

## GRACECHURCH MORTGAGES PLC

### IMPORTANT NOTICE

#### **NOT FOR DISTRIBUTION TO ANY US PERSON OR TO ANY PERSON OR ADDRESS IN THE US EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW).**

**IMPORTANT:** You must read the following before continuing. The following applies to the base prospectus following this page (the "**Base Prospectus**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

Nothing in this electronic transmission constitutes an offer to sell or the solicitation of an offer to buy the Notes of the Issuer in the United States or any other jurisdiction where it is unlawful to do so. The Notes have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the US, and therefore may not be offered or sold within the US or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Notes may only be offered and sold (a) to "qualified institutional buyers" (as defined in Rule 144A of the Securities Act) in reliance on Rule 144A under the Securities Act ("**Rule 144A**"), and (b) outside the United States to institutional investors that are non-US persons in reliance on Regulation S.

You may not forward or distribute the Base Prospectus to any other person or reproduce the Base Prospectus in any manner whatsoever, and, in particular, you may not forward the Base Prospectus to any US person or to any US address. Any such forwarding, distribution or reproduction of the Base Prospectus in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. The Notes have not been approved or disapproved by the US Securities and Exchange Commission (the "**SEC**") any state securities commission or any other US or state regulatory authority, nor have any of the foregoing authorities approved or disapproved this Base Prospectus or confirmed the accuracy or adequacy of the Base Prospectus. Any representation to the contrary is a criminal offence under US law.

The Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Base Prospectus, you will be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Base Prospectus by electronic transmission, (c) you are either (i) not a "US person" (within the meaning of Regulation S) or acting for the account or benefit of a US person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia or (ii) a qualified institutional buyer (as defined in Rule 144A), (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Articles 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005 and (e) you are neither: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); nor (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

The Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arranger (as defined below), the relevant Dealer(s) (as defined below), Gracechurch Mortgages PLC, Barclays Bank PLC nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the relevant Dealer(s).

# GRACECHURCH MORTGAGES PLC

(incorporated in England and Wales with limited liability under registered number 12134081)

## Residential Mortgage-Backed Note Programme

- Programme establishment**..... Gracechurch Mortgages PLC established a residential mortgage-backed note programme on 10 November 2020.
- Issuance in Series**..... Notes issued under the Programme will be issued in Series. Each Series will normally be issued on a single date, be subject to the Conditions and consist or may consist of one or more Class of Notes. Notes of the same Class rank *pari passu* and *pro rata* among themselves. Each Series of the same Class will not, however, be subject to identical terms in all respects (for example, interest rates, interest calculations, expected maturity and final maturity dates may differ between each Series).
- Furthermore, the Issuer may issue Notes in the future that are subordinated to the Class A Notes but senior to the Class Z VFNs, and modify the terms of the Programme accordingly.
- Classes of Notes**..... The Issuer may, from time to time, issue Class A Notes consisting of one or more Sub-Classes in one or more Series. The Issuer may also from time to time issue Class Z VFNs consisting of one or more Sub-Classes.
- The Notes**..... The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the US or any other relevant jurisdiction and may not be offered or sold within the US or to, or for the account or benefit of, "US persons" (as defined in Regulation S) except (in the case of Rule 144A Notes) to QIBs within the meaning of Rule 144A in reliance on Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Prospective purchasers are hereby notified that the Issuer and any seller of any Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.
- The Issuer may issue Regulation S Notes to be offered and sold outside the US to persons (other than US Persons) in reliance on Regulation S.
- Final Terms**..... Each Series of Notes will be subject to Final Terms which, for the purpose of that Series only, supplement (or incorporate by reference, as applicable) the Conditions set out in this Base Prospectus and must be read in conjunction with this Base Prospectus.
- The principal amount and interest payable in respect of a Series and Class of Notes and any other terms and conditions not described in this Base Prospectus which are applicable to such Notes will be set forth in the Final Terms for such Notes. A drawdown prospectus may be used when the Issuer intends to issue Notes in a form not contemplated by the Conditions, or if it considers that the information contained in this Base Prospectus and the Final Terms needs to be supplemented, amended and/or replaced in the context of an issue of a particular Series or Class of Notes. In all other cases, Final Terms will be used. The Final Terms will be filed with the FCA and made available to the public in accordance with the Prospectus Regulation and the Prospectus Rules.
- Underlying assets**..... The Issuer's primary source of funds to make payments on the Notes will be payments received in respect of a portfolio of first ranking residential mortgage loans originated by Barclays Bank UK PLC (including mortgage loans

transferred to Barclays Bank UK PLC by the RFTS) and secured on properties located in England, Wales, Scotland and Northern Ireland, which will be assigned to the Issuer on the relevant Assignment Date in accordance with the terms of the Mortgage Sale Agreement. Each Series and Class of Notes will be secured by the Mortgage Portfolio.

The Mortgage Loans included in the Mortgage Portfolio consist of several different types of mortgage loans with a variety of characteristics relating to, among other things, calculation of interest and repayment of principal. See "*The Mortgage Loans and the Mortgage Portfolio – Key features of the Mortgage Loans*" for a detailed description of the Mortgage Loans offered by the Seller that may be included in the Mortgage Portfolio.

Pursuant to the Mortgage Sale Agreement, Barclays Bank UK PLC as Seller may from time to time, subject to satisfaction of the Eligibility Criteria and the Portfolio Criteria, assign further Mortgage Loans and their Related Security to the Issuer.

- Credit enhancement .....**
- In respect of the Class A Notes only, the subordination of the Class Z VFNs;
  - the use of the General Reserve Fund to cover Principal Shortfalls and the use of the Principal Reserve Fund to retain Available Principal Receipts for subsequent Payment Dates;
  - the use of the Interest Provision Fund and Principal Provision Fund to assist with payments of interest on, and the redemption of, Non-Monthly Notes, respectively;
  - the use of the Cash Accumulation Ledger to assist with the redemption of Bullet Redemption Notes;
  - the requirement to maintain the Required Subordination Amount;
  - overcollateralisation, by purchase of Mortgage Loans funded by advances under the Class Z(S) VFN, to increase Available Principal Receipts and Available Revenue Receipts; and
  - the availability of excess Revenue Receipts to make payments in respect of principal deficiencies.
- Liquidity support.....**
- The use of the General Reserve Fund to cover Revenue Shortfalls (including Revenue Shortfalls caused by payment holidays granted to Borrowers or other authorised underpayments under the Mortgage Loans);
  - the use of Principal Receipts to cover Remaining Revenue Shortfalls; and
  - the use of advances under the Class Z(R) VFN (a) to pay the Issuer's start-up expenses in connection with each issuance of Notes and (b) to fund and, if necessary, at the sole discretion of the Class Z VFN Holder, to replenish the General Reserve Fund.
- Redemption provisions.** Information on any optional and mandatory redemption of the Notes is summarised in "*Overview of the Terms and Conditions of the Notes – Redemption*" and set out in full in Condition 5 (*Redemption, purchase and cancellation*).
- Rating Agencies .....** Each Series of Class A Notes will be rated by two or more of: (a) Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services

Europe Limited ("**S&P**"), (b) Moody's Investors Service Limited ("**Moody's**"), (c) Fitch Ratings Ltd. ("**Fitch**") and (d) any Additional Rating Agency.

Ratings are expected to be assigned to the Class A Notes of each Series on or before the relevant Closing Date and the rating assigned will be indicated in the applicable Final Terms. The Rating Agencies rating a particular Series of Class A Notes will be indicated in the applicable Final Terms and are subject to removal, replacement and substitution from time to time. See further "*Transaction Overview – Overview of the Terms and Conditions of the Notes – Ratings Modification Events*" and "*Risk Factors – Risks Relating to the Structure and the Notes – Ratings Modification Event*".

As at the date of this Base Prospectus, each of Moody's and Fitch is a credit rating agency established in the United Kingdom, S&P is a credit rating agency established in Europe, and each of S&P, Moody's and Fitch is registered under the CRA Regulation. In general, European (including United Kingdom) regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the EU before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**Credit ratings**..... The rating assigned to the Class A Notes of each Series will be set out in the applicable Final Terms.

The issue of the Class Z VFNs is not conditional upon a rating and the Issuer may not request any rating of the Class Z VFNs.

The ratings (if any) assigned by Fitch and S&P to a Series and Class of Notes address their respective opinions on the likelihood of (a) timely payment of interest due to the Noteholders on each Note Payment Date for such Notes and (b) full payment of principal by a date that is not later than the Final Maturity Date for such Notes. The ratings (if any) assigned by Moody's to a Series and Class of Notes address the probability and the severity of credit losses that Noteholders may suffer by the Final Maturity Date for such Notes.

**The assignment of ratings to any Notes by any Rating Agency is not a recommendation to invest in any Notes or to buy, sell or hold securities. Any credit rating assigned to the Notes may be revised, suspended or withdrawn at any time by the assigning Rating Agency.**

**Listing**..... This Base Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to each Series and Class of Notes which are to be admitted to trading on the regulated market of the London Stock Exchange or other regulated markets for the purposes of MiFID II or which are to be offered to the public in a member state of the EEA or in the UK.

Application will be made to the FCA for each Series and Class of Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the Official List and to the London Stock Exchange

plc for such Series and Class of Notes to be admitted to trading on its regulated market.

<b>Validity</b> .....	This Base Prospectus is valid for twelve months after its approval.
<b>Obligations</b> .....	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of or guaranteed by any other Transaction Party, their affiliates or any other party named in this Base Prospectus.
<b>Definitions</b> .....	See " <i>Glossary</i> " for a list of defined terms and their meanings, and " <i>Index of Defined Terms</i> " for where the meanings of defined terms may be found in this Base Prospectus.
<b>EU Risk Retention Requirements</b> .....	The Seller confirms that it will (in its capacity as originator for the purposes of the Securitisation Regulation) retain, on an ongoing basis, a material net economic interest in the securitisation of not less than 5 per cent. in accordance with Article 6(1) of the Securitisation Regulation, as implemented at the date of this Base Prospectus, subject always to any requirement of law (the " <b>EU Risk Retention Requirements</b> "). The Seller intends to satisfy the EU Risk Retention Requirements through the retention of the first loss tranche, being the Class Z(S) VFN, the Principal Amount Outstanding of which is not less than 5 per cent. of the nominal value of the securitised exposures in accordance with Article 6(3)(d) of the Securitisation Regulation.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above, in this Base Prospectus and which may otherwise be made available to investors (if any) generally for the purposes of complying with the EU Risk Retention Requirements and none of the Issuer, the Arranger, any Dealer, the Seller or any of the other Transaction Parties makes any representation that any such information is sufficient in all circumstances for such purposes. Prospective investors who are uncertain as to the requirements under the EU Risk Retention Requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

See further "*Certain Regulatory Requirements – The Securitisation Regulation – EU Risk Retention Requirements*".

<b>Simple, Transparent and Standardised (STS) Securitisation</b> ...	The Seller, as originator, may procure a notification to be submitted to ESMA, in accordance with Article 27 of the Securitisation Regulation, and the FCA, that the requirements of Articles 19 to 22 of the Securitisation Regulation have been satisfied with respect to a Series and Class of Notes. See further the section entitled " <i>Risk Factors – Legal and Regulatory Risks relating to the Structure and the Notes – Simple, Transparent and Standardised Securitisation (STS)</i> ".
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**In relation to such notification, the Seller has been designated as the first contact point for investors and competent authorities.**

<b>US Credit Risk Retention Requirements</b> .....	The Seller, as the "sponsor" of a "securitisation transaction", is required under Section 15G of the Exchange Act and regulations promulgated thereunder (the " <b>US Credit Risk Retention Requirements</b> ") to retain an economic interest in the credit risk of the interests created by the Issuer in an amount of not less than 5 per cent., unless an exemption to the US Credit Risk Retention Requirements is available. The Seller, in its capacity as sponsor, intends to satisfy the US Credit Risk Retention Requirements in respect of each Series of Notes in the manner set forth in the applicable Final Terms, by either (a) acquiring and retaining, either directly or through a majority-owned affiliate, an EVI equal to a minimum of 5 per cent. of the Class A Notes and each Sub-Class of Class Z VFNs, in each case determined as of the relevant Closing
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Date, or (b) where the sale of a Series of Notes falls within the exemption provided by Section 20 of the US Credit Risk Retention Requirements regarding non-US transactions, relying upon such exemption, in which case such transaction will not involve the retention by the Seller of at least 5 per cent. of the credit risk for the related Series. See further "*Certain Regulatory Requirements – US Credit Risk Retention Requirements*".

**Volcker Rule** ..... The Issuer has been structured not to be a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (such statutory provisions, together with such implementing regulations, being commonly referred to as the "**Volcker Rule**"). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act and under the Volcker Rule and its related regulations may be available, the Issuer has relied on an exemption from registration as an "investment company" under the Investment Company Act under Section (3)(c)(5)(C) thereof. Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) thereof. Any prospective investor in the Notes should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See further "*Certain Regulatory Requirements – Other US Requirements – The Volcker Rule*".

**Benchmarks** ..... Interest payable under the Notes may be calculated by reference to EURIBOR, SONIA, €STR or SOFR. At the date of this Base Prospectus, the administrator of EURIBOR appears, but the administrators of SONIA, €STR and SOFR do not appear, on the register of administrators and benchmarks established and maintained by ESMA in accordance with Article 36 of the Benchmarks Regulation.

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrators of SONIA, €STR and SOFR are not currently required to obtain authorisation/registration (or, if located outside the EU, recognition, endorsement or equivalence).

**The section entitled "*Risk Factors*", starting on page 4, contains details of certain risks and other factors that should be given particular consideration before investing in the Notes. Prospective investors should be aware of the issues summarised within that section.**

**The Notes offered hereby have not been approved or disapproved by the SEC, any US federal or state securities commission or any other US regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence under US law.**

**Arranger for the Programme**

Barclays Bank PLC

**Dealer for the Programme**

Barclays Bank PLC

Base Prospectus dated 10 November 2020

## NOTICE TO INVESTORS

### Responsibility

The Issuer accepts responsibility for the information in this Base Prospectus. To the best of the knowledge of the Issuer, the information in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

Any information sourced from third parties contained in this Base Prospectus has been accurately reproduced (and the source of such information is identified where it appears in this Base Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Seller accepts responsibility for the information in the sections entitled "*Barclays Bank UK PLC*" and "*Certain Regulatory Requirements*". To the best of the Seller's knowledge, the information in the sections entitled "*Barclays Bank UK PLC*" and "*Certain Regulatory Requirements*", for which it is responsible, is in accordance with the facts and those sections make no omission likely to affect their import.

Citicorp Trustee Company Limited accepts responsibility for the information about itself in the section entitled "*The Note Trustee and the Security Trustee*". To the best of the knowledge of Citicorp Trustee Company Limited, the information about itself in the section entitled "*The Note Trustee and the Security Trustee*", for which it is responsible, is in accordance with the facts and those sections make no omission likely to affect their import.

U.S. Bank Global Corporate Trust Limited accepts responsibility for the information about itself in the section entitled "*The Cash Manager*". To the best of the knowledge of U.S. Bank Global Corporate Trust Limited, the information about itself in the section entitled "*The Cash Manager*", for which it is responsible, is in accordance with the facts and those sections make no omission likely to affect their import.

Elavon Financial Services DAC, UK Branch accepts responsibility for the information about itself in the section entitled "*The Second Account Bank*". To the best of the knowledge of Elavon Financial Services DAC, UK Branch, the information about itself in the section entitled "*The Second Account Bank*", for which it is responsible, is in accordance with the facts and those sections make no omission likely to affect their import.

The Notes will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, and will not be insured or guaranteed by, any of the other Transaction Parties. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by any of the other Transaction Parties.

The Arranger, the Dealer, the Note Trustee, the Security Trustee, the Cash Manager and the Agents do not accept any responsibility for compliance of the Issuer, the Seller or any other party with the requirements of the Securitisation Regulation and have not assisted or advised the Issuer, the Seller or any other party with its compliance with the requirements of the Securitisation Regulation.

### Base Prospectus and Final Terms

This Base Prospectus has been approved by the FCA as a base prospectus for the purposes of Article 8 of the Prospectus Regulation and has been published in compliance with the Prospectus Regulation, the Prospectus Rules and the Listing Rules for the purposes of giving information about the Issuer and the Notes. This Base Prospectus is not a prospectus for the purposes of section 12(a)(2) or any other provision or order under the Securities Act.

Copies of each set of Final Terms (in relation to Notes to be admitted to the Official List) will be available from the registered office of the Issuer and from the specified office of each of the Paying Agents (as defined below). Each Final Terms relating to the Notes which are admitted to trading on the London Stock Exchange's regulated market will be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

This Base Prospectus is to be read in conjunction with any supplements hereto and all documents which are deemed to be incorporated herein by reference and any relevant Final Terms. This Base Prospectus will,

save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

Prospective investors should read the entire Base Prospectus carefully, especially the risks of investing in the Notes summarised in the section entitled "*Risk Factors*".

### **No responsibility or liability**

No representation, warranty or undertaking, express or implied, is made and, to the extent permitted by law, no responsibility or liability is accepted by the Seller, the Servicer, the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager or the Agents as to (a) (other than as set out in the section entitled "*Responsibility*" above) the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or (b) any other statement made or proposed to be made by any of the Seller, the Servicer, the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager or the Agents or on its behalf in connection with the Issuer or the issue and/or offering of any Notes. None of the Seller, the Servicer, the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager or the Agents accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or the Final Terms, other than as set out in the section entitled "*Responsibility*" above, or any other information provided by the Issuer or the Seller in connection with the Programme or the Notes or any document or agreement relating to the Notes or any Programme Document. Accordingly, each of the Seller, the Servicer, the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager and the Agents disclaims any and all liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus, the Final Terms or any such statement or information.

In particular, none of the Seller, the Servicer, the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager or the Agents has prepared any report or any financial statement in connection with the Issuer or the issue and/or offering of any Notes.

None of the Seller, the Servicer, the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager or the Agents is responsible for any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Notes or any Programme Documents, or any other agreement or document relating to the Notes or any Programme Document or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. In particular, but without limitation, none of the Servicer, the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager or the Agents makes any representation, warranty or guarantee that the Class Z VFN Holder, its affiliates or the transactions contemplated in this Base Prospectus will be in compliance with the EU Risk Retention Requirements, the US Credit Risk Retention Requirements or the Volcker Rule. None of the First Account Bank, the Second Account Bank, the Class Z VFN Registrar, the Arranger, the Dealer(s), the Note Trustee, the Security Trustee, the Cash Manager or the Agents is responsible for compliance by the Seller with, in particular, the transparency requirements set out in Article 7 of the Securitisation Regulation.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer(s).

No person is or has been authorised to give any information or to make any representation not contained in this Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the directors of the Issuer, any Transaction Party, any of their respective affiliates or any other party to the Programme Documents.

Neither the delivery of this Base Prospectus nor any offer, sale or allotment made in connection with the offering of any Notes will under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the Issuer, any Transaction Party or any of their respective



affiliates or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof or that there has been no change in any other information supplied in connection with the Programme as of any time subsequent to the date indicated in the document containing the same or that such information is correct at any time subsequent to the date thereof.

The Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any part hereof nor any other prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

### **Supplementary prospectuses**

If, after the date of this Base Prospectus, any significant (for the purposes of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the rights attaching to the Notes) new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus arises, the Issuer will prepare a supplementary prospectus for the purposes of section 87G of the FSMA for approval by and filing with the FCA which will be made available to the public as required under the Prospectus Regulation.

### **MiFID II product governance**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (b) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

### **PRIPs Regulation**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(1) of MiFID II or (b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client (as defined in point (10) of Article 4(1) of MiFID II). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIPs Regulation.

### **Certain definitions**

References in this Base Prospectus to "**£**" or "**Sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland. References in this Base Prospectus to "**€**" or "**Euro**" are references to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome of 25 March 1957, as amended from time to time. References in this Base Prospectus to "**\$**", "**US\$**", "**US Dollars**" or "**Dollars**" are to the lawful currency for the time being of the United States of America.

References in this Base Prospectus to the "**United Kingdom**" and "**UK**" are abbreviated references to the United Kingdom of Great Britain and Northern Ireland. The UK comprises three distinct legal systems, namely those of England and Wales, Scotland and Northern Ireland, each with its own judicial process. However, leaving aside devolution of certain powers to Welsh, Scottish and Northern Irish legislative bodies, the legislative body for each of these three jurisdictions is the UK Parliament. Accordingly, references to UK law are to laws promulgated by the UK Parliament and which are binding on the United Kingdom.

References in this Base Prospectus to the "**United States**" and "**US**" are abbreviated references to the United States of America.

References in this Base Prospectus to the assignment or sale of Scottish Mortgage Loans and their Related Security are to be read as references to the transfer of the beneficial interest therein by the making of Scottish Declarations of Trust, and the terms "**sale**", "**assigned**" and "**assign**" will in that context be construed accordingly.

Unless the context otherwise requires, any reference to European Union law that is directly applicable or directly effective in the UK at any time is a reference to it as it applies in England and Wales, Scotland or Northern Ireland, as applicable, from time to time including as amended or re-enacted from time to time.

Capitalised terms used, but not defined, in certain sections of this Base Prospectus, including this overview section, may be found in other sections of this Base Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Base Prospectus in the section entitled "*Index of Defined Terms*".

### **Governing law**

The Programme Documents are governed by, as applicable, the laws of England and Wales and, in relation to aspects specific to Scottish and Northern Irish Mortgage Loans, the laws of Scotland and/or Northern Ireland respectively.

