obtain all relevant consents, approvals or permissions, in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms, and neither the Issuer nor any Manager shall have responsibility therefor.

## GENERAL INFORMATION

### Authorisation and Consents

The establishment of the Programme and the issue of Securities under the Programme have been duly authorised by resolutions of an authorised committee of the Board of Directors of the Issuer on 12 April 2013.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with establishing and updating this Programme and will obtain all such consents, approvals and authorisations in connection with the issue and performance of each Security or Series issued under this Programme.

### Use of Proceeds

The Issuer intends to apply the net proceeds from the sale of any Securities either for hedging purposes or for general corporate purposes unless otherwise specified in the Final Terms relating to a particular Security or Series. If, in respect of any particular issue of Securities, there is a particular identified use of proceeds, this will be stated in the Final Terms.

### Base Prospectus and Supplements

This Base Prospectus may be used for a period of one year from its date in connection with a public offer of Securities in the EU, or for the listing and admission to trading of Series. A revised Base Prospectus will be prepared in connection with the listing of any Series issued after such period unless all consents necessary are obtained for an extension of such period.

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus (a "**Supplement**") pursuant to section 87 of the FSMA, or to give effect to the provisions of Article 16(1) of the Prospectus Directive, 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 Securities to be offered to the public or to be admitted to trading on the Regulated Market of the London Stock Exchange, or of any other Relevant Stock Exchange, shall constitute a supplemental base prospectus as required by the FCA and section 87 of the FSMA.

### Passporting

A request has been made to the FCA of the United Kingdom to passport this Base Prospectus to the following competent authorities:

- (a) Commission Bancaire Financière et des Assurances (CBFA) (Belgium);
- (b) Finanstilsynet (Denmark);
- (c) Autorité des Marchés Financiers (AMF) (France);
- (d) Finanssivalvonta (Finland);
- (e) Central Bank of Ireland (Ireland);
- (f) Commissione Nazionale per le Società e la Borsa (CONSOB) (Italy);
- (g) Commission de Surveillance du Secteur Financier (Luxembourg);
- (h) Malta Financial Services Authority (Malta);
- (i) Autoriteit Financiële Markten (AFM) (The Netherlands);
- (j) The Financial Supervisory Authority of Norway (Norway);
- (k) Comissão do Mercado de Valores Mobiliários (Portugal);
- (l) Comisión Nacional del Mercado de Valores (CNMV) (Spain); and

## General Information

- (m) Finanzinspektionen (Sweden).

### Relevant Clearing Systems

The Securities issued under the Programme may be accepted for clearance through Euroclear, Clearstream and any other Relevant Clearing System as set out in the Final Terms. The appropriate common code for each Series allocated by Euroclear, Clearstream will be set out in the Final Terms, together with the International Securities Identification Number (the "ISIN") for that Series. Transactions will normally be effected for settlement not earlier than three Business Days after the date of the transaction.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any additional clearing system will be set out in the Final Terms.

### Documents Available

For as long as this Base Prospectus remains in effect or any Securities remain outstanding, copies of the following documents will, when available, be made available during usual business hours on a weekday (Saturdays, Sundays and public holidays excepted) for inspection and, in the case of (b), (c), (h) and (i) below, shall be available for collection free of charge at the registered office of the Issuer, at <http://www.barclays.com/InvestorRelations/DebtInvestors> and at the specified office of the Issue and Paying Agent. The Final Terms in respect of any Series, shall also be available at the specified office of the relevant Paying Agents or Transfer Agents and in respect of CREST Securities, at the specified office of the CREST Agent:

- (a) the constitutional documents of the Issuer;
- (b) the documents set out in the 'Incorporation by Reference' section of this Base Prospectus;
- (c) all future annual reports and semi-annual financial statements of the Issuer;
- (d) the Master Subscription Agreement;
- (e) the Agency Agreement;
- (f) the Deed of Covenant;
- (g) the current Base Prospectus in respect of the Programme and any future supplements thereto;
- (h) any Final Terms issued in respect of Securities admitted to listing, trading and/or quotation by any listing authority, stock exchange, and/or quotation system since the most recent base prospectus was published; and
- (i) any other future documents and/or announcements issued by the Issuer.

### Post-issuance Information

The Issuer does not intend to provide any post-issuance information in relation to any of the Securities or the performance of any Underlying Asset or any other underlying relating to Securities, except if required by any applicable laws and regulations.

### Temporary ISIN and Temporary Common Code

Any Temporary ISIN or Temporary Common Code specified in the Final Terms will apply until such time as the Relevant Clearing System recognises the Securities of the relevant Tranche to be fungible with any other Tranches of the relevant Series.

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