### **Notice to US investors**

The Class A Notes sold in reliance on Regulation S will be represented on issue by one or more Regulation S Global Note Certificates, in fully registered form without interest coupons or principal receipts attached. The Regulation S Global Note Certificates are expected to be deposited with, and registered in the name of a nominee of, a Common Depositary or Common Safekeeper, as specified in the applicable Final Terms, for Euroclear and Clearstream, Luxembourg. The Class A Notes sold in reliance on Rule 144A will be represented by one or more Rule 144A Global Note Certificates. Rule 144A Global Note Certificates representing Notes denominated in any currency other than US Dollars are expected to be deposited with a Common Depositary or Common Safekeeper, as specified in the applicable Final Terms, for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of a Common Depositary or Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg. Rule 144A Global Note Certificates representing Notes denominated in US Dollars are expected to be deposited with the DTC Custodian for, and registered in the name of, Cede & Co. as nominee of DTC.

The Class Z VFNs will be issued in dematerialised registered form. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFNs will be registered in the name of the Class Z VFN Holders. Transfers of all or any portion of the interest in the Class Z VFNs may be made only through the register maintained by the Issuer. The Class Z VFNs may not be transferred to a US person.

Prospective purchasers should note that the Regulation S Notes are not designed for, and may not be purchased or held by, any "employee benefit plan", as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject to Title I of ERISA, any "plans" as defined in and subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**"), or by any person or entity the underlying assets of which include, or are deemed under the US Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), or otherwise for purposes of ERISA or Section 4975 of the Code to include, assets of such an "employee benefit plan" or "plan" by reason of such plan investment in the person or entity (each of the foregoing, a "**Benefit Plan Investor**"). Each purchaser of a Regulation S Note (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds a Regulation S Note will not be, such a Benefit Plan Investor, or if it is an employee benefit plan that is not a Benefit Plan Investor which is subject to any federal, state or local law of the US or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code ("**Similar Law**"), the purchase and holding of such Regulation S Notes, as applicable, do not and will not violate any such Similar Law.

The Dealers will not offer or sell any Notes into the US except through a US registered broker-dealer affiliate or pursuant to an available exemption from registration as a broker-dealer under the Exchange Act.

## **Stabilisation**

In connection with the issue of any Series and Class of Notes, the Dealer(s) (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager) in the applicable Final Terms may over-allot such Notes (provided that, in the case of any Series or Class of Notes to be admitted to trading on the regulated market of the London Stock Exchange or any other regulated market (within the meaning of MiFID II) in the EEA and in the United Kingdom, the aggregate principal amount of a Series or Class of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Series and Class of Notes) or effect transactions with a view to supporting the market price of that Series and Class of Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilising manager(s) (or persons acting on behalf of a stabilising manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series and Class of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series and Class of Notes and 60 days after the date of the allotment of the relevant Series and Class of Notes. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or person acting on behalf of any stabilising manager(s)) in accordance with all applicable laws and rules.

## **Information as to placement within the US**

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US and may not be offered or sold within the US or to, or for the account or benefit of, US Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable federal, state or local securities laws. Accordingly, (a) the Rule 144A Notes are being offered and sold in the US only to qualified institutional buyers ("**QIBs**") pursuant to Rule 144A under the Securities Act, in each case acting for their own account or for the account of one or more QIBs, and (b) the Regulation S Notes are being offered and sold outside the US to persons other than US Persons pursuant to Regulation S. For a description of certain restrictions on resales or transfers of the notes, see "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

This Base Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Notes. This Base Prospectus is personal to each potential investor to whom it has been delivered by the Issuer, any Dealer or any of their respective affiliates and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Base Prospectus in the US to any persons other than the potential investors who are QIBs and those persons, if any, retained to advise such offerees with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Additionally, each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Base Prospectus under "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

## **Subscription and Sale and Transfer and Selling Restrictions**

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, any Arranger or any Dealer to subscribe for or purchase any of the Notes. The distribution of this Base Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealers to inform themselves about, and to observe, such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Base Prospectus, see "*Subscription and Sale and Transfer and Selling Restrictions*". Neither this Base Prospectus nor any part hereof constitutes an offer of, or an invitation by, or on behalf of, the Issuer, the Arranger or any Dealer to subscribe for or purchase any Notes and neither this Base Prospectus, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

## **Available information**

To permit compliance with Rule 144A in connection with the sale of any Rule 144A Notes, for so long as any Rule 144A Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will be required to furnish, upon request of a holder of any

Rule 144A Note, to such holder and a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to the terms of this paragraph may also be obtained during usual business hours free of charge at the specified office of any Paying Agent.

By requesting copies of the documents referred to herein or by making any other requests for additional information relating to the issue of the Notes or to the Issuer, each potential investor agrees to keep confidential the various documents and all written information which from time to time has been or will be disclosed to it, to the extent that such documents or information are not otherwise publicly available, and agrees not to disclose any portion of such information to any person except in connection with the proposed resale of the Notes or as required by law.

A copy of this Base Prospectus and each of the Final Terms relating to the Notes will be available for inspection at the registered offices of the Issuer, at the specified offices of the Paying Agents and each financial intermediary placing or selling such Notes or will be available for inspection on the website of the FCA in accordance with the Prospectus Regulation and the Prospectus Rules.

Notwithstanding any provision in this Base Prospectus to the contrary, each prospective investor (and each employee, representative, or other agent of each such prospective investor) may disclose to any and all persons, without limitation of any kind, the US federal income tax treatment and US federal income tax structure of any transaction contemplated in this Base Prospectus and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such US federal income tax treatment and US federal income tax structure.

### **Rounding adjustments**

Certain monetary amounts and currency translations included in this document have been subject to rounding adjustments. Accordingly, figures shown as currency translations in certain tables may not be an arithmetic aggregation of the figures which preceded them.

### **Forward-looking statements**

This Base Prospectus includes statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the Notes, the Issuer, the Seller or the UK residential mortgage industry to differ materially from any future results or performance expressed or implied in the forward-looking statements.

In addition, even if the results and performance of the Notes, the Issuer, the Seller or the UK residential mortgage industry, are consistent with the forward-looking statements set out in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Many factors could cause the results and performance of the Notes, the Issuer, the Seller or the UK residential mortgage industry to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements including, but not limited to, those described in the section entitled "*Risk Factors*".

Any forward-looking statements which are made in this Base Prospectus speak only as of the date of such statements and are not guarantees of future performance. The Issuer does not intend or undertake any obligation, to revise the forward-looking statements included in this Base Prospectus to reflect any future events or circumstances. Actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include those discussed in the section entitled "*Risk Factors*". These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements in the Base Prospectus.

### **Enforceability of judgments**

The Issuer is a public limited company registered in England and Wales. All of the Issuer's assets are located outside the US and all of the officers or directors of the Issuer reside outside the US. As a result, it may not be possible for investors to effect service of process within the US upon the Issuer or such persons not residing in the US, including with respect to matters arising under the federal or state securities laws of the US or any state or territory within the US, or to enforce against them judgments of the courts of the US, including judgments predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in the United Kingdom, in original actions or in actions for the enforcement of judgments of US courts, of civil liabilities predicated solely upon such securities laws.

The Seller is a bank registered in England and Wales. The directors of the Seller reside outside the US. As a result, it may not be possible for investors to effect service of process within the US upon the Seller or such persons not residing in the US, including with respect to matters arising under the federal or state securities laws of the US or any State or territory within the US, or to enforce against them judgments of the courts of the US, including judgments predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in the United Kingdom, in original actions or in actions for the enforcement of judgments of US courts, of civil liabilities predicated solely upon such securities laws.

### **Use of licensed broker or dealer**

If a jurisdiction requires that the offering of the Notes be made by a licensed broker or dealer and any of the Dealers or any parent company or affiliate of any of the Dealers is a licensed broker or dealer in that jurisdiction, the offering of the Notes will be deemed to be made by such Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

## CONTENTS

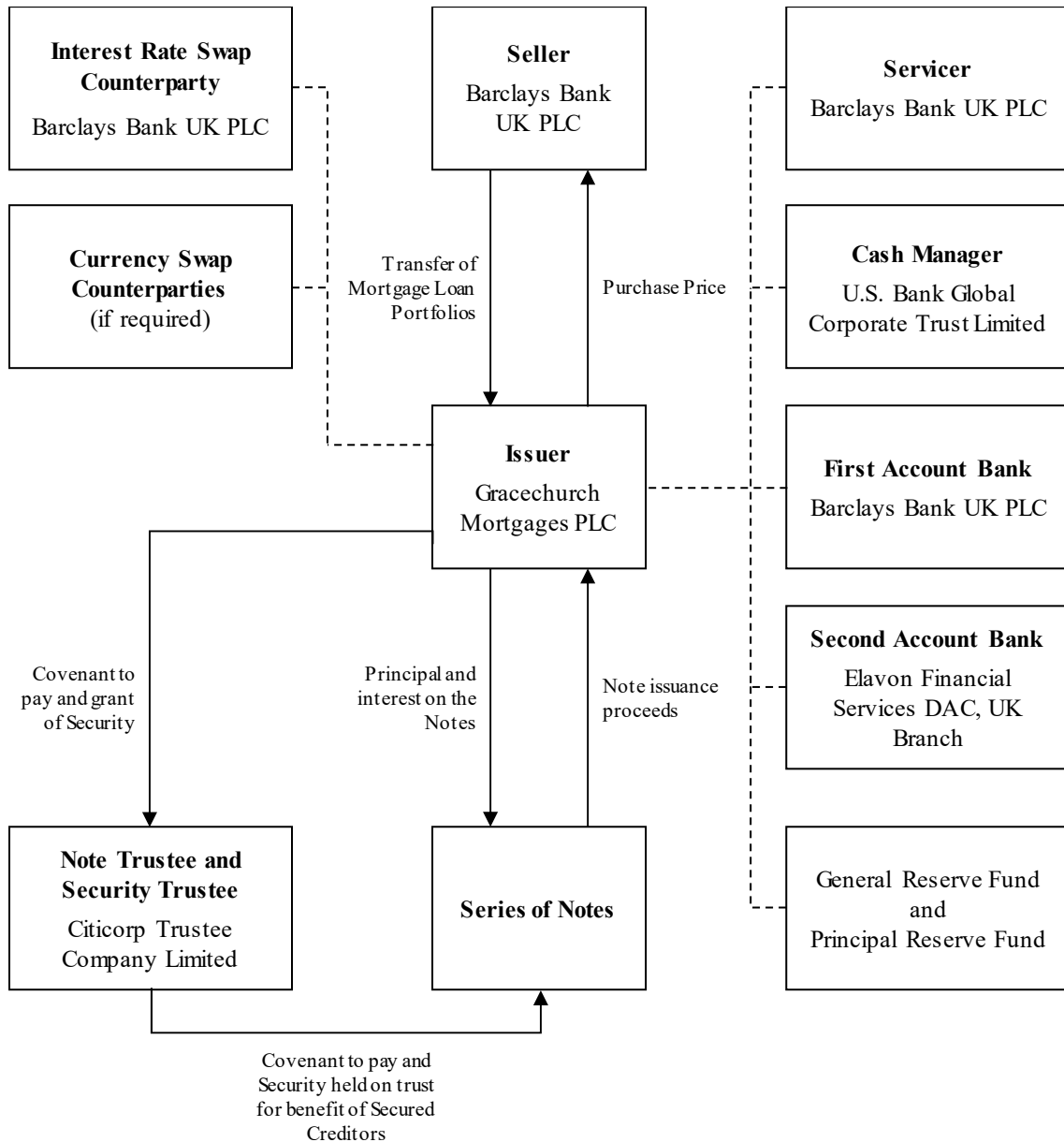
Section	Page
Diagrammatic Overviews.....	1
Diagrammatic overview of the Transaction.....	1
Diagrammatic overview of On-Going Cashflows .....	2
Diagrammatic overview of the Ownership Structure .....	3
Risk Factors.....	4
Risks relating to the availability of funds to pay the Notes .....	4
Risks relating to the Mortgage Loans .....	8
Risks relating to the Structure and the Notes.....	14
Legal and Regulatory Risks relating to the Structure and the Notes .....	19
Counterparty Risks .....	31
Risks relating to Changes to the Structure and the Documents .....	35
Macro-Economic Risks .....	40
Legal and Regulatory Risks relating to the Mortgage Loans .....	44
Certain Regulatory Requirements .....	57
The Securitisation Regulation .....	57
US Credit Risk Retention Requirements .....	60
Other US Requirements.....	62
Transaction Overview .....	64
Overview of Transaction Parties .....	64
Overview of Mortgage Portfolio and Servicing .....	68
Overview of the Terms and Conditions of the Notes .....	76
Overview of Rights of Noteholders.....	81
Overview of Credit Structure and Cashflows .....	85
Triggers Tables.....	92
Rating Triggers Table.....	92
Non-Rating Triggers Table.....	97
Fees .....	102
Description of the Notes.....	103
The Class A Notes.....	103
The Class Z VFNs .....	107
The Issuer .....	109
Holdings .....	111
Barclays Bank UK PLC.....	112
The Note Trustee and the Security Trustee .....	113
The Cash Manager.....	114
The Second Account Bank .....	115
Use of Proceeds .....	116
Issuance of Notes.....	117
The Mortgage Loans and the Mortgage Portfolio .....	119
Assignment of the Mortgage Loans and Related Security .....	127
The Servicer and the Servicing Agreement .....	141
Credit Structure and Cashflows.....	150
General Credit Structure.....	150
Available Revenue Receipts.....	156
Available Principal Receipts .....	158

Application of Available Funds following the delivery of an Enforcement Notice .....	165
The Class Z VFNs .....	167
Cash Management .....	170
The Swap Agreements.....	176
Security for the Issuer's Obligations.....	180
Description of the Trust Deed and the Notes.....	184
Book-Entry Clearance Procedures.....	192
Terms and Conditions of the Notes .....	199
Material United Kingdom Tax Consequences.....	240
Material US Tax Consequences .....	242
Certain ERISA and Related Considerations .....	247
US Legal Investment Considerations .....	250
Enforcement of Foreign Judgments in England And Wales.....	251
Subscription and Sale and Transfer and Selling Restrictions .....	252
General Information .....	260
Glossary.....	262
Appendix 1 Form of Final Terms .....	306
Index of Defined Terms.....	329

**DIAGRAMMATIC OVERVIEWS**

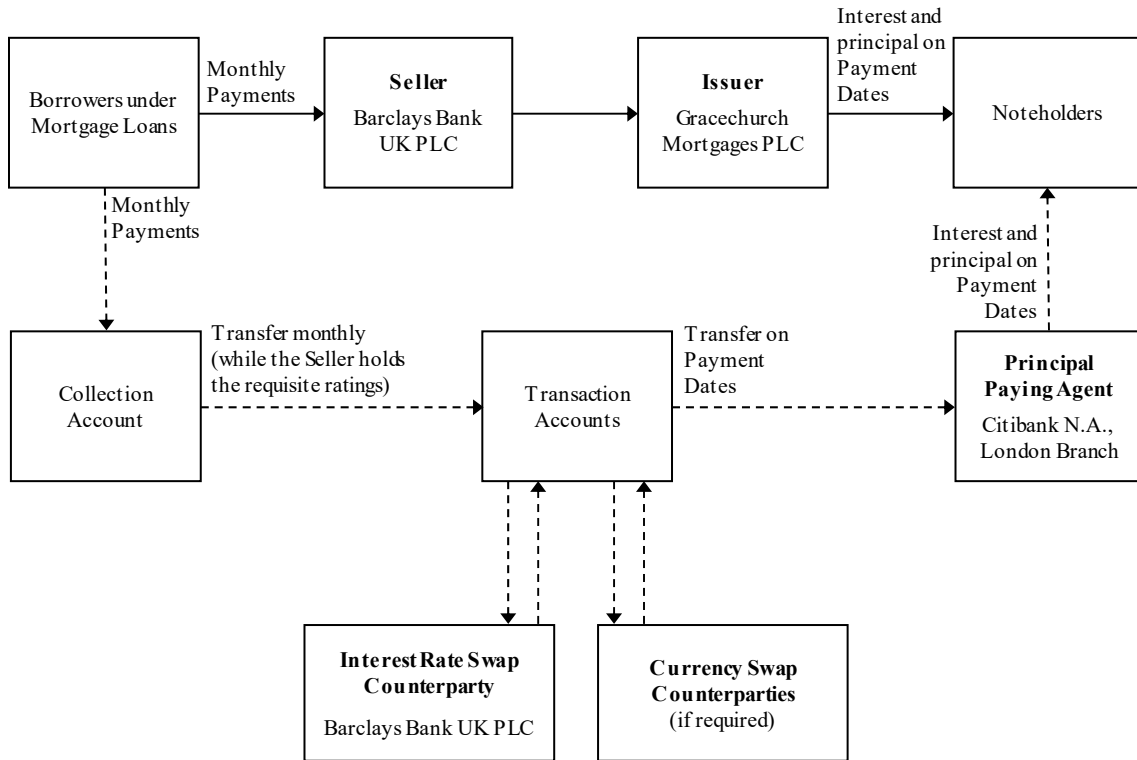
*The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete, should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Base Prospectus.*

**DIAGRAMMATIC OVERVIEW OF THE TRANSACTION**

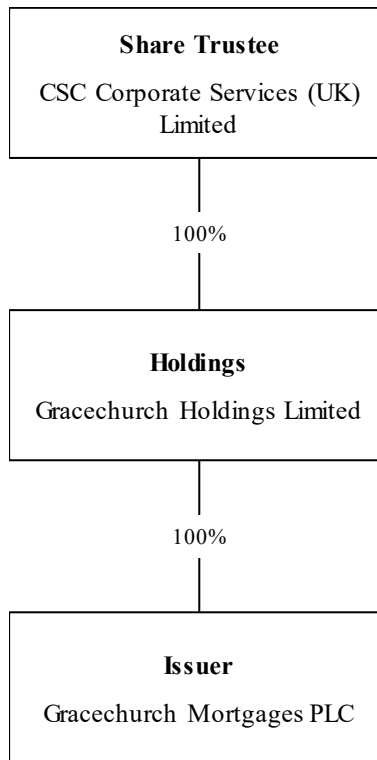




**DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOWS**



## DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE



This diagram illustrates the ownership structure of the principal parties to the securitisation transaction.

- The Issuer is a wholly-owned subsidiary of Holdings.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a discretionary trust. The Share Trustee is not affiliated with the Seller. The payments under the Notes will not be affected by this arrangement. See "*Holdings*".

## RISK FACTORS

*This section describes the material risks associated with an investment in the Notes. An investment in the Notes involves substantial risks and is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.*

*The Issuer considers that the risks described below are the material risks inherent in the transaction for Noteholders, and that the factor described first in each category of factors set out below is the most material factor in relation to that category, based on the probability of its occurrence and the expected magnitude of its negative impact. However, additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. The factors set out below are not exhaustive or an explanation of all risks which investors may face when making an investment in the Notes.*

*Prospective Noteholders should (a) read the information set out below and elsewhere in this Base Prospectus and in the applicable Final Terms and reach their own views, including as to the level, order of materiality and potential of occurrence of the risks set out below, together with their own professional advisers, prior to making any investment decision, (b) ensure that they understand the nature of the Notes and the extent of their exposure to risk, (c) consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisers as they deem appropriate, all the information set out in this Base Prospectus and in the applicable Final Terms so as to arrive at their own independent evaluation of the investment, and (d) confirm that an investment in the Notes is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them.*

### RISKS RELATING TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

#### **The Issuer has a limited amount of resources available to it to make payments on the Notes**

The Issuer is the only party responsible for making payments on the Notes. The Notes will not represent an interest in or obligation of, and will not be insured or guaranteed by any other party to the transaction other than the Issuer. Furthermore, no person other than the Issuer will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The ability of the Issuer to make payments of interest on, and principal of, the Notes and to pay its operating and administrative expenses will therefore be dependent solely on Revenue Receipts and Principal Receipts in respect of the Mortgage Loans in the Mortgage Portfolio, interest earned on certain amounts standing to the credit of the Transaction Accounts, income from any Authorised Investments and amounts standing to the credit of the General Reserve Fund. In addition, the Issuer will rely on the Interest Rate Swap to provide hedging in respect of certain interest rate variance risk to which the Notes are exposed in relation to the Fixed Rate Mortgage Loans in the Mortgage Portfolio and Currency Swaps to provide currency and/or interest rate hedging (as appropriate) in respect of the relevant Series and Classes of Notes as specified in the applicable Final Terms.

Other than the foregoing, the Issuer will not have any other significant sources of funds available to meet its obligations under the Notes and/or any other payments ranking in priority to the Notes. If the resources described above are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

#### **Effects of prepayments on, or redemptions or repurchases of, the Mortgage Loans on the yield to maturity of the Notes**

The yield to maturity of the Notes of each Class will depend mostly on (a) the amount and timing of the repayment of principal on the Mortgage Loans, and (b) the price paid by the Noteholders of each Class of Notes. The yield to maturity of the Notes of each Class may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is

influenced by a wide variety of factors, including as summarised below under "*Certain factors affecting the economic performance and value of the Mortgage Portfolio*" and "*The inclusion of Flexible Mortgage Loans may affect the rate of repayment and prepayment of the Mortgage Loans*".

Variation in the rate and timing of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently depending upon whether a Trigger Event is continuing or the Security has been enforced. As a general matter, if prepayments on the Mortgage Loans occur less frequently than anticipated, then the amortisation of the Notes may take much longer than is presently anticipated and the actual yields on the Notes may be lower than anticipated. If the aggregate rates of prepayments and scheduled repayments fell to levels much lower than the historical CPR levels in respect of the Mortgage Portfolio, including as a result of an increase in payment holidays, this may affect the repayment rates on any Pass-Through Redemption Notes or Controlled Amortisation Notes, and in addition the ability of the Issuer to accumulate sufficient Principal Receipts on the Cash Accumulation Ledger to repay any Bullet Redemption Notes. Alternatively, it is unlikely that the average lives of the Notes would be reduced unless CPRs rose to levels much higher than the historical CPR levels in respect of the Mortgage Portfolio (or the United Kingdom mortgage market in general) and the Seller ceased to maintain the required amount of Mortgage Loans in the Mortgage Portfolio. If prepayment rates decline, then the Issuer may have insufficient proceeds to repay Notes on the relevant scheduled maturity dates.

Certain features of the Mortgage Loans may also affect the yield to maturity of the Notes. For example, the grant by the Seller of a Product Switch may cause the rates of prepayments and scheduled repayments on the Mortgage Loans to be lower than expected.

No assurance can be given that the Issuer will receive sufficient funds during the Cash Accumulation Period prior to the Bullet Redemption Date for a Bullet Redemption Note or prior to any Controlled Amortisation Date for a Controlled Amortisation Note in time for the Issuer to redeem the relevant Series and Classes of Notes on their Bullet Redemption Date or Controlled Amortisation Dates, respectively. The extent to which sufficient funds are received by the Issuer during such periods or prior to any Controlled Amortisation Date for a Controlled Amortisation Note will depend on, among other things, whether the actual principal prepayment rate of the Mortgage Loans is the same as the assumed principal prepayment rate.

If the Issuer does not have sufficient funds to pay the full amount scheduled to be redeemed on a Controlled Amortisation Note on its Controlled Amortisation Date, then the Issuer is only required to pay the amount it has available. Any shortfall on such Notes will be deferred to and paid on subsequent Note Payment Dates when the Issuer has funds to pay the amount to be repaid on the relevant Series and Classes of Notes. If this happens, holders of affected Notes will not receive repayment of principal when expected, which may have an adverse effect on the yield to maturity of those Notes.

The yield to maturity of the Notes may also be affected by the exercise by the Issuer of its rights, under Conditions 5(e) (*Optional redemption in full or in part*) and 5(f) (*Optional redemption for tax and other reasons*), to redeem the Notes in the circumstances set out therein.

#### **The Issuer's ability to pay interest on and/or redeem the Notes may be affected by a high rate of default on the Mortgage Loans**

The amounts required to pay interest on and/or redeem the Notes are generated substantially from payments of interest and principal pursuant to the Mortgage Loans. Where defaults in payment on the Mortgage Loans occur, there is a risk that the payments made under the remaining Mortgage Loans (where no default has occurred) may not be sufficient to pay interest on and/or redeem the Notes on the relevant Note Payment Dates or Final Maturity Dates, or at all.

The default by a Borrower under a Mortgage Loan in payment of interest and/or principal gives rise to the lender's rights to enforce its security (for example by selling the property) in order to repay the debt secured. There are, however, several requirements which would need to be complied with before proceeds could be realised from such security and be applied in or towards repayment of the related Mortgage Loan. In order to enforce a power of sale in respect of a Mortgaged Property, the relevant mortgagee (which may be the Seller or the Issuer) must first obtain possession of the relevant Mortgaged Property. Obtaining possession can be a lengthy and costly process and will involve the mortgagee assuming certain risks. Obtaining possession involves complying with any applicable current or future codes of practice and protocols relating to possession proceedings (see "*The Servicer and the Servicing Agreement*" and the discussion of the FCA's changes to MCOB with respect to forbearance in "*Legal and Regulatory Risks relating to the Mortgage*

*Loans – Regulation of the UK Residential Mortgage Market*") and obtaining a court order for possession. In Scotland, it is not necessary for the relevant heritable creditor to enter into possession to sell the property, however the enforcement process is similarly involved in Scotland and requires compliance with relevant statutory procedures and with equivalent codes of practice and protocols. There is also a requirement to market the property for a reasonable period in order to ensure a proper price is obtained.

The combined effect of the above is that there may be several months between the date of any default occurring under any Mortgage Loan and the time when the proceeds of the sale of the security for such Mortgage Loan are available to repay such Mortgage Loan. During this period there may be no payments made under the relevant Mortgage Loan (thus increasing the amount of the arrears) and there may also be costs and expenses (for example maintenance costs, insurance premiums, and/or the costs of providing services and/or enforcing the security) relating to the property which would need to be discharged. There can be no assurance, at the end of such process, that such realisation proceeds would be sufficient to discharge payments due in respect of the relevant Mortgage Loan. The Issuer's ability to make payments on the Notes may therefore be reduced.

**Excess Available Revenue Receipts may not be sufficient to replenish principal that has been used to pay interest due on the Notes, which may result in the Notes not being repaid in full**

If, on any Payment Date, there is a Revenue Shortfall, then following the application of amounts standing to the credit of the General Reserve Fund, the Issuer will be permitted to use Available Principal Receipts to make up any Remaining Revenue Shortfall.

As described in more detail under "*Credit Structure and Cashflows – Use of Principal Receipts to pay Remaining Revenue Shortfall*", if the Issuer uses Available Principal Receipts in this manner, there will be less principal available to repay the Class Z(S) VFN and the Class A Notes. Subject to the Conditions, failure to repay the Class A Notes will cause an Event of Default to occur. Application of Available Principal Receipts in this manner will be recorded on the Principal Deficiency Sub-Ledger for the Class A Notes and the Class Z(S) VFN in reverse sequential order, starting with the Class Z(S) VFN.

During the life of the Programme, however, it is expected that these principal deficiencies: (a) will be recouped from subsequent excess Available Revenue Receipts, which will be applied to eliminate any principal deficiency recorded on each such Principal Deficiency Sub-Ledger in sequential order and/or (b) may be reduced or eliminated by the application of proceeds of drawings under the Class Z(R) VFN (although the Class Z VFN Holder will have sole discretion as to whether to subscribe for any requested increase in the Principal Amount Outstanding of the Class Z(R) VFN). However, if subsequent excess Available Revenue Receipts are insufficient to recoup principal deficiencies, the funds available to the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes or to redeem the Notes.

For more information on principal deficiencies, see "*Credit Structure and Cashflows – Principal Deficiencies and the Principal Deficiency Ledger*".

**Subordination of other Classes may not protect Noteholders from all risk of loss**

The payment of interest due on any Payment Date in respect of the Class Z(R) VFN and the Class Z(S) VFN is subordinated to the payment of interest due on such Payment Date in respect of the Class A Notes of all Series. The payment of interest due on any Payment Date in respect of the Class Z(R) VFN and the Class Z(S) VFN is also subordinated to the replenishment of the General Reserve Fund up to the General Reserve Fund Required Amount and the use of Available Revenue Receipts as Available Principal Receipts while a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding. The repayment of principal due on any Payment Date in respect of the Class Z(R) VFN and the Class Z(S) VFN is subordinated to the repayment of principal due on such Payment Date in respect of the Class A Notes.

However, not all Classes and Sub-Classes of Notes are scheduled to receive payments of interest and repayments of principal on the same Payment Dates. The dates for the payment of interest and principal in respect of a Series and Class of Notes will be the Payment Dates specified for such Notes in the applicable Final Terms. A Class of Notes of a particular Series may have Note Payment Dates in respect of interest and/or principal that are different from other Notes of the same Class (but of different Series) or of the same Series (but of a different Class or Sub-Class).

Therefore, despite the Pre-Enforcement Principal Priority of Payments summarised above, subject to no Trigger Event having occurred and being continuing or no Stop Revolving Event having occurred and the STS Notes then outstanding not having been redeemed and subject to the satisfaction of the Principal Repayment Rules, lower-ranking Classes of Notes may nevertheless be repaid principal before higher-ranking Classes of Notes and a Class of Notes of a particular Series may be repaid principal before other Notes of the same Class (but of different Series) or of the same Series (but of a different Class or Sub-Class), irrespective of whether such Series or Class of Notes was issued before or after such other Series or Class of Notes. Further issuances of Notes may also therefore affect the rate of payment of principal on any particular existing Series or Class of Notes. See also "*Risks relating to the Structure and the Notes – Effect of the occurrence of a Trigger Event or Stop Revolving Event on the repayment of the Notes*".

Payments of principal are expected to be made to each Class of Notes in amounts up to the amounts set forth under "*Credit Structure and Cashflows – Allocation and distribution of Available Principal Receipts*".

Furthermore, if the Issuer exercises an option to redeem a Series and Class of Notes in any of the circumstances set out in Condition 5.5 (*Optional redemption in full or in part*), then those Series and Classes of Notes so redeemed will be repaid before other Series and Classes of Notes which are not so redeemed, irrespective of the ranking or Final Maturity Date of those Notes.

There is no assurance that these subordination rules will protect the Class A Noteholders or the holders of each Sub-Class of Class Z VFNs from all risks of loss. If the losses borne by the Class Z VFNs are in an aggregate amount equal to the aggregate Principal Amount Outstanding of the Class Z VFNs, then losses on the Mortgage Loans will thereafter be borne by the Class A Notes at which point an Asset Trigger Event will occur.

Furthermore, the Issuer retains the right to restructure certain terms of the Programme following the Programme Date, in each case in accordance with Condition 11 (*Meetings of Noteholders, modifications and waiver*) and subject, where relevant, to obtaining the Ratings Confirmation in respect of the proposed modifications.

#### **Payments of Class Z VFNs may be delayed or reduced in certain circumstances**

If, on any Payment Date on which a repayment of principal is due on any Sub-Class of Class Z VFNs at a time when, if the repayment was made, the Principal Amount Outstanding of the remaining Class Z(S) VFNs, less any amount recorded as a debit on the Class Z(S) Principal Deficiency Sub-Ledger, would not be sufficient to provide the level of credit enhancement required to support the ratings on the Class A Notes (of all Series) then outstanding and the Issuer is unable to make a further Class Z VFN drawing, as applicable, or obtain acceptable alternative forms of credit enhancement, then the Class Z VFNs will not be entitled to receive payments of principal until all Class A Notes outstanding have their required level of subordination. The obligation of the Issuer to make a payment of principal on the Class Z VFNs on any Note Payment Date on which a payment of principal is due on the Class Z VFNs is subject to the Actual Subordination Amount being at least equal to the Required Subordination Amount following such repayment. The failure to repay principal in respect of the Class Z VFNs in such circumstances will not constitute an Event of Default. See "*Credit Structure and Cashflows – Allocation and distribution of Available Principal Receipts – Rules for application of Available Principal Receipts*".

#### **The Class Z VFN Holder may elect not to advance funds**

The Class Z VFN Holder is only required to advance funds to the Issuer in certain limited circumstances (see "*The Class Z VFNs*"). There can be no assurance that the Class Z VFN Holder will advance funds to the Issuer under the Class Z(R) VFN or the Class Z(S) VFN when it has the right, but not the obligation, to do so. A decision by the Class Z VFN Holder not to advance funds in such circumstances could increase the risk of a Trigger Event or an Event of Default occurring, which may have the effects described in "*Risks relating to the Structure and the Notes – Effect of the occurrence of a Trigger Event or Stop Revolving Event on the repayment of the Notes*" below, and could adversely affect the yield to maturity of the Notes.

## RISKS RELATING TO THE MORTGAGE LOANS

### Certain factors affecting the economic performance and value of the Mortgage Portfolio

(a) *Borrowers may default on their obligations under their Mortgage Loans*

Borrowers may default on their obligations due under the Mortgage Loans through failure to pay amounts due under the Mortgage Loans. Defaults by Borrowers may occur for a variety of financial and personal reasons which may, individually or in combination, lead to an increase in delinquencies by and bankruptcies of Borrowers and could adversely affect the ability of Borrowers to make scheduled payments on their Mortgage Loans. Certain national and international macro-economic factors – for example natural or other disasters including terrorist attacks and epidemic outbreaks (as to which, see, in particular, section (h) (*The ongoing COVID-19 pandemic*) below) – may also contribute to or hinder the economic health of a Borrower and thus the economic performance of the Mortgage Portfolio.

It should in particular be noted that despite periods of inflationary pressure, the United Kingdom has generally benefited from a historically low interest rate climate as the Bank of England has attempted to limit the slowdown in economic activity in the UK since the global financial crisis. This interest rate climate has potentially allowed Borrowers to mitigate against reductions in salaries, loss of employment and other adverse economic conditions which may have been affecting them. No assurance can be given that if interest rates were to rise, with the resulting effect that interest rates on the Mortgage Loans were to rise, Borrowers would still be able to meet their payment obligations under their Mortgage Loans and thus arrears and default levels on the Mortgage Loan may increase.

Increases in the Bank of England base rate and/or mortgage interest rates may result in Borrowers with a Mortgage Loan subject to a variable rate of interest, or for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased Monthly Payments as and when the related mortgage interest rate increases (or, in the case of the latter, at the end of the relevant fixed or introductory period). This increase in Borrowers' Monthly Payments, which (in the case of the latter) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, ultimately may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid these increased Monthly Payments by refinancing their Mortgage Loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance.

These events, alone or in combination, may contribute to higher delinquency rates and losses on the Mortgage Portfolio. Ultimately, if the timing and payment of the Mortgage Loans is adversely affected by any of the risks described above, the ability of the Issuer to meet its obligations and, among other things, make payments under the Notes could be reduced or delayed.

(b) *Values of residential property may decline*

There are conflicting indicators around the robustness of the United Kingdom's residential housing market with some house price falls being registered and confidence falling. There has been direct Bank of England intervention in the housing market through limits on loan to income ratios and such action may become more extensive. If the residential property market in England, Wales, Northern Ireland and/or Scotland experiences a decline in property values, the value of the Mortgaged Property could be significantly reduced thereby potentially resulting in: (a) the inability of Borrowers to sell the relevant Mortgaged Property at an appropriate level, which could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans; (b) the inability to recover sufficient proceeds following the enforcement of the Mortgage for a Mortgage Loan in default to repay in full the amounts outstanding under that Mortgage Loan; and/or (c) ultimately, losses to the Noteholders if the Security is required to be enforced following an Event of Default.

(c) *Borrowers may not be able to repay amounts falling due at the end of the term of the Mortgage Loan*

Neither Interest Only Mortgage Loans nor the interest-only portion of Part and Part Mortgage Loans includes scheduled amortisation of principal. Borrowers are only required to repay principal on an Interest Only Mortgage Loan at the end of the term of the Mortgage Loan. For Interest Only Mortgage Loans with a capital repayment vehicle or a Part and Part Mortgage Loan with a capital repayment vehicle the Borrower is recommended to put in place an Investment Plan or other repayment mechanism forecast to provide sufficient funds to repay the principal due at the end of the term.

The ability of a Borrower to repay the principal on an Interest Only Mortgage Loan or the final payment of principal on a Part and Part Mortgage Loan at maturity depends on such Borrower's ability to refinance the property or to obtain sufficient funds from an Investment Plan or another source, such as ISAs, the sale of mortgaged property or endowment policies. The ability of the Borrower to refinance the property will be affected by a number of factors, including the value of the property, the Borrower's equity in the property, the financial condition of the Borrower, tax laws and general economic conditions at the time. There can be no assurance that there will be sufficient funds from any Investment Plan to repay the principal or (in the case of a Part and Part Mortgage Loan) the part of the principal that it is designed to cover.

The Issuer does not have the benefit of security over the Investment Plans of a Borrower. Consequently, in the case of a Borrower in poor financial condition any Investment Plan of the Borrower will be an asset available to meet the claims of other creditors too.

There can therefore be no assurance that Borrowers will have the funds required to repay the amounts described above at the end of the term of their Mortgage Loan. If a Borrower cannot repay such amounts owed on the Mortgage Loan at the end of its term, in the absence of the relevant Mortgage Loan being liquidated for a sufficient amount, this may affect the ability of the Issuer to make payments under the Notes.

(d) *Levels of arrears*

There can be no assurance that the arrears experience with respect to the Mortgage Loans in the Mortgage Portfolio will correspond to the experience of the Seller's overall mortgage account portfolio or that of the residential mortgage market in general. Noteholders should note that the UK has previously experienced a "boom and bust" economic effect in the residential property market. This trend is often exacerbated at times of change to monetary policy, for example increases in interest rates. This boom and bust economic effect has led historically to higher levels of arrears and repossessions. There can be no assurance that the current economic environment will not lead to high levels of arrears and repossessions. Any increase in the level of forbearance, payment holidays, defaults and/or repossessions could have an adverse effect on the ability of the Issuer to make payments under the Notes.

(e) *Change in characteristics of the Mortgage Portfolio*

The Lending Criteria and the representations and warranties set out in the Mortgage Sale Agreement may be revised and amended from time to time. If, as a result, any Additional Mortgage Loans have been originated under revised Lending Criteria and the Mortgage Loans are then sold to the Issuer in accordance with and pursuant to the terms of the Mortgage Sale Agreement, the characteristics of the Mortgage Portfolio could at such time change. If any such change in the characteristics of the Mortgage Portfolio were to lead to a deterioration in the quality of the Mortgage Portfolio, this could adversely affect the ability of the Issuer to meet its obligations under the Notes.

(f) *Servicing of the Mortgage Portfolio*

Pursuant to the terms of the Servicing Agreement, the Servicer is required to administer the Mortgage Portfolio in accordance with the then applicable Seller's Policy, which includes procedures which relate to the day-to-day servicing of performing Mortgage Loans, the setting of interest rates on Mortgage Loans and how the Servicer manages and handles Mortgage Loans in



arrears, default and repossession. In summary, the Servicer is required to administer the Mortgage Portfolio in the same manner as the Servicer administers its own mortgage account portfolio and also as would a Prudent Mortgage Lender servicing mortgages in the UK. Failure of the Servicer to perform its functions in accordance with the terms of the Servicing Agreement may ultimately lead to the termination of the appointment of the Servicer, but any such failure may also have had an impact on the ability of the Issuer to collect in a full and/or timely manner Revenue Receipts or Principal Receipts. In addition, any such failure of the Servicer to carry out its services in accordance with the standards and duty of care required under the Servicing Agreement may have an adverse effect on the market value of the Mortgage Loans and which may, ultimately, result in losses to the Noteholders in the event the security granted by the Issuer is required to be enforced under the Deed of Charge following an Event of Default.

(g) *Geographic Concentration*

Mortgage Loans in the Mortgage Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Mortgage Loans in such a region may be expected to exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and the strength of the rental markets and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. Any natural or other disasters including terrorist attacks and epidemic outbreaks in a particular region may reduce the value of affected Mortgaged Properties. This may result in a loss being incurred upon sale of the Mortgaged Property. These circumstances could adversely affect receipts on the Mortgage Loans and ultimately result in losses on the Notes.

(h) *The ongoing COVID-19 pandemic*

The world is currently experiencing an outbreak of a novel coronavirus (known as "COVID-19") which is causing severe health and unpredictable economic effects across the world. On 11 March 2020, the World Health Organisation declared the current outbreak of COVID-19 to be a global pandemic. In an attempt to contain the outbreak, governments in many countries (including the UK government) have sought to contain the virus through imposing stringent travel and other restrictions (including imposing restrictions on leaving home without reasonable cause and on public gatherings and requiring closures of certain businesses, such as non-essential shops and restaurants) with a resultant significant impact on economic activity. It remains unclear how the COVID-19 pandemic will evolve through 2020 and beyond, including whether there will be subsequent waves of the pandemic and whether, and in what manner, previously lifted restrictions will be re-imposed.

On 20 March 2020, the FCA issued guidance entitled "Mortgages and coronavirus: our guidance for firms", in response to the on-going outbreak of COVID-19 in the UK. Amongst other things, the guidance provides that UK mortgage lenders should, where a customer indicates they may potentially experience payment difficulties because of COVID-19 and wish to receive a payment holiday, grant a customer a payment holiday for the three monthly payments that follow that interaction. This guidance was updated on 4 June 2020 and 16 June 2020 to, among other things, extend the effect of the guidance to 31 October 2020, meaning that borrowers may be provided with up to a six-month payment holiday (by applying for two separate payment holidays), and to allow partial payment holidays or a temporary product switch from repayment to interest only. On 31 October 2020, the FCA announced that it would propose updates to its existing guidance to support mortgage borrowers. Until the FCA publishes further guidance, it will not treat a firm that wishes and is able to continue to act in accordance with its June guidance (Mortgages and coronavirus: updated guidance) beyond 31 October 2020 as acting inconsistently with Principle 6, notwithstanding its September guidance (Mortgages and Coronavirus: Additional Guidance). On 2 November 2020, the FCA set out the proposed form in which it would update its June guidance. Under the FCA's proposals, customers who have not yet taken a payment holiday will be eligible for two payment holidays of up to six months in total and customers who currently have an initial payment holiday or who have resumed repayments after an initial payment holiday will be eligible for a second three-month payment holiday. Customers would have until 31 January 2021 to request

an initial payment deferral, meaning that customers could be granted a payment deferral that continues beyond 31 January 2021. Unless renewed or updated, the updated guidance would expire on 31 January 2021. Where a customer is granted a payment deferral that continues beyond 31 January 2021, the payment deferral guidance would continue in force to the extent necessary to enable this. The FCA asked for comment on the proposals by 10 a.m. on 5 November 2020, but the final guidance has not yet been published.

On 26 August 2020, the FCA published "Mortgages and coronavirus: Additional guidance for firms". The draft guidance only applies in the exceptional circumstances arising out of the coronavirus pandemic and its impact on the financial situation of mortgage customers. The proposals aim to ensure that firms provide support to customers who have benefitted from payment deferrals under the current guidance and who continue to face financial difficulties, as well as those whose financial situation may be newly affected by coronavirus after the current guidance expires. The FCA makes clear in the guidance that it expects firms to be flexible and employ short-term and long-term forbearance options to support such customers. This could include allowing customers to make no or reduced payments for a specified period, extending the repayment term or restructuring the mortgage. On 14 September 2020, the FCA finalised its additional guidance. The additional guidance has applied since 16 September 2020 and remains in force until varied or revoked. On 2 November 2020, the FCA set out the proposed form in which it would update this guidance. Under the FCA's proposals, firms should not enforce repossession and should not, seek, or enforce, a warrant for possession or a warrant for restitution before 31 January 2021 unless exceptional circumstances apply. In light of updates to the FCA's payment deferral guidance, the draft guidance also updates the description of customers to whom the delivering effective forbearance guidance now applies. The updated guidance would remain in force until varied or revoked. The FCA asked for comment on the proposals by 10 a.m. on 5 November 2020, but the final guidance has not yet been published.

Adverse market conditions caused by COVID-19 have been making it difficult for some customers with maturing interest-only and part-and-part mortgages. On 23 October 2020, the FCA announced that it is issuing new temporary guidance to allow these customers to delay repaying the capital on their mortgage up to 31 October 2021 while continuing to make interest payments. The temporary guidance on maturing interest-only mortgages and part-and-part mortgages came into force on 31 October 2020, and applies to eligible customers whose loans have matured between 20 March 2020 and will be maturing until 31 October 2021.

See "*Legal and Regulatory Risks Relating to the Mortgage Loans – FCA measures during COVID-19*" for a further description of the actions taken by the FCA in response to the COVID-19 outbreak.

In addition, the Bank of England has recently announced a number of actions designed to help the firms regulated by the Prudential Regulation Authority deal with the COVID-19 outbreak. These measures relate to, among other matters, application of regulatory capital and IFRS 9 requirements to payment holidays granted or extended to address the challenges of COVID-19. Whilst these measures are expected to be temporary, it may be difficult to assess how long these measures will remain in place and their impact on the wider economy and the Seller's mortgage lending business in particular.

According to UK Finance, as of 19 June 2020, 1.9 million mortgage payment deferrals were offered to customers impacted by COVID-19 in the three months since the support was launched and one in six mortgages in the UK is subject to a payment deferral. However, the long-term impact of the measures introduced by the FCA guidance on the performance of the UK residential mortgage lending industry remains uncertain. In addition, there can be no assurance that the FCA, or other UK government or regulatory bodies, may not take further steps in response to the COVID-19 outbreak in the UK which may have a further impact on the industry. As the measures introduced by the FCA expire, the Mortgage Loans may experience a higher level of defaults and delinquencies.

If the timing and amount of payments on the Mortgage Loans is adversely affected by any of the risks described in this section, then payments on the Notes could be reduced and/or delayed and ultimately losses on the Notes could occur. Given the unpredictable effect such factors may have on the local, national or global economy and/or personal finances of any individual Borrowers, no

assurance can be given as to the impact of any of the matters described in this section and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes. Prospective purchasers of the Notes should also consider what effect, if any, the COVID-19 pandemic, as well as any resulting recession or economic downturn may have on the ability of Borrowers to make timely payments on their Mortgage Loans, which in turn may have an adverse impact on the performance and market value of the Notes.

#### **Changes to the criteria for the assignment of Mortgage Loans to the Issuer without Noteholder consent**

The criteria for the assignment of Mortgage Loans to the Issuer may be amended in the future without the consent of Noteholders. This may occur, for example, due to the development of New Mortgage Products in response to changing market conditions. Under the terms of the Mortgage Sale Agreement, any such amendments will require the consent of the parties to the Mortgage Sale Agreement and receipt of Ratings Confirmation that the then ratings of the Notes will not be reduced, withdrawn or qualified as a result thereof. As a result, the Mortgage Portfolio may include types of Mortgage Loans in the future with different characteristics than those currently in the Mortgage Portfolio.

#### **Changes to the Lending Criteria applicable to any Additional Mortgage Loan at the time of its origination**

Pursuant to the terms of the Mortgage Sale Agreement, the Seller has represented that each of the Mortgage Loans was originated in accordance with the Lending Criteria applicable at the time of origination. The Lending Criteria considers a variety of factors such as a potential borrower's credit history, employment status and repayment ability, as well as the value of the property to be mortgaged. In the event of the sale of any Additional Mortgage Loans and their Related Security to the Issuer, representations and warranties will at such time be given to the Issuer that those Additional Mortgage Loans and their Related Security were originated in accordance with the Lending Criteria applicable at the time of the origination of such Additional Mortgage Loans. Whilst any Additional Mortgage Loans and their Related Security will have to comply with the representations and warranties set out in the Mortgage Sale Agreement, the Seller retains the right to revise its Lending Criteria as determined from time to time in its absolute discretion, **provided that** it acts in accordance with the standard of a Prudent Mortgage Lender, and the Lending Criteria applicable to any Additional Mortgage Loan at the time of its origination may not be the same as those in force as at the date of this Base Prospectus and such differences may be material. Any change in the characteristics of the Mortgage Loans could lead to a delay or a reduction in the payments received on the Notes or it could increase the rate of repayment of the Notes.

#### **Repurchases of Mortgage Loans and Redress Payments by the Seller may have the same effect as prepayments on the Mortgage Loans**

If the Seller repurchases a Mortgage Loan from the Issuer, including, without limitation, if that Mortgage Loan:

- (a) is subject to a Product Switch and: (i) the Product Switch is not a Permitted Product Switch; (ii) the Product Switch would cause that Mortgage Loan to be in breach of the Eligibility Criteria or would cause the Mortgage Portfolio to be, or the Mortgage Portfolio currently is, in breach of the Portfolio Criteria; or (iii) that Mortgage Loan would breach the Mortgage Loan Warranties, where that breach has a material adverse effect on that Mortgage Loan or its Related Security;
- (b) is subject to a Further Advance and: (i) the Further Advance would cause that Mortgage Loan to be in breach of the Eligibility Criteria or would cause the Mortgage Portfolio to be, or the Mortgage Portfolio currently is, in breach of the Portfolio Criteria; (ii) that Mortgage Loan would breach the Mortgage Loan Warranties, where such breach has a material adverse effect on that Mortgage Loan or its Related Security; or (iii) the Issuer and the Class Z VFN Holder are unable or unwilling to fund such Further Advance;
- (c) does not satisfy the Eligibility Criteria on the relevant Assignment Date, or is in breach of the Mortgage Loan Warranties on the relevant Assignment Date, where that breach has a material adverse effect on that Mortgage Loan or its Related Security, or if the Mortgage Portfolio does not satisfy the Portfolio Criteria immediately following the sale on the relevant Assignment Date; or

- (d) is otherwise repurchased at the discretion of the Seller, including in order to effect any permitted redemption of any Notes in accordance with the terms of the Transaction Documents, provided that the Mortgage Portfolio will continue to meet the Portfolio Criteria immediately following the repurchase,

or any Redress is required to be made in respect of a Mortgage Loan and the Seller makes a Redress Payment to the Issuer, the Redress Payment, or the payment received by the Issuer pursuant to such repurchase, may have the same effect as a prepayment of such Mortgage Loans, and the yield to maturity of the Notes may consequently be affected. The number and timing of any such repurchases or Redress Payments are not within the control of the Issuer. Accordingly, no assurance can be given as to the level of effective prepayments that the Mortgage Portfolio may experience as a result. See "*Assignment of the Mortgage Loans and Related Security*" for further information on the circumstances in which the Seller may elect or be required to repurchase a Mortgage Loan from the Issuer or make a Redress Payment, and "*Risks relating to the availability of funds to pay the Notes – Effects of prepayments on, or redemptions or repurchases of, the Mortgage Loans on the yield to maturity of the Notes*".

**The Issuer will only have recourse to the Seller if there is a breach of warranty by the Seller that has a material adverse effect**

The Issuer will not undertake any investigations, searches or other actions on any Mortgage Loan or its Related Security and will instead rely on the warranties given in the Mortgage Sale Agreement by the Seller.

If any Mortgage Loan Warranty is untrue on the date on which such Mortgage Loan is assigned to the Issuer, or on such other date as the representations and warranties are required to be repeated pursuant to the Mortgage Sale Agreement, and such breach could have a material adverse effect on such Mortgage Loan and/or its Related Security, then, in the first instance, the Seller will be required to remedy the error (if capable of remedy) within 28 Business Days of the Seller becoming aware of the same or of receipt by it of a notice from the Issuer or, following the delivery of an Enforcement Notice, the Security Trustee.

If the error is not remedied by the Seller or waived within such 28 Business Day period or if the error is not capable of remedy, then the Seller will be required to repurchase from the Issuer (a) the relevant Mortgage Loan and its Related Security and (b) any other Mortgage Loans of the relevant Borrower and their Related Security that are in the Mortgage Portfolio, in an amount equal to the aggregate of the Current Balance and all Arrears of Interest and Accrued Interest thereof and expenses payable relating thereto (excluding, if applicable the amount of any Further Advance which has not yet been paid for by the Issuer) as at the date of completion of such repurchase.

There can be no assurance that the Seller will have the financial resources to repurchase any such Mortgage Loan(s) and their Related Security. Other than as described here, the Issuer will have no recourse to the assets of the Seller in relation to such breach of warranty under the Mortgage Sale Agreement.

**Competition in the UK mortgage loan industry and declines in mortgage approvals could increase the risk of the occurrence of a Non-Asset Trigger Event**

The mortgage loan industry in the United Kingdom is highly competitive. This competitive environment, together with the risk of a downturn or continued downturn in the United Kingdom economy, may affect the rate at which mortgage loans are originated by the Seller and may also affect the repayment rate of the existing borrowers of the Seller.

Regulatory changes could also impact the level of mortgage approvals. The mortgage approval rules, which require a lender to conduct a full affordability check on potential mortgage applicants, were introduced by the FCA in April 2014, and resulted in a fall in the number of mortgage approvals immediately after the new rules were implemented.

If the rate at which mortgage loans are originated by the Seller declines significantly or if existing borrowers refinance their mortgage loans with lenders other than the Seller, then the Issuer may be unable to apply excess Available Principal Receipts to purchase Additional Mortgage Loans, increasing the amounts available to be applied to the credit of the Principal Reserve Ledger, and the risk of a Non-Asset Trigger Event and a Stop Revolving Event occurring increases, which could result in an early redemption of the Notes or a delay in the repayment of the Notes.

### **The inclusion of Flexible Mortgage Loans may affect the rate of repayment and prepayment of the Mortgage Loans**

The Mortgage Portfolio contains Flexible Mortgage Loans. Flexible Mortgage Loans provide the Borrower with a range of options that gives that Borrower greater flexibility in the timing and amount of payments made under the Mortgage Loan. Subject to the terms and conditions of the Mortgage Loans (which may require in some cases notification to the Seller and in other cases the consent of the Seller), under a Flexible Mortgage Loan a Borrower may (among other things) "overpay" or prepay principal on any day in specified circumstances using applicable options set out in the relevant agreement. For a detailed summary of the characteristics of the Flexible Mortgage Loans, see "*The Mortgage Loans and the Mortgage Portfolio – Flexible Mortgage Loans*". In addition, certain of the Flexible Mortgage Loan products of the Seller allow the Borrower to make overpayments or repay the entire Current Balance under the Flexible Mortgage Loan at any time without incurring an early repayment charge.

To the extent that Borrowers under Flexible Mortgage Loans consistently prepay principal, the timing of payments on the Notes may be adversely affected.

### **Market volatility**

Recent global social, political and economic events and trends, including the UK's decision to leave the EU, the recent elections in the United Kingdom, the US and in Europe, and the recent outbreak of COVID-19, have resulted in increased uncertainty in the currency and credit markets. The uncertainty caused by these and other events and trends has resulted in, and may continue to result in, increased volatility in the financial markets, which may affect the rate at which the Seller originates mortgage loans. If the rate at which mortgage loans are originated declines significantly, then the Issuer may be unable to apply excess Available Principal Receipts to purchase Additional Mortgage Loans, increasing the amounts available to be applied to the credit of the Principal Reserve Ledger and the risk of a Non-Asset Trigger Event and a Stop Revolving Event occurring due to the amount standing to the credit of the Principal Reserve Fund being greater than Principal Reserve Fund Threshold Amount or a Principal Reserve Fund Retention Event occurring, which could adversely affect the yield to maturity of the Notes. See further "*Risks relating to the Structure and the Notes – Effect of the occurrence of a Trigger Event or Stop Revolving Event on the repayment of the Notes*". See also "*– Risks in relation to the United Kingdom's decision to leave the EU*".

## **RISKS RELATING TO THE STRUCTURE AND THE NOTES**

### **The Notes are limited recourse obligations of the Issuer**

The Notes are limited recourse obligations of the Issuer. If at any time following:

- (a) the occurrence of either:
  - (i) the Final Maturity Date for any Series or any earlier date upon which all of the Notes of each Series and Class are due and payable; or
  - (ii) the service of an Enforcement Notice; and
- (b) the realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes and all claims ranking in priority to payments under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any Series and Class of Notes, then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) will, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer. The Issuer will not be obliged to pay any amounts representing a shortfall and any claims in respect of such shortfall will be extinguished, which may result in losses on the Notes.

Apart from the Security Trustee, none of the Secured Creditors, including the Noteholders, will be entitled to institute against the Issuer any bankruptcy, reorganisation, arrangement, examinership, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation relating to the Notes or the other Programme Documents unless (i) the Security Trustee has become bound to institute proceedings and has failed to do so within a reasonable period of becoming so bound and (ii) such failure is continuing, and then only if and to the extent that such Secured Creditor is able to do so under applicable law.

### **Effect of the occurrence of a Trigger Event or Stop Revolving Event on the repayment of the Notes**

On each Payment Date while a Trigger Event is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, the Issuer, or the Cash Manager on its behalf, will apply Available Principal Receipts, after making the requisite payments to the General Reserve Fund (if any), to redeem, first, the Class A Notes until the Sterling Equivalent Principal Amount Outstanding of the Class A Notes is zero, second, to the extent any Non-Sterling Notes remain outstanding following their Sterling Equivalent Redemption Date (after the application of any Principal Excess Amounts), any Non-Sterling Notes until they have been redeemed in full, and third, the Class Z(S) VFNs until the Class Z(S) VFNs have been repaid in full, with any remainder to be applied as Available Revenue Receipts. In addition, while a Trigger Event is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, but prior to the delivery of an Enforcement Notice:

- each Series and Class of Bullet Redemption Notes and Controlled Amortisation Notes will become a Series and Class of Pass-Through Redemption Notes;
- if not already so calculated, interest on each Series and Class of Notes will be calculated on a monthly basis and will be due and payable by the Issuer on each Payment Date; and
- the Issuer will, on each Payment Date, apply Available Principal Receipts in redemption of the Notes in accordance with the applicable Priority of Payments.

This may cause certain Series and Classes of Notes to be repaid more rapidly than expected and other Series and Classes of Notes to be repaid more slowly than expected and there is a risk that such Notes may not be repaid by their Final Maturity Date.

Furthermore, the Issuer retains the right to restructure certain terms of the Programme following the Programme Date, in each case in accordance with Condition 11 (*Meetings of Noteholders, modifications and waiver*) and subject, where relevant, to obtaining the Ratings Confirmation in respect of the proposed modifications.

### **Ability of the Issuer to procure payment of the Money Market Note Mandatory Transfer Price may affect timely payment on the Money Market Notes**

The ability of the Issuer to procure payment of the relevant Money Market Note Mandatory Transfer Price for a Series and Class of Money Market Notes will be dependent upon the applicable Remarketing Agent either:

- (a) agreeing terms for the sale of such Notes to investors on or prior to the applicable Money Market Note Mandatory Transfer Date for such Notes and procuring payment of the Money Market Note Mandatory Transfer Price for such Notes from those investors; or
- (b) exercising the Issuer's rights under the applicable Conditional Note Purchase Agreement to require the applicable Conditional Note Purchaser to acquire some or all of such Notes.

Under the terms of the Remarketing Agreement for a Series and Class of Money Market Notes, subject to receipt of the information regarding the amount to be the Principal Amount Outstanding of such Notes on the next following Money Market Note Mandatory Transfer Date for such Notes (after giving effect to the payment of any Note Principal Payments (or any part thereof) that will be made on such date in respect of such Notes), and notice from the Issuer that no Event of Default is then outstanding, the applicable Remarketing Agent will give notice to the applicable Conditional Note Purchaser of the amount required to pay for such Notes three business days prior to the applicable Money Market Note Mandatory Transfer Date.

After the occurrence of an Automatic Remarketing Termination Event in relation to a Series and Class of Money Market Notes, such Notes will no longer be subject to any mandatory transfer under Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*) and if this were to occur, this could lead to a delay or reduction in payments on the Notes.

**Each Money Market Note Mandatory Transfer may be dependent upon identification of investors interested in acquiring Money Market Notes**

There can be no assurance that the Remarketing Agent for a Series and Class of Money Market Notes will be able to identify investors interested in acquiring such Notes on each Money Market Note Mandatory Transfer Date for such Notes. Each Money Market Note Mandatory Transfer may therefore be dependent upon the ability of the applicable Conditional Note Purchaser to pay the Money Market Note Mandatory Transfer Price for such Notes and acquire the relevant unplaced Money Market Notes.

The obligation of the Remarketing Agent for a Series and Class of Money Market Notes to act as the agent of the Issuer in remarketing such Notes on each Money Market Note Mandatory Transfer Date for such Notes will terminate either upon the occurrence of an Automatic Remarketing Termination Event in relation to such Notes or may be terminated at the discretion of the Remarketing Agent upon the occurrence of an Optional Remarketing Termination Event in relation to such Notes (for a description of such events, see "*Description of the Trust Deed and the Notes – Money Market Notes – Remarketing Agreements*"). Whilst there will be no remarketing of a Series and Class of Money Market Notes upon the occurrence of an Optional Remarketing Termination Event in relation to such Notes where the option to terminate has been exercised by the applicable Remarketing Agent, the applicable Conditional Note Purchaser will be required, in the absence of an Automatic Remarketing Termination Event in relation to such Notes, to purchase such Notes on the next succeeding Money Market Note Mandatory Transfer Date for such Notes that would otherwise have been remarketed. Upon the occurrence of an Automatic Remarketing Termination Event in relation to a Series and Class of Money Market Notes, the Issuer will not be obliged to procure any subsequent purchase of such Notes, the applicable Remarketing Agent will not be obliged to remarket such Notes and the applicable Conditional Note Purchaser will not be obliged to purchase any of such Notes, and Noteholders may consequently be unable to sell their Notes on the Money Market Note Mandatory Transfer Date or at any other time.

If the Conditional Note Purchaser for a Series and Class of Money Market Notes defaults upon its obligation to pay the amounts otherwise due under the applicable Conditional Note Purchase Agreement on a Money Market Note Mandatory Transfer Date for such Notes, the Issuer may not be able to procure the purchase of all or any of such Notes on such date. The Issuer will not be liable for such failure to the extent such failure is a result of the failure of the applicable Remarketing Agent or the applicable Conditional Note Purchaser to perform their respective obligations under the applicable Remarketing Agreement or the applicable Conditional Note Purchase Agreement. Accordingly, in such circumstances, the failure to pay the Money Market Note Mandatory Transfer Price and complete the purchase of such Notes on any Money Market Note Mandatory Transfer Date will not constitute an Event of Default.

To the extent that there are principal amounts outstanding on a Series and Class of Money Market Notes on any Money Market Note Mandatory Transfer Date for such Notes, the payment of the Money Market Note Mandatory Transfer Price will be dependent upon the applicable Remarketing Agent, as agent of the Issuer, agreeing terms for the sale of such Notes to third party purchasers and arranging for the transfer of the proceeds on or prior to the relevant Money Market Note Mandatory Transfer Date and/or (on any Money Market Note Mandatory Transfer Date) the exercise of the Issuer's rights under the applicable Conditional Note Purchase Agreement, if appropriate, to require the applicable Conditional Note Purchaser to acquire some or all of such Notes.

**Ratings assigned to any Series and Class of Notes may be qualified, lowered or withdrawn after Noteholders purchase those Notes, which may lower the market value of those Notes**

The ratings (if any) assigned by Fitch and S&P to a Series and Class of Notes address their respective opinions on the likelihood of (a) timely payment of interest due to the Noteholders on each Note Payment Date for such Notes and (b) full payment of principal by a date that is not later than the Final Maturity Date for such Notes. The ratings (if any) assigned by Moody's to a Series and Class of Notes address the probability and the severity of credit losses that Noteholders may suffer by the Final Maturity Date for such Notes.

The identity of the Rating Agencies rating the Class A Notes of each Series, and details of the expected ratings for each such Series and Class will be specified for such Notes in the applicable Final Terms. Any Rating Agency may lower, withdraw, qualify or suspend its rating of a Series and Class of Notes at any time and for any reason, including as a result of changes in, or unavailability of, information or a revision of its relevant rating criteria or rating methodology or if, in the sole judgment of the Rating Agency, the credit quality of such Notes has declined or is in question or circumstances so warrant. If any rating assigned to a Series and Class of Notes is subsequently suspended, lowered, withdrawn or qualified, the market value of the Notes may be reduced (and, in the case of Money Market Notes, such Money Market Notes may no longer be eligible for investment by money market funds).

The Issuer is not obliged on or following a revision by a Rating Agency of its rating criteria or rating methodology to take steps to amend any of the Programme Documents in order to maintain the then current rating by that Rating Agency of a Series and Class of Notes. However, the Note Trustee and the Security Trustee may, and, in certain circumstances and subject to certain conditions being met, will, be obliged to, agree to such amendments (if so proposed) without the consent of Noteholders (see "*Risks relating to Changes to the Structure and the Documents – There may be conflicts between the interests of Noteholders and the interests of any of the other Secured Creditors*", "*Risks relating to Changes to the Structure and the Documents – The Note Trustee or Security Trustee may agree to modifications to the Programme Documents without respectively, the Noteholders' or Secured Creditors' prior consent*" and Condition 11.7 (*Additional rights of modification*)) or with the consent of Noteholders provided by way of Extraordinary Resolution (see Condition 11 (*Meetings of Noteholders, modifications and waiver*)).

### **Ratings Modification Event**

At any time after the Closing Date of a Series of rated Notes, the Issuer may, without the consent or sanction of any Noteholder in respect of a Series of Notes or the Secured Creditors, effect a Ratings Modification Event provided that, in each case and at all times, such Series of Notes continues to be rated by at least two Rating Agencies, and provided further that the Issuer has given at least 15 Business Days' prior notice to the holders of each relevant Series and Classes of Notes of such Ratings Modification Event.

Furthermore, the Issuer may appoint any number of Additional Rating Agencies to rate any Series of Notes provided that, where such Additional Rating Agency is not then rating a Series of Notes, such appointment will be made in accordance with the procedure set out in Condition 11.7(a)(xiv).

In the event of an Existing Rating Agency Removal, all ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to the removed Rating Agency will cease to apply as they relate to such Series of Notes and the Issuer may make such consequential modifications to the Conditions applying to the relevant Notes or any Transaction Document as are necessary to implement the removal of the relevant Rating Agency and all ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such removed Rating Agency.

In the event of an Existing Rating Agency Reappointment, all then current relevant ratings criteria, rating tests, rating triggers and any and all relevant requirements specified by and/or relating to the reappointed Rating Agency shall apply and the Issuer may make such consequential modifications to the terms and conditions applying to the relevant Notes or any Programme Document as are necessary to implement the reappointment of the relevant Rating Agency and all then current relevant ratings criteria, rating tests, rating triggers and any and all relevant requirements specified by and/or relating to such reappointed Rating Agency.

Any modifications to the Conditions of any Series of Notes and/or any Programme Document to implement a Ratings Modification Event or the appointment of an Additional Rating Agency will not require the consent or sanction of any holder of any such Series of Notes or the Secured Creditors and will be binding on all the holders of any such Series of Notes or the Secured Creditors regardless of whether or not such modifications are materially prejudicial to the interests of Noteholders and the other Secured Creditors, **provided that** neither the Note Trustee nor the Security Trustee shall be obliged to agree to any Ratings Modification Event or appointment of an Additional Rating Agency which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (a) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections of the Note Trustee and/or the Security Trustee under the Programme Documents and/or the Conditions.



There is no guarantee that any such modification will not ultimately adversely affect the rights of the holders of any such Series of Notes or the Secured Creditors, or payments on the Notes.

See further "*Risks relating to Changes to the Structure and the Documents – The Note Trustee or the Security Trustee may agree to modifications to the Programme Documents without respectively, the Noteholders' or Secured Creditors' prior consent*" below.

**Changes to rating methodology and rating criteria may adversely affect the then current ratings of the Notes**

At any time any Rating Agency may revise its relevant rating methodology or revise its current ratings criteria with the result that, among other things, any rating assigned to the Notes may be lowered and/or, in order to comply with any such revised criteria or rating methodology, amendments may need to be made to the Programme Documents.

Noteholders should note that the Note Trustee and the Security Trustee will, pursuant to the Conditions, terms of the Trust Deed and the Deed of Charge, in certain circumstances, and subject to certain conditions being met, be required to approve any modification (other than in respect of Basic Terms Modifications), waiver or authorisation requested to be made by the Issuer to the Notes of one or more Series, the Conditions or to any Programme Documents which are required in order to (a) comply with, implement or reflect any change in the criteria of one or more Rating Agencies and (b) enable the relevant Swap Counterparties, an Account Bank, the Cash Manager, the Servicer and/or the Seller to remain eligible to perform their respective roles in conformity with Rating Agency criteria or to avoid such entities having to take action (which they would otherwise have to take) to enable them to continue performing such role, without seeking to determine if such requested modification is materially prejudicial to the interest of Noteholders, the Secured Creditors and without seeking the direction of such Noteholders and/or Secured Creditors, **provided that** the conditions set out in Condition 11.7 (*Additional rights of modification*) are met including, without limitation, that the proposed modification would not adversely affect the then current ratings of the Notes (and the Note Trustee and Security Trustee may rely on certifications to that effect from the Issuer) and that the Issuer has provided, among other things, at least 30 calendar days' notice to the Noteholders of each relevant Class and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not notified the Note Trustee that such Noteholders do not consent to the modification. See "*– Risks relating to Changes to the Structure and the Documents – The Note Trustee or Security Trustee may agree to modifications to the Programme Documents without, respectively the Noteholders' and/or Secured Creditors' prior consent*" and Condition 11 (*Meeting of Noteholders, modifications and waiver*).

For the avoidance of doubt, the Issuer will not be obliged, following a change in rating methodology by any Rating Agency, to, among other things, amend any of the Programme Documents to maintain the then current ratings of the Notes.

Any modification, waiver or authorisation made in accordance with the provisions described above may be adverse to the interests of Noteholders of one or more Series and Class of Notes and, if Noteholders do not consent to the modification, waiver or authorisation and the Programme or a counterparty of the Issuer no longer complies with the revised rating methodology or criteria, any rating assigned to the Notes may be lowered, which may adversely affect the market value and/or liquidity of the Notes.

**The Notes may be subject to exchange rate and interest rate risks**

Repayments of principal and payments of interest on a Series and Class of Notes may be made in a currency other than Sterling but all Mortgage Loans in the Mortgage Portfolio are denominated in Sterling. In such case, to hedge its currency exchange rate exposure and/or interest rate exposure, on the Closing Date for the related Series and Class of Notes, the Issuer will, where required, enter into an appropriate currency and/or interest rate swap transaction with a Currency Swap Counterparty (see "*The Swap Agreements – The Currency Swaps*").

The relevant Currency Swap Counterparty will be obliged only to make payments to the Issuer under a Currency Swap Agreement only as long as the Issuer complies with its obligations under such Currency Swap Agreement to make the payments to the relevant Currency Swap Counterparty. If the relevant Currency Swap Counterparty is not obliged to make payments of, or if it defaults in its obligations to make payments of, amounts equal to the full amount scheduled to be paid to the Issuer on the dates for payment

specified under a Currency Swap Agreement or such Currency Swap Agreement is otherwise terminated, the Issuer is exposed to changes in the exchange rates between Sterling and the Specified Currency of such Notes and to changes in the relevant interest rates. Unless a replacement Currency Swap is entered into, the Issuer may have insufficient funds to make payments due and payable on the applicable Series and Class of Notes.

If the Issuer receives a Swap Termination Payment from a Currency Swap Counterparty, then the Issuer will be required to use those funds towards meeting its costs in entering into any applicable replacement hedging transactions to mitigate its exposure to currency and/or interest rate risks until a new Currency Swap Agreement is entered into and/or to acquire a replacement Currency Swap. Noteholders will not receive extra amounts (over and above interest and principal due and payable on the Notes) as a result of the Issuer receiving a Swap Termination Payment.

In addition, some of the Mortgage Loans carry variable rates of interest, some of the Mortgage Loans pay interest at a fixed rate or rates of interest and some of the Mortgage Loans pay interest at a rate which tracks the Bank of England base rate. However, these interest rates on the Mortgage Loans will not necessarily match the rates of interest payable on the Notes, which is calculated pursuant to a margin under or over SONIA, EURIBOR, €STR, SOFR or such other floating reference rate and for such interest period as may be specified in the applicable Final Terms.

The Issuer has entered into an Interest Rate Swap Agreement with respect to the Fixed Rate Mortgage Loans sold into the Mortgage Portfolio in order to hedge its exposure against the variance between the fixed rate of interest payable in respect of the Fixed Rate Mortgage Loans and any Floating Rate Notes. Note, however, that as at the date of this Base Prospectus, the Issuer has not entered into any Interest Rate Swap Agreement with respect to any Variable Rate Mortgage Loans or Tracker Rate Mortgage Loans in the Mortgage Portfolio, and accordingly no assurance can be given that the Issuer will not be exposed to basis risk in respect of these Mortgage Loans. The Servicer has, however, covenanted in the Servicing Agreement that, following the occurrence of a Perfection Trigger Event, it will maintain the Barclays Standard Variable Rate applicable to any Variable Rate Mortgage Loans at a level not less than that set out in the most recent Final Terms.

If the Interest Rate Swap Counterparty fails to make payments under the Interest Rate Swap Agreement or if the Interest Rate Swap Agreement otherwise terminates, the Issuer will, in addition to the above, be exposed to the variance between the rates of interest payable on the Fixed Rate Mortgage Loans and the floating rate of interest payable on the Floating Rate Notes. Unless a replacement Interest Rate Swap is entered into, the Issuer may have insufficient funds to make payments due on the Notes of any Class and any Series.

## **LEGAL AND REGULATORY RISKS RELATING TO THE STRUCTURE AND THE NOTES**

### **The market continues to develop in relation to risk free rates which may be reference rates for Floating Rate Notes**

To avoid the problems associated with the potential manipulation and financial stability risks of interbank offered rates ("**IBORs**"), regulatory authorities in a number of key jurisdictions are requiring financial markets to transition away from IBORs to near risk-free rates which exclude the risk-element of interbank lending. Risk-free rates may differ from IBORs in a number of material respects. In particular, in the majority of relevant jurisdictions, the chosen risk-free rate is an overnight rate (for example, the SONIA in respect of Sterling, the SOFR in respect of US Dollars, and the €STR in respect of Euro), with the interest rate for a relevant period calculated on a backward looking (compounded or simple weighted average) basis, rather than on the basis of a forward-looking term. As such, investors should be aware that risk-free rates may behave materially differently from LIBOR, EURIBOR and other IBORs as interest reference rates for the Notes.

Investors should also be aware that the market continues to develop in relation to risk free rates such as SONIA, SOFR and €STR as reference rates in the capital markets. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, SOFR and €STR which seek to measure the market's forward expectation of such rates over a designated term. The market or a significant part thereof (including the Issuer) may adopt an application of SONIA, SOFR, €STR and/or any other risk free rate that differs significantly from that set out in the Conditions (including in relation to fallbacks in the event that such rates are discontinued or fundamentally altered) and used in relation to

Floating Rate Notes referencing risk free rates such as SONIA, SOFR and/or €STR issued under this Programme.

Furthermore, the Issuer may, in the future, issue Notes referencing SONIA, SOFR and/or €STR that differ materially in terms of interest determination when compared with any previous SONIA, SOFR and/or €STR-referenced Notes issued by it under the Programme. Equally in such circumstances, it may be difficult for the Issuer to find any future required replacement currency swap counterparty to properly hedge its then interest rate exposure on such a Floating Rate Note should a Currency Swap Counterparty need to be replaced and such Floating Rate Note at that time uses an application of SONIA, SOFR and/or €STR that then differs from products then prepared to be hedged by such currency swap counterparties.

Furthermore, the Rate of Interest on Notes which reference SONIA, SOFR and/or €STR is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Note Payment Date. It may be difficult for investors in Notes which reference SONIA, SOFR and/or €STR to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Further, in contrast to IBOR-based Notes, if Notes referencing SONIA, SOFR and/or €STR become due and payable as a result of an Event of Default, or are otherwise redeemed early on a date which is not a Note Payment Date, the final Rate of Interest payable in respect of such Notes will only be determined immediately prior to the date on which the Notes become due and payable.

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

Since risk free rates are relatively new in the market, Notes linked to such rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities linked to SONIA, SOFR, €STR and/or any other risk free rate, such as the spread over the rate reflected in interest rate provisions, may evolve over time, and trading prices of the Notes linked to SONIA, SOFR, €STR and/or any other risk free rate may be lower than those of later-issued debt securities linked to the same rate as a result.

#### **Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

In Europe, the US and elsewhere there is increased political and regulatory scrutiny of the asset backed securities industry. This has resulted in a large number of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, any Dealer or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the relevant Closing Date or at any time in the future.

It is not certain whether the impact of a possible change to law, whether as a result of the exit of the United Kingdom from the EU or otherwise, or regulatory, accounting or administrative practice, or their interpretation or administration, or the published practices of the United Kingdom tax authorities or tax authorities of any other relevant taxing jurisdiction, after the date of this Base Prospectus could adversely affect the ability of the Issuer to make payments under the Notes, the market value of the Notes and/or Noteholders' ability to resell their Notes and/or the Servicer's ability to perform its obligations under the Programme Documents.

## The Securitisation Regulation

The Securitisation Regulation applies to securitisations, the securities of which are issued on or after 1 January 2019. Investors to which the Securitisation Regulation applies should also see the section "*Certain Regulatory Requirements – The Securitisation Regulation*".

The Securitisation Regulation includes revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and new due diligence requirements imposed on Affected Investors in a securitisation. If the due diligence requirements under the Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or the Affected Investor.

There is a risk that the changes set out above may result in, among other things, a decrease in demand for the Notes in the secondary market, which may lead to a decreased price for the Notes, or decreased liquidity and increased volatility in the secondary market. Therefore, an investor's ability to resell its Notes may be limited by market conditions, and an investor must be prepared to bear the risk of holding its Notes until maturity.

## Simple, Transparent and Standardised Securitisation (STS)

The Securitisation Regulation also sets out the new criteria and procedures applicable to EU securitisations seeking the designation as "simple, transparent and standardised" securitisations ("**STS Securitisations**").

In the event that the Seller (in its capacity as originator for the purposes of the Securitisation Regulation) procures that an STS Notification be submitted to ESMA confirming that the STS Requirements have been complied with with respect to a Series and Class of Notes, no assurance can be given that those Notes will remain compliant, because the STS Requirements may change over time. In addition, no assurance can be given on how competent authorities will interpret and apply the STS Requirements, any international or national regulatory guidance may be subject to change and related regulations such as the CRR and the LCR Regulation may be subject to change and, therefore, what is or will be required to demonstrate compliance with the STS Requirements to national regulators remains unclear. In addition, following the withdrawal of the UK from the EU, the Securitisation Regulation, and other related regulations, are expected to be adopted into UK law (and subject to the publication of national regulatory guidance) and, therefore, any Series of Notes which satisfied the STS Requirements as adopted by the EU at the time the initial STS Notification was submitted to ESMA may no longer satisfy such requirements under EU law and/or UK law, as applicable. The status of any Series and Class of Notes as an STS Securitisation is not static and prospective investors should verify the then-current status of any such Series of Notes on ESMA's website.

In addition, failure by an EU-regulated investor to comply with any applicable due diligence requirements may result in various penalties, including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the Notes acquired by the relevant investor.

With respect to each STS Notification, the Seller may obtain a verification of compliance of the Notes with the STS Requirements, as well as with relevant provisions of Article 243 and Article 270 of the Capital Requirements Regulation and/or Article 7 and Article 13 of the LCR Regulation (an "**STS Assessment**"), from a third party verification agent authorised under Article 28 of the Securitisation Regulation (an "**Authorised Verification Agent**"). If an Authorised Verification Agent is appointed to prepare an STS Assessment with respect to any Notes issued under the Programme, the name of such agent will be disclosed in the relevant STS Notification (and the relevant Final Terms) and the corresponding STS Assessment will be publicly available. It is not yet known whether the Seller will obtain any STS Assessment in relation to Notes issued under this Base Prospectus or whether any STS Assessment will be provided, if sought.

It is important to note that the involvement of an Authorised Verification Agent is not mandatory and the responsibility for compliance with the Securitisation Regulation remains with the relevant institutional investors, originators, sponsors, funding entities and issuers, as applicable in each case. An STS Assessment will not absolve such entities from making their own assessment and assessments with respect to the Securitisation Regulation, the relevant provisions of Article 243 and Article 270 of the Capital Requirements Regulation and/or Article 7 and Article 13 of the LCR Regulation, and an STS Assessment cannot be relied on to determine compliance with the foregoing regulations in the absence of such

assessments by the relevant entities. Furthermore, an STS Assessment is not an opinion on the creditworthiness of the Notes nor on the level of risk associated with an investment in the relevant Notes. It is not an indication of the suitability of the Notes for any investor and/or a recommendation to buy, sell or hold Notes. Institutional investors that are subject to the due diligence requirements of the Securitisation Regulation need to make their own independent assessment and may not solely rely on any STS Assessment, the STS Notification or other disclosed information.

### **US Credit Risk Retention Requirements**

In the US, the US Credit Risk Retention Requirements generally require "sponsors" to retain, in one of a number of specified ways, not less than 5 per cent. of the credit risk of the assets securitised, and generally prohibit sponsors from directly or indirectly eliminating or reducing their credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The US Credit Risk Retention Requirements also provide for certain exemptions from the risk retention obligation they generally impose.

The Seller, in its capacity as sponsor, intends to satisfy the US Credit Risk Retention Requirements in respect of each Series of Notes in the manner set forth in the applicable Final Terms, by either: (a) acquiring and retaining, either directly or through a majority-owned affiliate, an EVI equal to a minimum of 5 per cent. of the Principal Amount Outstanding of the Class A Notes and each Sub-Class of Class Z VFNs, in each case determined as of the relevant Closing Date; or (b) where the sale of a Series of Notes falls within the Section 20 Exemption, relying upon such exemption, in which case such transaction will not involve the retention by the Seller of at least 5 per cent. of the credit risk for the related Series.

The consequences of non-compliance with the US Credit Risk Retention Requirements are unclear, but investors should note that the liquidity and/or value of the related Notes could be adversely affected by any such non-compliance.

See "*Certain Regulatory Disclosures – US Credit Risk Retention Requirements*" for further information on how the Seller intends to comply with the US Credit Risk Retention Requirements.

### **English law security and insolvency considerations**

Under the Deed of Charge, the Issuer has created the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Security for the Issuer's obligations*"). In certain circumstances, including the occurrence of certain Insolvency Events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the relevant security impaired. While the transaction structure is designed to minimise the likelihood of the Insolvency Events occurring in respect of the Issuer, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

*English insolvency and US bankruptcy court rulings may restrain parties from making or receiving payments in accordance with the order of priority agreed between them*

The validity of contractual provisions which (based on contractual and/or trust principles) subordinate certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor has been challenged in the English and US courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty) and have considered whether such payment priorities breach the "anti-deprivation" principle under English and US insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to Noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors.

In particular, recent cases have focused on provisions involving the subordination of a hedge counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called 'flip clauses'). Such provisions are similar in effect to the terms which will be included in the Programme Documents relating to the subordination of Swap Excluded Termination Amounts.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this however, the US Bankruptcy Court has held that such a subordination provision is

unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. However, a subsequent US Bankruptcy Court decision held that flip clauses are protected under the bankruptcy code and are therefore enforceable on bankruptcy. This decision was affirmed on March 14, 2018 by the US District Court. The implications of these conflicting judgements remain unresolved.

If a creditor of the Issuer (such as a Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law-governed Programme Documents (such as a provision of the Priorities of Payments which refers to the ranking of the Swap Counterparties' payment rights). In particular, based on the first of the decisions of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Counterparty, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state).

In general, if a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

#### *Liquidation expenses*

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986. In general, the reversal of the *Leyland Daf* case applies in respect of all liquidations commenced on or after 6 April 2008. As a result of the changes described above, upon the enforcement of the floating charge security to be granted by the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation or administrative expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

#### *Fixed charges may take effect under English law and Northern Irish law as floating charges*

Pursuant to the terms of the Deed of Charge, the Issuer purports to grant fixed charges over, amongst other things, its rights and benefits in the Issuer Accounts and all Authorised Investments purchased from time to time.

The law in England and Wales and Northern Ireland relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer may take effect under English law and Northern Irish law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Property for the Security to be said to constitute fixed charges. If the charges take effect as floating charges instead of fixed charges, then, ordinarily as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets, which may have an adverse effect on the ability of the Security Trustee to realise the charged assets and make payments to Noteholders, which could result in losses on the Notes.

Under Scots law, there is no concept of recharacterising fixed charges as floating charges and so the Issuer will, under the Deed of Charge, grant a floating charge over all of its Scottish assets in addition to fixed security over its interests in the Scottish Mortgage Loans and their Related Security.

### *Ring-fencing of certain floating charge realisations*

To the extent that any of the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations up to a statutory maximum, currently £800,000 per entity which would otherwise be available to satisfy the claims of secured creditors may be used to satisfy claims of unsecured creditors. While certain of the covenants given by the Issuer in the Programme Documents are intended to ensure it has no significant creditors other than the Secured Creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations upon the enforcement of the Security.

### **Corporate Insolvency and Governance Act 2020**

The Corporate Insolvency and Governance Act ("**CIGA**") came into force on 26 June 2020. The CIGA introduces significant new corporate restructuring tools to the UK insolvency regime. The principal elements of the CIGA are a moratorium on certain actions taken against eligible companies, a prohibition on termination of certain contracts triggered by certain insolvency-related events of an eligible company (the "**ipso facto termination provisions**") and a new compromise procedure allowing for a 75 per cent. majority of creditors or members in each class to bind others in the same class even if they do not vote in favour. It is also possible for one class of creditors to bind all others, including secured creditors (a "**cross-class cram down**").

The Issuer is not expected to be an eligible company for the purposes of either the moratorium provisions or the *ipso facto* termination provisions of the CIGA as the Issuer is expected to be a securitisation company within the meaning of the Taxation of Securitisation Companies Regulations 2006. The Issuer is further not expected to be an eligible company for the purposes of the moratorium provisions, and the Transaction Documents are not expected to be subject to the *ipso facto* termination provisions, because the Programme is expected to constitute a "capital market arrangement" and the Notes a "capital market investment" (each as defined under paragraphs 13 and 14 of new schedule ZA1 to the Insolvency Act introduced by CIGA). That said, if for any reason the Issuer is an eligible company for the purposes of the moratorium or the *ipso facto* termination provisions, application of these provisions could result in a material adverse effect on the ability of Noteholders to accelerate their debts and enforce the security granted under the Deed of Charge in a timely manner, which in turn may result in material losses being incurred by Noteholders.

Further, although the Issuer is theoretically within the scope of the new cross-class cram down provisions, given the fact that it is established as an insolvency remote vehicle, with limited third party creditors and where its Secured Creditors have entered into non-petition covenants and limited recourse provisions, it is unlikely to fulfil the prerequisites for the cross-class cram down to apply in practice. If, however, the cross-class cram down provisions were to be used in respect of the Issuer, it would be possible under some circumstances for 75 per cent. by value of the creditors in one class to approve a compromise and thereby "cram down" dissenting classes of creditors, which, if approved by the court, may result in material losses being incurred by Noteholders.

### **UK Banking Act 2009 and the Bank Recovery and Resolution Directive**

The UK Banking Act 2009 (the "**Banking Act**") includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as the Seller, the Interest Rate Swap Counterparty or a Currency Swap Counterparty, the Account Banks, etc.). In addition, pursuant to recent amendments made to the Banking Act, (which have taken effect but certain aspects of which remain unclear), provision has been made for certain tools to be used in respect of a wider range of UK entities, including investment firms and certain group companies provided that certain conditions are met.

In particular, in respect of UK banks, such tools include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK authorities (i.e. bank insolvency and bank administration). In addition, recent changes provide for the introduction of a bail-in tool, which permits the Bank of England in certain circumstances to cancel or modify contracts for the purposes of reducing or deferring liabilities of relevant entities (including UK banks, banking group companies and building societies) and/or to convert liabilities

of such entities into different forms. Further, under the Investment Bank Special Administration Regulations 2011, three additional special administration regimes are available if the failing bank is also an "investment bank" (as defined in the Banking Act). It is possible that the tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made or in such a manner as to supersede any such application.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. HM Treasury are also empowered to amend the law by order for the purpose of enabling the powers under the special resolution regime to be used effectively. An order may make provision which has retrospective effect. In general, there is considerable uncertainty about the scope of the powers afforded to the UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the Banking Act in respect of a relevant entity, such instrument or order may (amongst other things) affect the ability of such entities to satisfy their obligations under the Programme Documents and/or result in modifications to such documents. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) are required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Programme Documents in respect of the relevant entity, including termination and acceleration events and (in the case of the Seller) trigger events in respect of perfection of legal title to the Mortgage Loans). As a result, the making of an instrument or order in respect of a relevant entity may affect the ability of the Issuer to meet its obligations in respect of the Notes.

Amendments have been made to the Banking Act by the Financial Services (Banking Reform) Act 2013 (as brought fully into force by The Financial Services (Banking Reform) Act 2013 (Commencement No.7) Order 2014 on 31 December 2014) to introduce a new bail-in tool, which permits the Bank of England in certain circumstances to cancel or modify certain liabilities of relevant entities (including UK banks, banking group companies and building societies) and/or to convert certain liabilities of such entities into different forms.

This regime has also been amended to ensure that it is compliant with the EU's Bank Recovery and Resolution Directive (2014/59/EU) (the "**BRRD**"). The BRRD was published in the Official Journal of the EU on 12 June 2014 and largely came into force on 2 July 2014. Amongst other things, the BRRD provides for the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities (including a bail-in tool) and for special rules for cross-border groups. The BRRD has been implemented in the UK by, amongst others, the Bank Recovery and Resolution Order 2014 ("**BRRD Order**"), which came into force on 1 January 2015.

There can be no assurance that the Noteholders will not be adversely affected by any action taken under the new bail-in tool. Accordingly, it is not yet possible to assess the full impact of the UK bail-in tool with respect to any unsecured amounts owed to it by a relevant entity in the event of the resolution of that entity, which in turn could adversely affect the Issuer's ability to make payments on the Notes.

At present, the UK authorities have not made an instrument or order under the Banking Act or the BRRD Order in respect of the relevant entities referred to above and there has been no indication that the UK authorities will make any such instrument or order, but there can be no assurance that this will not change and/or that you will not be adversely affected by any such instrument or order if made.

### **Securitisation Company Tax Regime**

The Taxation of Securitisation Companies Regulations 2006 (the "**TSC Regulations**"), as amended, deal with the corporation tax position of securitisation companies such as the Issuer with effect for periods of account beginning on or after 1 January 2007.

If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the Programme Documents. Based on



advice received, the Issuer expects to be taxed under the special tax regime for which provision is made by the TSC Regulations.

Investors should note, however, that the TSC Regulations are in short-form and advisors rely significantly upon guidance from the United Kingdom tax authorities when advising on the scope and operation of the TSC Regulations including whether any particular company falls within the regime.

Prospective Noteholders should note that if the Issuer did not fall to be taxed under the regime then its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, the deduction of interest paid on the Notes could well be disallowed for United Kingdom corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to the Noteholders.

### **Withholding tax**

In the event that any withholding or deduction for or on account of United Kingdom income tax is imposed in respect of payments made to the Noteholders under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction.

### **Pensions Act 2004**

Under the Pensions Act 2004 a person that is 'connected with' or an 'associate' of an employer under an occupational pension scheme can be subject to either a contribution notice or a financial support direction. The Issuer may be treated as associated/connected to one or more employers under an occupational pension scheme which is within the BB UK PLC Group.

A contribution notice could be served on the Issuer if it was party to an act, or a deliberate failure to act: (a) which has caused a material detriment to the pension scheme (whether or not intentionally); or (b) the main purpose or one of the main purposes of which was either (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under Section 75 of the Pensions Act 1995 or (ii) to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due.

A financial support direction could be served on the Issuer where the employer is either a service company or insufficiently resourced. An employer is insufficiently resourced if, broadly speaking, the value of its resources is less than 50 percent of the pension scheme's deficit calculated on an annuity buy-out basis and there is a connected or associated person whose resources at least cover that difference.

A contribution notice or financial support direction can only be served where the Pensions Regulator considers it is reasonable to do so.

Each potential target's maximum exposure to the pension scheme under these powers is an amount equal to deficit of the pension scheme under section 75 of the Pensions Act 1995. If a contribution notice or financial support direction were to be served on the Issuer this could adversely affect the interests of the Noteholders.

### **Strengthening of the UK pensions regulatory regime**

The Pension Schemes Bill 2019-2021 was introduced in the House of Lords in January 2020 but its progress has been delayed in light of the COVID-19 outbreak. It includes (amongst other things), changes to the contribution notice regime, including the introduction of new tests for issuing contribution notices, new criminal offences with unlimited fines, and an expanded civil penalty regime in relation to pensions. If legislation comes into force which increases the range of circumstances in which the Issuer could become liable for pension schemes operated by Barclays Bank UK PLC and/or increases its maximum financial exposure in respect of such pension schemes and the Issuer is targeted under these new powers, this could adversely affect the interests of the Noteholders.

### **Implementation of, and amendments to, the Basel III framework may affect the regulatory capital and liquidity treatment of the Notes**

The Basel III reform package ("**Basel III**") approved by the Basel Committee on Banking Supervision (the "**BCBS**") has been implemented in the EEA or in the UK through the CRR and the re-cast CRD associated with the implementation of Basel III (together, "**CRD IV**"). The CRR establishes a single set of harmonised prudential rules for financial institutions and certain minimum liquidity standards (referred to as the "**Liquidity Coverage Ratio**") and the net stable funding ratio which apply directly to all credit institutions in the EEA or in the UK, with the CRD containing less prescriptive provisions which (unlike the CRR, which applies across the EU without the need for any Member State-level legislation) are required to be transposed into national law. Together the CRR and CRD reinforce capital standards and establish a leverage ratio backstop. As CRD IV allows certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

Therefore, it can be expected that laws and regulations relating to capital requirements and related prudential regulatory matters will continue to develop.

Regulation (EU) No 876/2019 amending the CRR, and Directive (EU) 2019/878 amending CRD IV, entered into force on 27 June 2019, reflecting changes to international prudential standards following on from the Basel III standards. Further reforms to Basel III were agreed by the BCBS in December 2017, including reforms relating to the standardised and internal ratings-based approaches for credit risk, and a revised output floor. Originally, member countries were expected to implement these 2017 reforms, sometimes referred to as "**Basel IV**", by 1 January 2022 (with the exception of those relating to the output floor, which were to be phased in from 1 January 2022 and completed by 1 January 2027). However, as a result of the COVID-19 pandemic, on 27 March 2020 the Basel Committee's oversight body (the Group of Central Bank Governors and Heads of Supervision) announced the following changes to the implementation timeline: (a) the implementation date of the Basel IV standards finalised in December 2017 has been postponed by one year to 1 January 2023; (b) the completion date for the accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028; (c) the implementation date of the revised market risk framework finalised in January 2019 has been postponed by one year to 1 January 2023; and (d) the implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been postponed by one year to 1 January 2023.

On 12 March 2020, the ECB announced temporary capital and operational relief in reaction to COVID-19, to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. One of the measures announced includes allowing those banks to temporarily operate below the liquidity coverage ratio ("**LCR**"). Also in March 2020, the Bank of England published a document aimed at all banks to which CRD IV applies, which stated that such banks are expected to use their liquidity buffers to service and support their customers and clients as a result of COVID-19, even if it means that their LCRs go significantly below 100 per cent. The Bank of England also published a Q&A on 20 April 2020 (updated on 6 July 2020) on the use of liquidity and capital buffers. The Q&A confirms that a reduction in the LCR ratio, including below 100 per cent., in and of itself will not trigger any automatic restrictions and that there is no requirement for banks to rebuild liquidity buffers within a specific time period. On 3 April 2020, the BCBS announced additional measures to alleviate the impact of COVID-19 on the global banking system, focusing on the treatment of these additional measures and the impact of COVID19 on the expected credit losses of banks.

Implementation of the Basel III and Basel IV frameworks (to the extent that they have not been implemented in member countries) and/or of any of the changes put forward by the BCBS, the ECB or the Bank of England as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may adversely affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel III and Basel IV framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## European Market Infrastructure Regulation

The derivatives markets are subject to extensive and recently implemented regulation in a number of jurisdictions, including in Europe pursuant to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (as amended, including by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019 ("**EMIR Refit**") ("**EMIR**") and in the US under the Dodd-Frank Act. Counterparties subject to EMIR will be subject to certain regulatory requirements, including (i) a general obligation to clear all "eligible" OTC derivative contracts through a duly authorised or recognised central counterparty (the "**Clearing Obligation**"), unless one or both counterparties' derivatives trading activity falls below the relevant clearing threshold, (ii) a collateral exchange obligation for OTC derivatives contracts not subject to clearing (the "**Collateral Obligation**"), (iii) daily valuation and other risk-mitigation techniques for OTC derivatives contracts not subject to clearing, and (iv) certain reporting and record-keeping requirements.

Under EMIR, counterparties can be classified as (i) financial counterparties ("**FCs**") (which, following changes made by EMIR Refit, includes a sub-category of small FCs ("**FC-s**")), (ii) non-financial counterparties ("**NFCs**"), and (iii) third country entities equivalent to FCs or NFCs. The NFC classification is further split into: (i) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold ("**NFC+s**") and (ii) non-financial counterparties whose positions in OTC derivatives do not exceed any of the specified clearing thresholds ("**NFC-s**"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the Collateral Obligation, such obligations do not apply in any event in respect of NFC- entities.

The Issuer is currently categorised as NFC-, and as a result neither the Clearing Obligation nor the Collateral Obligation apply to it. If the Issuer's counterparty status changes to NFC+ or FC then certain OTC derivatives contracts that are entered into by the Issuer may become subject to the Clearing Obligation or the Collateral Obligation. In this regard, it should be noted that it is not clear that any of the Swaps would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under the relevant implementing measures made to date.

Notwithstanding the qualifications on application described above, the position of any of the Swaps under each of the Clearing Obligation and Collateral Obligation is not entirely clear and may be affected by further measures still to be made.

It is possible that EMIR Refit will increase the costs of and restrict participation in the derivatives markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivatives markets. If applicable in the context of the Swap Agreements, such additional requirements, corresponding increased costs and/or related limitations on the ability of the Issuer to hedge certain risks may reduce amounts available to the Issuer to meet its obligations and may result in investors receiving less interest or principal than expected.

If the classification of the Issuer changes and, to the extent relevant, one or more of the Swaps is regarded to be in-scope, then a Swap entered into or materially amended on or after the relevant application date may become subject to the Clearing Obligation or (more likely) to the Collateral Obligation. Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with these obligations if applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to a Swap (possibly resulting in a restructuring or termination of the Swap) or to enter into Swaps and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks.

As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

It should also be noted that the Securitisation Regulation, among other things, makes provisions for the development of technical standards in connection with the EMIR regime specifying (i) an exemption from clearing obligations and (ii) a partial exemption from the collateral exchange obligations for non-cleared OTC derivatives, in each case for STS securitisation swaps (subject to the satisfaction of the relevant conditions). The final draft technical standards have been prepared by the European Supervisory Authorities and submitted to the European Commission in December 2018 and these are now subject to the EU political

negotiation process. As a result, the time of entry into force and the date of application of the new technical standards is unknown at this point.

The Seller (as originator for the purposes of the Securitisation Regulation) may procure that an STS Notification be submitted to ESMA confirming that the STS Requirements have been complied with with respect to a Series and Class of Notes and that the FCA be informed of that notification. However, until the final new technical standards referred to above are in force, no assurance can be given that the Swaps will meet the applicable exemption criteria provided therein, to the extent applicable to the issuance of a Series of Notes. Notwithstanding the STS designation (to the extent applicable to a Series of Notes) and the ability, as a result, to rely on the exemptions from clearing and collateral exchange obligations under the EMIR regime, the expectation is that the Issuer should not be required to comply with the EMIR collateral exchange obligations and clearing requirements for the reasons outlined above (being their NFC- status) in any event. The STS designation (to the extent applicable to a series of notes) and the related forthcoming exemptions from collateral exchange obligations and clearing requirements are only likely to become relevant should the status under the EMIR of the Issuer change from NFC- to NFC+ or FC and, if applicable, should the Swaps be regarded as a type that is subject to EMIR clearing requirement.

The Note Trustee will be obliged, without any consent or sanction of the Noteholders, or any of the other Secured Creditors, to concur with the Issuer, and to direct the Security Trustee to concur with the Issuer or any other person, in making any modifications to the Transaction Documents and/or the Conditions applying to Notes of any one or more Series to comply with EMIR. Furthermore, certain modifications may be made to the Transaction Documents by the Note Trustee as described above under "*Risks relating to Changes to the Structure and the Documents – The Note Trustee or the Security Trustee may agree to modifications to the Programme Documents without respectively, the Noteholders' or Secured Creditors' prior consent*". In each case, such amendments may be made irrespective of whether such modifications are materially prejudicial to the interests of any Noteholder or any other Secured Creditor and provided such modifications do not relate to a Basic Terms Modification.

#### **Risks relating to the Rule 2a-7 suitability of the Money Market Notes**

The Issuer may, from time to time, issue Money Market Notes. Any such Notes would be designated as Money Market Notes in the applicable Final Terms. Money market notes are intended to be "eligible securities" for purchase by money market funds meeting the requirements of Rule 2a-7 under the Investment Company Act.

However, the determination as to whether any applicable Series and Class of Notes will qualify as "eligible securities" under Rule 2a-7 will involve investment determinations and interpretive questions that, as with qualification and compliance with other aspects of Rule 2a-7, will be solely the responsibility of each money market fund and its investment adviser. None of the Issuer, the Seller, each Joint Arranger, the Note Trustee, the Security Trustee, each Remarketing Agent, each Tender Agent, each Conditional Note Purchaser or any other party to the Programme Documents will make any representation as to the suitability of any Money Market Notes for investment by money market funds subject to Rule 2a-7 under the Investment Company Act. See "*Description of the Trust Deed – Money Market Notes*" below for additional information regarding Money Market Notes and the remarketing arrangements related thereto.

Prospective investors should be aware that, even if Notes designated as Money Market Notes qualify at the time of issuance as "eligible securities" for the purposes of Rule 2a-7, there is no assurance that it will continue to so qualify until its maturity. Among other things, no assurance can be given that an investor in Money Market Notes will be able to confirm or satisfy the pre condition for Rule 2a-7 eligibility that it is able to monitor readily the conditions limiting the exercise of the Money Market Note Mandatory Transfer, as there is no affirmative obligation pursuant to the terms of the Programme Documents that any information be made available to investors. To the extent Money Market Notes do not qualify as "eligible securities", an investor subject to Rule 2a-7 may be required to dispose of any such notes.

Further, no assurance can be given that any Remarketing Agent or Conditional Note Purchaser for a Series and Class of Money Market Notes will comply with and perform their respective obligations under the remarketing arrangements. Non-compliance with Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*) by reason of any failure on the part of any Remarketing Agent or any Conditional Note Purchaser to perform their respective obligations under the relevant Programme Documents will not constitute an Event of Default. Investors should therefore consider the risk posed if the relevant notes cannot be transferred on a Money Market Note Mandatory Transfer Date (or any other time) as no assurance can

be given that the Conditional Note Purchaser will comply with and perform its obligations and in those circumstances.

**Noteholders will not receive physical notes, which may cause delays in distributions and hamper their ability to pledge or resell the Notes**

Unless and until the note certificates representing the Class A Notes in global form (the "**Global Note Certificates**") are exchanged for note certificates representing such Notes in definitive form ("**Individual Note Certificates**" and, together with the Global Note Certificates, the "**Note Certificates**"), which will only occur under a limited set of circumstances, Noteholders' beneficial ownership of the Class A Notes will only be registered in book-entry form with DTC, Euroclear or Clearstream, Luxembourg (as the case may be). This means that a person acquiring Class A Notes will not be the legal owners or holders of such Notes but will have rights in their capacity as participants in accordance with the rules and procedures of the either DTC, Euroclear, or Clearstream, Luxembourg (as the case may be) and, in the case of indirect participants, their agreements with direct participants (such rights, "**Book-Entry Interests**").

So long as the Class A Notes are in global form, payments of principal and interest on, and other amounts due in respect of, the Class A Notes will be made to the nominee of the Common Depositary or, as applicable, Common Safekeeper for Euroclear and Clearstream, Luxembourg and to Cede & Co as nominee of DTC (as the case may be). None of the Issuer, the Note Trustee, the DTC Custodian, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike holders of Individual Note Certificates, holders of the Book-Entry Interests will not have direct rights under the Trust Deed to act upon solicitations of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear, Clearstream, Luxembourg or DTC (as the case may be) and, if applicable, direct participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis or that the procedures to be implemented by Euroclear, Clearstream, Luxembourg, DTC and the DTC Custodian upon the occurrence of an Event of Default will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In addition, the lack of physical notes could, among other things:

- result in payment delays on the Class A Notes because the Issuer will be sending distributions on the Class A Notes to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) instead of directly to Class A Noteholders;
- make it difficult for Noteholders to pledge or otherwise grant security over the Class A Notes if physical notes are required by the party demanding the pledge or other security; and
- hinder Class A Noteholders' ability to resell the Class A Notes because some investors may be unwilling or unable to buy notes that are not in physical form.

**The Seller will initially retain legal title to the Mortgage Loans**

The sale of the English Mortgage Loans and the Northern Irish Mortgage Loans and their Related Security to the Issuer (until transfer of legal title) will take effect in equity only. The sale of the Scottish Mortgage Loans and their Related Security to the Issuer will be given effect by Scottish Declarations of Trust by the Seller. In each case, this means that legal title to the Mortgage Loans and their Related Security will remain with the Seller until such time as certain additional steps have been taken including the giving of notices of the sale to the Borrowers and, in the case of Scottish Mortgage Loans, the granting, delivery and registration of assignments of standard securities. In addition, it may not be possible for there to be a legal assignment or assignment of the benefit of those Insurance Policies in relation to which the Issuer has acquired only an equitable interest or interest as beneficiary under a Scottish Declaration of Trust.

In accordance with the terms of the Mortgage Sale Agreement, none of the Seller, the Issuer or the Security Trustee will require notification of such sales to the Borrowers or the execution and completion of such transfers and conveyances in favour of the Issuer or the registration of such transfers in order to effect the

transfer of legal title to the Mortgage Loans and their Related Security (including, where appropriate, their registration), except following the occurrence of a Perfection Trigger Event.

At any time during which the Issuer does not hold the legal title to the Mortgage Loans and the Related Security or has not notified the Borrowers of its interest in the Mortgage Loans and the Related Security, there are risks, as follows:

- (a) if the Seller wrongly sold to another person a Mortgage Loan and that Mortgage Loan has already been assigned to the Issuer, and that person acted in good faith and did not have notice of the interests of the Issuer in the Mortgage Loan and that person notified the Borrower of that sale to it of the Mortgage Loan and its Related Security or registered its interest in that Mortgage, then that person might obtain good title to the Mortgage Loan, free from the interests of the Issuer. If this occurred then the title of the Issuer to the affected Mortgage Loan and its Related Security would be subordinated to the title of that person and the Issuer would not be entitled to payments by a Borrower in respect of such a Mortgage Loan. This may affect the ability of the Issuer to repay the Notes;
- (b) the rights of the Issuer may be subject to the rights of the Borrowers against the Seller such as rights of set-off (and certain analogous rights in Scotland) (see in particular "*Risk factors – There are risks in relation to Flexible Mortgage Loans which may adversely affect the funds available to pay the Notes*") which occur in relation to transactions or deposits made between certain Borrowers and the Seller and the rights of Borrowers to repay their Mortgage Loans directly to the Seller. If these rights were to be exercised, the Issuer may receive less money than anticipated from the Mortgage Loans, which may affect the ability of the Issuer to repay the Notes; and
- (c) the Issuer would not be able to enforce any Borrower's obligations under a Mortgage Loan or Mortgage itself but would have to join the Seller as a party to any legal proceedings.

## COUNTERPARTY RISKS

### **The Issuer will rely on third parties and Noteholders may be adversely affected if they fail to perform their obligations**

The Issuer is party to contracts with a number of other third parties that have agreed to perform services in relation to the Programme. In particular, the Servicer, the Cash Manager, the Account Banks, the Interest Rate Swap Counterparty, each Currency Swap Counterparty, the Agents and the Corporate Services Provider have agreed to provide the Issuer with administration services, cash management services and account bank services, payment and calculation services in relation to the Notes, certain hedges against interest rate fluctuations and currency fluctuations and certain corporate services.

Noteholders may be adversely affected if such third parties or any of their successors fail to perform their obligations under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics). In addition, Noteholders may be adversely affected if the appointment of a third party is terminated and no replacement can be found.

Furthermore, as a result of the stringent travel and other restrictions (including imposing restrictions on leaving home without reasonable cause and on public gatherings and requiring closures of certain businesses, such as non-essential shops and restaurants) imposed by governments in many countries (including the UK government) seeking to contain the COVID-19 pandemic (as to which, see further section (h) (*The ongoing COVID-19 pandemic*) of the risk factor entitled "*Risks relating to the Mortgage Loans – Certain factors affecting the economic performance and value of the Mortgage Portfolio*" above), many organisations (including courts, other government agencies and service providers) have either closed or implemented policies requiring their employees to work at home. Such remote working policies are dependent upon a number of factors to be successful, including communications, internet connectivity and the proper functioning of information technology systems, all of which can vary from organisation to organisation. As a result, such closures and remote working policies may lead to delays or disruptions in performing otherwise routine functions and the increase in operational errors, and pose higher risk of general IT system failure, security breaches or cyber-attacks.

In particular, the COVID-19 pandemic has caused disruption to the Servicer's customers, suppliers and staff. The Servicer's ability to administer the mortgages in accordance with the Servicing Agreement may be adversely affected by disruptions to its infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. In addition, to the extent that courts and other government agencies are closed or operate on a limited basis, registration, enforcement and similar activities may not be processed in a timely manner, and may be further delayed as such offices and courts address any backlogs of such actions that accumulated during the period of closure, and the duration of such backlogs is impossible to predict at this time.

If any of the foregoing were to materialise, any services provided by third parties in connection with the Programme, including those provided by the Servicer, may be disrupted, which in turn may have a material adverse effect on the ability of the Issuer to make payments of interest and principal under the Notes.

The Issuer may from time-to-time become subject to regulatory, rating or other requirements that may require the affected entity to appoint additional third parties (or increase the level of responsibility of an existing third party) to provide relevant services and/or incur additional costs and expenses to enable it to comply with the regulatory requirements. The Issuer may be in breach of the regulatory requirements and adversely affected if it were to be unable to find a third party to provide the relevant services or perform them itself. Moreover, any such regulatory requirements may give rise to additional costs and expenses for the affected entity which would be payable prior to making payments with respect to the Notes and thereby reduce amounts available to make such payments.

In the event that the Issuer were to be in breach of regulatory requirements or incur additional costs and expenses one or more Series of Notes may be adversely affected.

#### **Swap Termination Payments may adversely affect the funds available to make payments on the Notes**

If any of the Interest Rate Swap Agreement or the Currency Swap Agreements terminate, the Issuer may be obliged to pay a Swap Termination Payment to the relevant Swap Counterparty. The amount of the applicable Swap Termination Payment will be based on the cost of entering into a replacement Swap. The amount of such termination payment will be based on the value of any benefit that would otherwise accrue to the Issuer as a result of terminating and replacing the relevant Swap Agreement.

No assurance can be given that the Issuer will have the funds available to make any Swap Termination Payment under the relevant Swap Agreement or to make subsequent payments in respect of the Notes. In addition, no assurance can be given that the Issuer will be able to enter into a replacement Swap or, if one is entered into, that the credit rating of the replacement Swap Counterparty (notwithstanding the terms of the Programme Documents) will be sufficiently high to prevent a reduction, qualification or withdrawal of the then current ratings of the Notes by the Rating Agencies.

Except where termination of the Interest Rate Swap Agreement occurs as a result of an Interest Rate Swap Counterparty Default, any Swap Termination Payment due by the Issuer under the Interest Rate Swap Agreement will rank in priority to payments due on the Notes. Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Swap Agreement (including any extra costs incurred (for example, from entering into other hedging transactions) if the Issuer cannot immediately enter into a replacement swap), will also rank in priority to payments due on the Notes.

Except where termination of a Currency Swap Agreement occurs as a result of a Currency Swap Counterparty Default, any Swap Termination Payment due by the Issuer under a Currency Swap will rank equally with payments due on the Class A Notes. Any additional amounts required to be paid by the Issuer following termination of the relevant Currency Swap Agreement (including any extra costs incurred (for example, from entering into other hedging transactions) if the Issuer cannot immediately enter into a replacement swap), will also rank equally with payments due on the Notes.

Therefore, if the Issuer is obliged to make a termination payment to a Swap Counterparty or to pay any other additional amount as a result of the termination of the relevant Swap Agreement, this may affect the amount of funds which the Issuer has available to make payments on the Notes of any Class.

#### **Termination of the Original Currency Swap Agreement for any Series of Non-Sterling Notes**

Prior to the delivery of an Enforcement Notice, the allocation of Available Principal Receipts, if any, towards the redemption of any Series of Non-Sterling Notes will be determined on a *pro rata* basis by

reference to the Sterling Equivalent Principal Amount Outstanding of such Non-Sterling Notes (as per Condition 5.2 (*Mandatory Redemption of the Notes in part*)). An allocation based on the Sterling Equivalent Principal Amount Outstanding of the Non-Sterling Notes means that the proportion of Available Principal Receipts allocated to the Non-Sterling Notes is the same irrespective of the termination of the Original Currency Swap Agreement or the terms of any replacement Currency Swap Agreement entered into with respect to the Non-Sterling Notes.

Under this allocation arrangement, the risk of any reduction in principal amounts available to make payments in respect of the Non-Sterling Notes on any Note Payment Date following the termination of the Original Currency Swap Agreement because (a) a replacement Currency Swap Agreement is not in place and the applicable Spot Rate is less favourable to the Issuer than the Original Exchange Rate or (b) the Replacement Exchange Rate in respect of any replacement Currency Swap Agreement is less favourable to the Issuer than the Original Exchange Rate is, prior to the delivery of an Enforcement Notice, borne by the relevant Series and Class of Non-Sterling Noteholders.

If the Original Currency Swap Agreement is terminated (and irrespective of whether a replacement Currency Swap Agreement is in force), prior to the delivery of an Enforcement Notice and while no Trigger Event is continuing and prior to the occurrence of a Stop Revolving Event or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, on any Note Payment Date falling on or following the Sterling Equivalent Redemption Date, following the application of any amounts held in the Swap Excess Reserve Account towards the redemption of the Non-Sterling Notes, any remaining Principal Amount Outstanding of the Non-Sterling Notes (being the Principal Shortfall Amounts) will only be paid subject to and in accordance with item (vi) of the relevant Pre-Enforcement Principal Priority of Payments, and will accordingly be subordinated to, among other things, payments of principal on the other Class A Notes.

Prior to the delivery of an Enforcement Notice and while a Trigger Event is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, any remaining Principal Amount Outstanding of the Non-Sterling Notes will only be paid subject to and in accordance with item (iii) of the relevant Pre-Enforcement Principal Priority of Payments.

Following the delivery of an Enforcement Notice (which constitutes a termination event under the Original Currency Swap Agreement), any remaining Principal Amount Outstanding of the Non-Sterling Notes will cease to be subordinated to the other Class A Notes and will rank *pari passu* with amounts payable in respect of any other Class A Notes in accordance with item (iv) of the Post-Enforcement Priority of Payments. Available amounts in accordance with the Post-Enforcement Priority of Payments will be allocated on a *pro rata* basis by reference to the respective Sterling Equivalent amounts of such Notes determined using the applicable prevailing Spot Rate.

An allocation on this basis means that the proportion of funds allocated to the Sterling Notes and the Non-Sterling Notes will be affected by variations in the prevailing Spot Rate. If the prevailing Spot Rate is less favourable to the Issuer than the Original Exchange Rate or a previous Spot Rate, then the Sterling Notes will be allocated a greater proportion of the available amounts applied towards the redemption of the Notes in accordance with the Post-Enforcement Priority of Payments.

#### **Termination of the Servicer and appointment of a substitute Servicer**

The Seller has been appointed by the Issuer as Servicer to service the Mortgage Loans. If a Servicer Termination Event occurs, then the Issuer will be entitled to and, if instructed to do so by the Security Trustee, shall terminate the appointment of the Servicer and appoint a substitute Servicer.

There can be no assurance that a substitute servicer would be found who would be willing and able to service the Mortgage Loans on the terms of the Servicing Agreement. In particular, there can be no assurance that a substitute servicer would be willing to accept an appointment in consideration of the servicing fee, which is calculated as, among other things, a fixed percentage of the aggregate Current Balance of the Mortgage Portfolio. If a substitute servicer were required at a time when the Current Balance of the Mortgage Loans in the Mortgage Portfolio was relatively low, the amount of the servicing fee so calculated might be insufficient to obtain a substitute servicer. The Servicing Agreement provides that the Issuer and a potential substitute servicer (other than the Seller) may agree a different servicing fee, which could be higher than the current fee. In addition, any substitute servicer will be required to be appropriately licensed under the CCA and, as described under "*Regulation of the UK residential mortgage market*", a



substitute servicer will also be required to be authorised with the appropriate permissions under the FSMA in order to administer Mortgage Loans that constitute regulated mortgage contracts. The ability of a substitute servicer fully to perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute Servicer (if a substitute Servicer can be found) may affect payments on the Mortgage Loans and hence the ability of the Issuer to make payments when due on the Notes.

### **Transfer of the Issuer Accounts**

The Account Banks are required to satisfy certain criteria (including certain criteria and/or permissions set or required by the FCA from time to time) in order to continue to receive deposits in the Issuer Accounts, including that such Account Banks satisfy the Account Bank Required Ratings. If either of the Account Banks cease to satisfy these criteria, then the relevant Issuer Accounts held with that Account Bank may (and, in the case of a failure of the Second Account Bank to satisfy the Account Bank Required Ratings, will) need to be transferred to another entity which does satisfy these criteria. In these circumstances, the new Account Bank may not offer a Issuer Account on terms as favourable as those provided by the previous Account Bank.

In the event of the ratings of the First Account Bank falling below the First Account Bank Minimum Ratings, there will be no requirement to replace the First Account Bank and, instead, the Issuer will be required to hold an amount equal to the Immediate Cash Requirement in the Second Transaction Account or another Issuer Account with an Account Bank that holds the Account Bank Required Ratings.

The failure to transfer the relevant Issuer Accounts from an Account Bank that no longer satisfies the Account Bank Required Ratings to one that does may increase the risk of losses on amounts held by the Issuer at the affected Account Bank and affect the ability of the Issuer to make payments when due on the Notes, and may have an adverse effect on the ratings assigned to the Notes, which could reduce the market value of the Notes. See further "*Risks relating to the Structure and the Notes – Ratings assigned to any Series and Class of Notes may be qualified, lowered or withdrawn after Noteholders purchase those Notes, which may lower the market value of those Notes*".

For a summary of the Account Bank Required Ratings and the First Account Bank Minimum Ratings as of the date of this Base Prospectus, see "*Cash Management – Account Bank Agreements and Issuer Accounts – Account Bank Ratings*". These criteria are subject to change by the Rating Agencies.

### **Certain conflicts of interest involving or relating to the Arranger, the Dealer and their affiliates**

Barclays Bank PLC acting through its investment bank or through its affiliates (the "**Barclays Parties**"), together with any other Dealers, will play various roles in relation to the offering of the Notes, as described below.

The Barclays Parties and other Dealers may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions) and such Barclays Parties and other Dealers would expect to earn fees and other revenues from these transactions.

The Barclays Parties and other Dealers may act as lead manager, arranger, placement agent and/or initial purchaser or investment manager in other transactions involving issues of residential mortgage-backed securities or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the price or value of the Notes. The Barclays Parties and other Dealers will not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Base Prospectus except where required in accordance with applicable law.

In the ordinary course of business, the Barclays Parties and other Dealers and employees or customers of the Barclays Parties and other Dealers may actively trade in and/or otherwise hold long or short positions in the Notes or enter into transactions similar to or referencing the Notes for their own accounts and for the accounts of their customers. If any of the Barclays Parties and other Dealers becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the Notes. To the extent any of the Barclays Parties and other Dealers makes a market in the

Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which any of the Barclays Parties and other Dealers may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

## **RISKS RELATING TO CHANGES TO THE STRUCTURE AND THE DOCUMENTS**

### **Issuance of additional Notes may affect the timing and amounts of payments in respect of the existing Notes**

The Issuer is permitted to issue Notes at any time without notice to existing Noteholders and without their consent, and such Notes may be issued with different terms from the then outstanding Notes. For a description of the conditions that must be met before the Issuer can issue Notes, see "*Issuance of Notes*".

The issuance of Notes by the Issuer could adversely affect the timing and amount of payments on the then outstanding Notes. For example, if Notes of the same Class as existing Notes but issued after such existing Notes have a higher interest rate than such Notes, this could result in a reduction in the available funds used to pay interest on the existing Notes. Also, when such Notes are issued, the voting rights of existing Notes will be diluted. Further, the issuance of Notes of the same Class as existing Notes but issued after such existing Notes which have scheduled payments on a more frequent basis than the existing Notes could result in a reduction in the available funds to make payments on the existing Notes.

The proceeds of each such issue may be used, among other things, to pay Initial Purchase Price to the Seller in connection with the sale to the Issuer of any Additional Mortgage Portfolio or to refinance all or part of any Series and Class of Notes then outstanding. If any Series and Class of Notes is refinanced, in whole or in part, the Noteholders could be repaid early.

The payment of interest and principal on the Notes will be funded primarily from amounts received by the Issuer arising from the Mortgage Portfolio. The Issuer's obligation to make such payments (or part thereof) in respect of a Series and Class of Notes may rank in priority to payments of interest and principal made by the Issuer in respect of another Series and Class of Notes, subject to the terms and seniority of such payments and the dates on which they are required to be made.

The terms of any Series and Class of Notes to be issued by the Issuer may result in such Notes being repaid prior to the repayment of any Notes already outstanding at the time of such issuance. Noteholders will not have any right of prior review, nor will their consent be required, prior to the issue by the Issuer of any further Series and Class of Notes.

### **The Required Subordination Amount for the Class A Notes may be changed**

The Issuer is permitted to change the Required Subordination Amount for any Series of Class A Notes, or the method of calculating the Required Subordination Amount, at any time without the consent of any Noteholders if certain conditions are met, including the provision of a Ratings Confirmation that such change will not cause a reduction, qualification or withdrawal of the then current ratings of any outstanding Notes that will be affected by such change. This could lead to a delay or reduction in payments on the Notes.

### **There may be a conflict between the interests of the holders of the various Classes of Notes and the interests of the holders of other Classes of Notes or the Secured Creditors**

The Trust Deed and the Conditions will provide that, in connection with the exercise of its trusts, authorities, powers and discretions under the Trust Deed, the Note Trustee is to have regard to the interests of the holders of all the Classes of Notes of all Series. There may be circumstances, however, where the interests of one Class of the Noteholders of any Series conflict with the interests of another Class or Classes of the Noteholders of the same or another Series. In general, the Trust Deed provides that the Note Trustee will give priority to the interests of the holders of the Class of Notes such that the Note Trustee is to have regard

only to the interests of the Class A Noteholders in the event of a conflict between the interests of the Class A Noteholders on the one hand and the Class Z VFN Holders on the other hand.

There may be circumstances where the interests of a Sub-Class of the Class A Noteholders of a Series of Notes conflict with the interests of another Sub-Class of the Class A Noteholders of that Series.

The Trust Deed and the Conditions will provide that where, in the sole opinion of the Note Trustee, there is such a conflict, then a resolution directing the Note Trustee to take any action must be passed at separate meetings of the holders of each such Sub-Class of the relevant Class of Notes of that Series. A resolution may only be passed at a single meeting of the Noteholders of each Sub-Class of the relevant Class of Notes of that Series if the Note Trustee is, in its absolute discretion, satisfied that there is no conflict between them.

In certain circumstances, the Note Trustee or the Security Trustee may agree to make modifications to the Transaction Documents without the prior consent of the Noteholders. The Deed of Charge provides that the Security Trustee will not, and will not be bound to, take any steps, institute any proceedings, exercise its rights and/or to take any other action under or in connection with any of the Transaction Documents (including, without limitation, enforcing the Security) unless the Security Trustee is directed to do so by the Note Trustee or, if there are no Notes outstanding, the other Secured Creditors and, in each case, subject to it being indemnified and/or secured and/or prefunded to its satisfaction. In addition, where a Secured Creditor and/or any of its affiliates act in numerous capacities there may be actual or potential conflicts between (1) the interests of such Secured Creditor and/or any such affiliates in such various capacities and (2) the interests of the Noteholders and such Secured Creditor and/or any such affiliates.

The Seller and the Servicer will be entitled to exercise their rights in respect of the Notes held by them in the same manner as the other holders of Notes in the same Class or Sub-Class of a Series. There may be circumstances where the interests of the Seller and the Servicer as Noteholders conflict with the interests of the other Noteholders in the same Class or Sub-Class of a Series.

**The Note Trustee or the Security Trustee may agree to modifications to the Programme Documents without respectively, the Noteholders' or Secured Creditors' prior consent**

Pursuant to the Conditions, the terms of the Trust Deed and the Deed of Charge, the Note Trustee may from time to time, without the consent or sanction of the Noteholders of any Series or the Secured Creditors (i) concur with the Issuer or any other person or (ii) direct the Security Trustee to concur with the Issuer or any other person, in making or sanctioning any modifications to the Notes of any Series including the Conditions applicable thereto or the Programme Documents or any waiver or authorisation of any breach or proposed breach of any of the provisions of the Conditions, the Notes of any Series or the provisions of any Programme Document (other than in respect of a Basic Terms Modification) where the Note Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of any of the Noteholders of any Series, or where such modification, waiver or authorisation is (i) made to correct a manifest error or (ii) of a formal, minor or technical nature or (iii) made to comply with mandatory provisions of law.

In addition, the Conditions also provide that, subject to certain conditions being met, the Note Trustee and the Security Trustee, acting on the direction of the Note Trustee, will be obliged, without the consent or sanction of the Noteholders or, subject to receipt of the consent from each other Secured Creditor (x) who is a party to the Programme Document being modified or in relation to which it holds security or (y) whose ranking in any Priority of Payments is adversely affected by such amendment, any other Secured Creditor, to concur with the Issuer in making and/or approving any modification (other than a Basic Terms Modification) to the Notes of one or more Series including the conditions applicable thereto or of any Programme Document that the Issuer considers necessary:

- (a) in order to comply with, implement or reflect any change in the criteria of one or more Rating Agencies;
- (b) in order to enable the Issuer and/or the relevant Swap Counterparty to comply (or continue to comply) with their respective obligations under EMIR;
- (c) in order to comply (or continue to comply) with any changes to the requirements of the Securitisation Regulation (including the EU Risk Retention Requirements and any requirements

- relating to the treatment of any Series and Class of Notes of as simple, transparent and standardised) including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation, the CRR Amending Regulation or the US Credit Risk Retention Requirements;
- (d) in order to enable the Notes to be (or to remain) listed on the London Stock Exchange;
  - (e) in order to enable the Issuer to comply (or continue to comply) with the provisions or Rule 17g-5 of the Exchange Act;
  - (f) in order to comply (or continue to comply) with any changes in the requirements of the CRA Regulation;
  - (g) in order to enable any Class of Notes to comply with the criteria for Level 2B securitisations under the Liquidity Coverage Ratio;
  - (h) in order to comply (or continue to comply) with any changes in the requirements of the Capital Requirements Regulation or the Solvency II Regulation applicable to the Notes;
  - (i) in order to amend the Eligibility Criteria or the Portfolio Criteria;
  - (j) in connection with the transfer of any Swap Agreement to a replacement Swap Counterparty, enable such modifications to the original Swap Agreement as may be agreed with the replacement Swap Counterparty, **provided that** the Servicer or the replacement Swap Counterparty certifies to the Note Trustee and the Security Trustee that, following any such modifications, the relevant Swap Agreement will satisfy the rating criteria of the Relevant Rating Agencies;
  - (k) in connection with the transfer of any Account Bank Agreement to a replacement Account Bank, enable such modifications to the original Account Bank Agreement as may be agreed with the replacement Account Bank; and
  - (l) in order to effect a Benchmark Rate Modification or a Swap Rate Modification.

In respect of proposed modifications described in the immediately preceding paragraph, each of the Note Trustee and the Security Trustee, acting on the direction of the Note Trustee, is bound to concur or provide its consent (as the case may be) **provided that**, among other things, and other than in the case of (b) above (a) the proposed modification would not adversely affect the then current ratings of the Notes as evidenced by a Ratings Confirmation; (b) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Series of Notes which would be affected by the proposed modification in accordance with Condition 14 (*Notice to Noteholders*) and by publications on Bloomberg on the "Company News" screen and (c) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not notified the Note Trustee or the Security Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) that they do not consent to the modification. Noteholders of each outstanding Series and Classes of Notes should be aware that, if 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not notified the Note Trustee that they do not consent to the proposed modification(s), the modification(s) will nonetheless be passed and will be binding on all Noteholders of outstanding Series and Classes of Notes.

Furthermore, at the request of the Issuer, the Note Trustee and the Security Trustee are required to concur with the Issuer in effecting a Ratings Modification Event, without the consent of the Noteholders of any Series of Notes and without consent of the Secured Creditors, and the Issuer may appoint any number of Additional Rating Agencies to rate any Series of Notes. See further "*Risks relating to the Structure and the Notes – Ratings Modification Event*".

Any modifications made in the manner described above will be binding on all Noteholders. There is no guarantee that any modification to the Notes of one or more Series or of any Programme Documents will not ultimately adversely affect the rights of Noteholders or payments on the Notes.

**Risks relating to the replacement of a benchmark rate**

Investors should note the various circumstances in which a modification may be made to the Conditions or any other Programme Documents for the purposes of making a Benchmark Rate Modification and to the Swap Agreements for the purpose of making a Swap Rate Modification. These circumstances broadly relate to the disruption or discontinuation of an applicable benchmark rate (which is expected to be SONIA for Sterling, €STR for Euro or SOFR for US Dollars), but also specifically include, among other things, any public statements by the administrator of the applicable benchmark rate or certain regulatory bodies that that benchmark rate will be discontinued or may no longer be used, and a Benchmark Rate Modification or a Swap Rate Modification may also be made if the Issuer (or the Servicer on its behalf) reasonably expects any of these events to occur within six months of the proposed effective date of the Benchmark Rate Modification or the Swap Rate Modification, subject to certain conditions. Investors should note the various circumstances in which a Benchmark Rate Modification or a Swap Rate Modification may be made, which are specified in Condition 11.7 (*Additional rights of modification*) and should also note the various options permitted as an Alternative Benchmark Rate specified therein.

Investors should also be aware that:

- (a) if a benchmark rate is discontinued or is otherwise permanently unavailable and a Benchmark Rate Modification (as described in the paragraph above) has not been made, then the rate of interest on the Notes will be determined for a period by the fall-back provisions provided for under Condition 4 (*Interest*), although such provisions, being dependent in part upon the provision of offered quotations for the EURIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available in respect of the applicable Series;
- (b) while an amendment may be made under Condition 11.7(b) to change the benchmark rate on the Notes to an Alternative Benchmark Rate under certain circumstances broadly related to EURIBOR dysfunction or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant (in this regard, please also refer to the risk factor above entitled "*The Note Trustee or the Security Trustee may agree to modifications to the Programme Documents without respectively, the Noteholders', Secured Creditors' prior consent*"); and
- (c) if EURIBOR is discontinued and a Swap Rate Modification is not made, there can be no assurance that the applicable fall-back provisions under any Swap Agreements would operate so as to ensure that the rate used to determine payments under the Swap Agreements is the same as that used to determine interest payments under the Notes, or that any such amendment made under Condition 11.7(b) would be utilised in such a way that the transactions under the Swap Agreements to effectively mitigate interest rate risk or currency risks on the Notes in circumstances where the reference rate used in a Swap Agreement was no longer aligned with the Notes.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Mortgage Loans, the Notes and/or the Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Moreover, any of the above matters (including an amendment to change the base rate as described in paragraph (b) above) or any other significant change to the setting or existence of EURIBOR or any other relevant interest rate benchmark could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of EURIBOR or any other relevant interest rate benchmark could result in adjustment to the Conditions, early redemption, discretionary valuation by the calculation agent, delisting or other consequences in relation to the Floating Rate Notes. There can be no assurance that any such amendments will be made, or if made, that they will (i) fully mitigate the interest rate risks or result in an effective replacement methodology for determining the reference rate on the Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant.

## Ratings Confirmations

The terms of certain of the Programme Documents require that certain actions proposed to be taken by the Note Trustee, Security Trustee, the Issuer and certain other parties to the Programme Documents may not proceed unless a Ratings Confirmation is received. In addition, the terms of the Trust Deed provide that, in determining whether or not the exercise of any power, right, trust, authority, duty or discretion under or in relation to the Trust Deed or any of the other Issuer transaction documents is materially prejudicial to the interests of the Noteholders, the Note Trustee, acting in its sole discretion may (but will not be obliged to) have regard to such Ratings Confirmation.

A written Actual Ratings Confirmation may or may not be given at the sole discretion of that Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a written Actual Ratings Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Certain rating agencies have indicated that, as a matter of policy, they will no longer provide written Actual Ratings Confirmations.

An Actual Ratings Confirmation from the Rating Agencies, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. An Actual Ratings Confirmation provided by a Rating Agency represents only a restatement of the opinions given by that Rating Agency as at the relevant Closing Date and cannot be construed as advice for the benefit of any parties to the transaction. An Actual Ratings Confirmation does not confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or prejudicial to, the Noteholders.

To the extent that an Actual Ratings Confirmation cannot be obtained, whether or not a proposed amendment, action, determination or appointment will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents. The requirement for an Actual Ratings Confirmation from a Rating Agency will not apply to Notes which are not, at the relevant time, rated by that Rating Agency.

Where the Transaction Documents allow the Note Trustee or the Security Trustee to seek a Ratings Confirmation and a written request for an Actual Ratings Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and:

- (a) one Rating Agency indicates that it does not consider an Actual Ratings Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Actual Ratings Confirmation or response; or
- (b) within 30 days of delivery of such request, no Actual Ratings Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Ratings Confirmation or response could not be given,

then the relevant Rating Agency will be considered a "**Non-Responsive Rating Agency**", and such condition to receive a Ratings Confirmation or response from such Rating Agency will be modified so that there will be no requirement for the Actual Ratings Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a Deemed Ratings Confirmation.

The Note Trustee and the Security Trustee will be entitled to rely on such Deemed Ratings Confirmation without further enquiry or liability. Any Deemed Ratings Confirmation by the Issuer may or may not be given at the sole discretion of the Issuer.

Any Deemed Ratings Confirmation delivered by the Issuer does not constitute an Actual Ratings Confirmation from and, is not binding on, the Rating Agencies. There is therefore a risk that a Rating Agency may not share the opinion of the Issuer presented in a certificate provided by the Issuer, and that the then current ratings assigned to the Notes (or the relevant Series and Class of Notes to which the Ratings Confirmation is required to apply) are reduced, qualified, suspended or withdrawn, which could reduce the market value of the Notes. See further "*Risks relating to the Structure and the Notes – Ratings assigned to any Series and Class of Notes may be qualified, lowered or withdrawn after Noteholders purchase those Notes, which may lower the market value of those Notes*".

Noteholders of each Series should also be aware that other Series of outstanding Notes may be rated by different Rating Agencies and consequently that any Ratings Confirmation requested in respect of any Programme-level amendments may be required from additional Rating Agencies to those rating their particular Series of Notes.

## MACRO-ECONOMIC RISKS

### **Absence of secondary market; lack of liquidity**

No assurance is provided that there is an active and liquid secondary market for the Notes, and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until their Final Maturity Date or alternatively such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

The secondary market for mortgage-backed securities similar to the Notes has, at times, experienced limited liquidity. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

Potential investors should be aware that these prevailing market conditions affecting securities similar to the Notes could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Mortgage Loans.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

None of the Issuer, the Arranger or any Dealer is or will be obliged to make a market for a Series of Notes issued by the Issuer.

### **Risks in relation to the United Kingdom's decision to leave the EU**

Following a referendum vote on 23 June 2016 and a formal notice given by the United Kingdom to the EU on 29 March 2017 under Article 50 of the Treaty on European Union, the United Kingdom left the EU on 31 January 2020 at 11pm local time. At that time, the EU treaties ceased to apply to the UK. However, as part of the withdrawal agreement agreed between the UK and the EU (the "**Withdrawal Agreement**"), the UK is now in an implementation period (the "**Implementation Period**") during which EU law continues to apply in the UK, and the UK continues to be a part of the EU single market, until 31 December 2020 (with a possibility of extension).

The terms of the UK's exit from the EU, including the future relationship, are unclear. The Withdrawal Agreement does not in general address the future relationship between the EU and the UK, which will need to be the subject of a separate agreement which has not yet been negotiated. The outbreak of COVID-19 creates more uncertainty as to the timing and outcome of negotiations of any potential trade agreement between the UK and the EU.

In addition to the economic and market uncertainty this brings (see "*Market uncertainty*" below) there are a number of potential risks in relation to the Notes that you should consider:

(a) *Political uncertainty*

The UK is experiencing a period of acute political uncertainty connected to the negotiations with the EU. Such uncertainty could lead to a high degree of economic and market disruption. It is not possible to ascertain how long this period will last and the impact it will have on the UK in general and the market, including market value and liquidity, for securities similar to the Notes in

particular. The Issuer cannot predict when or if political stability will return, or the market conditions relating to securities similar to the Notes at that time.

(b) *Legal uncertainty*

A significant proportion of English, Northern Irish and Scots law currently derives from or is designed to operate in concert with EU law. This is especially true of English, Northern Irish and Scots law relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, market infrastructure and mortgage and consumer credit regulation. It is expected that the UK will incorporate most of the existing EU law into UK law at the moment before the end of the Implementation Period, with the intention of limiting immediate legal change. The European Union (Withdrawal) Act 2018 also grants the UK Government wide powers to make secondary legislation in order to, among other things, adapt retained EU law that would otherwise not function sensibly once the UK has left the EU, with minimal parliamentary scrutiny. The secondary legislation made under those powers would be able to do anything that could be done by an act of Parliament. Over time, however – and depending on the terms of the UK's future relationship with the EU – significant changes to English, Northern Irish and Scots law in areas relevant to the Programme and the parties to the Programme Documents are likely. The Issuer cannot predict what any such changes will be and how they may affect the Issuer's ability to make payments of principal and interest under the notes.

(c) *Regulatory uncertainty*

The UK's exit from the EU may also have a significant impact on how financial institutions from the remaining Member States (the "EU27") with assets (including branches) in the UK will be regulated and *vice versa*. At present, EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a pass-porting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. EU law is also the framework for mutual recognition of bank recovery and resolution regimes.

Following the end of the Implementation Period, the current passporting system will cease to be effective, as will the current mutual rights of access to market infrastructure and current arrangements for mutual recognition of bank recovery and resolution regimes unless these arrangements and rights are included in the terms of a future relationship agreement between the UK and the EU. The ability of regulated financial institutions to continue to do business between the UK and the EU27 after the end of the Implementation Period would therefore be subject to separate arrangements between the UK and the EU27. The UK government has taken various steps to mitigate the disruption that would result following the end of the Implementation Period, including the creation of a temporary permissions regime which would allow EU27 firms that currently rely on passporting rights to continue their activities in the UK for up to 3 years after the end of the Implementation Period and a more limited run-off regime intended to address contract continuity issues. Nevertheless, regulatory uncertainty remains which could adversely impact the ability of third parties (including parties to the Programme Documents) who are regulated financial institutions to provide services to the Issuer.

(d) *Market uncertainty*

Since the referendum on the UK exiting the EU, there has been volatility and disruption of the capital, currency and credit markets, including the market for asset-backed securities. There may be further volatility and disruption depending on the conduct and progress of the negotiations surrounding the future relationship between the UK and the EU.

Potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Mortgage Portfolio. In addition, as noted under "*Market volatility*" above, any increased disruption in the financial markets may affect the rate at which the



Seller originates Mortgage Loans, which would in turn increase the risk of a Non-Asset Trigger Event and Stop Revolving Event occurring.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

(e) *Counterparty risk*

Counterparties on a transaction under the Programme may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the UK's withdrawal from the EU and from the conduct and progress of the negotiations surrounding the future relationship between the UK and the EU. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on their ability to provide services to the Issuer and, accordingly, on the ability of the Issuer to make payments of interest and repayments of principal under the Notes. See "*The Issuer will rely on third parties and Noteholders may be adversely affected if they fail to perform their obligations*" above.

(f) *Adverse economic conditions affecting Borrowers*

The uncertainty and market disruption arising from the UK's withdrawal from the EU and from the conduct and progress of the negotiations surrounding the future relationship between the UK and the EU, which are exacerbated by the ongoing COVID-19 pandemic, may cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions may affect the Borrowers' willingness or ability to meet their obligations under the Mortgage Loans, resulting in increased defaults in the Mortgage Portfolio and may ultimately affect the ability of the Issuer to pay interest and repay principal under the Notes.

(g) *Break-up of the UK*

The EU withdrawal process has also caused increased constitutional tension within the UK. Majorities of voters in both Scotland and Northern Ireland voted to remain in the EU. Leading figures in both Scotland and Northern Ireland have suggested that they have a mandate from their voters to remain in the EU and might seek to leave the United Kingdom in order to achieve that outcome. The border between Northern Ireland and the Republic of Ireland was a particularly difficult and contentious issue in the withdrawal negotiations and is expected to continue being a significant issue in the context of the negotiations on the future relationship between the UK and the EU. In relation to Scotland, the ability of the Scottish Government to hold a second independence referendum, and its timing, are unclear, however the Scottish Government has announced its intention to hold such a referendum within the next term of the Scottish Parliament, which will commence in May 2021. The Issuer cannot predict the outcome of this continuing constitutional tension or how the future departure of Scotland and/or Northern Ireland from the UK would affect the Programme and the ability of the Issuer to pay interest and repay principal under the Notes.

In particular, whilst the Seller is headquartered and incorporated in England and Wales, certain of the Mortgage Loans in the Mortgage Portfolio are expected to be Scottish Mortgage Loans. A future departure of Scotland from the UK could impact the fiscal, monetary and regulatory landscape to which the Seller is subject. While the operational consequences of independence remain uncertain, it could (i) result in changes to the economic climate in Scotland and political and policy developments which could affect Borrowers' ability to pay amounts when due on the Mortgage Loans and which may adversely affect payments on the Notes, (ii) have an impact on Scots law, regulation, accounting or administrative practice in Scotland, and/or (iii) result in Scotland not continuing to use Sterling as its base currency, which may result in part of the Mortgage Portfolio being redenominated and therefore the Notes potentially being subject to currency risk.

Risks and uncertainties associated with a departure of Scotland from the UK could materialise both before any referendum for independence takes place and, in addition, in the case of a vote for independence, after the referendum but before independence. The final negotiated terms of independence, as well as the risks and uncertainty created, could have an adverse impact on the Seller's business and financial performance more generally.

No assurance can be given that any of these factors would not adversely affect the ability of the Issuer to make timely payments of interest and principal under the Notes.

(h) *Rating actions*

The EU withdrawal process has resulted in rating downgrades of the UK sovereign and the Bank of England by Standard & Poor's, Fitch and Moody's.

Moody's and Fitch have both placed a negative outlook on these ratings, suggesting a strong possibility of further negative rating action. The rating of the sovereign affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Further downgrades may cause downgrades to counterparties to the Programme Documents meaning that they cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace such counterparties with others who have the required ratings on similar terms or at all.

Moreover, a more pessimistic economic outlook for the UK in general could lead to increased concerns around the future performance of the Mortgage Portfolio and accordingly the ability of the Issuer to pay interest and repay principal under the Notes and the ratings assigned to the Notes could be adversely affected.

While the extent and impact of these issues is unknown, Noteholders should be aware that they could have an adverse impact on the Issuer and its ability to make payments of interest and repayments of principal under the Notes.

**Risks relating to the discontinuation of EURIBOR**

EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Any changes to EURIBOR and other interest rate benchmarks will also require compliance with the Benchmarks Regulation.

Under the Benchmarks Regulation, which applied as from 1 January 2018 in general, new requirements apply with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the EU. In particular, the Benchmarks Regulation will, among other things, (a) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (b) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, deemed equivalent or recognised or endorsed).

Since December 2018, the European Money Markets Institute ("**EMMI**") has discontinued the 2 week, 2 month and 9 month tenors due to low levels of activity in the underlying markets of which these tenors were intended to represent. EMMI has also been working to implement overall in-depth reforms to EURIBOR to develop a new hybrid methodology and meet the requirements of the European Benchmarks Regulation. These changes have recently meant that EMMI has, on 2 July 2019, been granted authorisation under the European Benchmarks Regulation by the Belgian regulator. This means that EURIBOR is now considered compliant with the European Benchmarks Regulation and can be used by entities in the EU after the expiration of the European Benchmarks Regulation transition period. On 28 November 2019, EMMI confirmed that it had successfully completed the phase-in of all panel banks to the EURIBOR hybrid methodology.

These reforms and other pressures may cause such benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for

market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Generally, any such modification or potential consequence of the discontinuation of EURIBOR could have a material adverse effect on the value of and return on any of the Notes. See "*Risks relating to changes to the structure and the Documents – Risks relating to the replacement of a benchmark rate*" above.

**The issuance of unsolicited ratings on the Notes could adversely affect the market value of and/or liquidity of the Notes**

Credit rating agencies that have not been engaged to rate Notes issued by the Issuer (a "**Non-Hired NRSRO**") may issue unsolicited credit ratings on such Notes (or issue other commentary on one or more Classes of the Notes) at any time, in each case relying on information they receive pursuant to Rule 17g-5 under the Exchange Act, or otherwise. Any unsolicited ratings (or other commentary) by a Non-Hired NRSRO in respect of the Notes may differ from the ratings expected to be assigned by the Relevant Rating Agencies in respect of such Notes and may not be reflected in any Final Terms. Any requirement for a Ratings Confirmation pursuant to the terms of the Programme Documents will not include a requirement to receive a confirmation from any Non-Hired NRSRO. Issuance of an unsolicited rating which is lower (or commentary that implies a lower rating) by a Non-Hired NRSRO than the ratings assigned by Relevant Rating Agencies in respect of the Notes may adversely affect the market value and/or the liquidity of the Notes. In addition, if the Issuer fails to make available to the Non-Hired NRSROs any information provided to the Relevant Rating Agencies for the purpose of assigning or monitoring the ratings on the Notes, one or more of the Relevant Rating Agencies could withdraw their ratings on the Notes, which could adversely affect the market value of the Notes and/or the liquidity of the Notes.

The Issuer will select two or more Rating Agencies to rate each Series of Class A Notes, as specified in the related Final Terms. There can be no assurance that, had the Issuer selected other rating agencies to rate such Class A Notes, the ratings that such rating agencies would have ultimately assigned to those such Class A Notes would have been equivalent to those assigned by the Relevant Rating Agencies in respect to the relevant Series and Classes of Notes (subject to the Ratings Modification Event or appointment of an Additional Rating Agency). Neither the Issuer nor any other person or entity will have any duty to notify Noteholders if any Non-Hired NRSRO issues, or delivers notice of its intention to issue, unsolicited ratings (or other commentary) on any Notes. Furthermore, the SEC may determine that one or more of the Rating Agencies engaged by the Issuer no longer qualifies as a nationally recognised statistical rating organisation, or is no longer qualified to rate the Notes, and that determination may have an adverse effect on the liquidity, market value and regulatory characteristics of the Notes.

## **LEGAL AND REGULATORY RISKS RELATING TO THE MORTGAGE LOANS**

### **FCA measures in connection with the COVID-19 pandemic**

On 20 March 2020, the FCA published guidance in relation to the exceptional circumstances arising out of the COVID-19 pandemic, and its impact on the financial situation of customer of home finance providers. This guidance was updated on 4 June 2020 and 16 June 2020 to, among other things, extend the effect of the guidance to 31 October 2020. On 31 October 2020, the FCA announced that it would propose updates to its existing guidance to support mortgage borrowers. The FCA is expected to update this advice in early November 2020 (see below).

The FCA's guidance applies to home purchase providers, home purchase administrators, mortgage lenders and mortgage administrators. The FCA is clear that the guidance builds on Principle 6 of the Principles for Business in the FCA Handbook ("**PRIN 6**"), that a firm must pay due regard to the interests of its customers and treat them fairly; Principle 7 of the Principles for Business in the FCA Handbook ("**PRIN 7**"), that a firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading; and MCOB 2.5A.1R, that a firm must act honestly, fairly and professionally in accordance with the best interests of its customer. The guidance indicates that firms should grant a borrower under a Regulated Mortgage Contract up to two payment holidays (referred to as a "full or partial deferral" in the guidance), each for three months, if the borrower is already experiencing, or reasonably expects to experience, temporary payment difficulties as a result of circumstances relating to COVID-19 and wishes to receive a payment holiday. The exception to this is if the firm agrees with the customer a different option that the firm reasonably considers to be in the customer's best interest. Firms

are not prevented from continuing the accrual of interest on sums owed under the mortgage contract that remain unpaid during the payment holiday period, however customers cannot be liable to pay a charge or fee in connection with the grant of a payment holiday.

Firms are required to ensure that the manner in which they seek to recover any sums covered by a payment holiday, and any increase in the total amount payable under the mortgage contract once the payment holiday has ended, is compatible with the obligations in PRIN 6 and MCOB 2.5A.1R. Firms should take reasonable steps to contact their customers in good time before the end of a payment deferral period about resuming payments and to notify the customer of the consequences if they do not respond. This should include information about default arrangements (if any) to capitalise the sums covered by a payment deferral, for example, arrangements that provide for capitalisation over the remaining term of the mortgage or a reasonable extension of the term alongside capitalisation (unless this would take the customer past retirement).

The FCA's guidance applies to customers regardless of whether they are in a payment shortfall. Where a firm is already taking or has taken steps under MCOB 13 in relation to the customer, the firm should consider whether further complementary measures to help the customer are appropriate in light of the guidance. Firms must ensure that customers who had a payment shortfall prior to 20 March 2020 but who have not yet had a payment deferral do not receive less favourable treatment than other customers.

Additionally, firms were not permitted to commence or continue repossession proceedings against customers before 31 October 2020, irrespective of the stage that repossession proceedings had reached and of any step taken in pursuit of repossession. Even where a possession order had already been obtained, firms were required to refrain from enforcing it.

On 26 August 2020, the FCA published "Mortgages and coronavirus: Additional guidance for firms". The draft guidance only applies in the exceptional circumstances arising out of the coronavirus pandemic and its impact on the financial situation of mortgage customers. The proposals aim to ensure that firms provide support to customers who have benefitted from payment deferrals under the current guidance and who continue to face financial difficulties, as well as those whose financial situation may be newly affected by coronavirus after the current guidance expires. The FCA makes clear in the guidance that it expects firms to be flexible and employ short-term and long-term forbearance options to support such customers. This could include allowing customers to make no or reduced payments for a specified period, extending the repayment term or restructuring the mortgage. On 14 September 2020, the FCA finalised its additional guidance. The additional guidance has applied since 16 September 2020 and remains in force until varied or revoked. On 2 November 2020, the FCA set out the proposed form in which it would update this guidance. Under the FCA's proposals, firms should not enforce repossession and should not, seek, or enforce, a warrant for possession or a warrant for restitution before 31 January 2021 unless exceptional circumstances apply. In light of updates to the FCA's payment deferral guidance, the draft guidance also updates the description of customers to whom the delivering effective forbearance guidance now applies. The updated guidance would remain in force until varied or revoked. The FCA asked for comment on the proposals by 10 a.m. on 5 November 2020, but the final guidance has not yet been published.

On 2 November 2020, the FCA also set out the proposed form in which it would update its guidance entitled "Mortgages and coronavirus: our guidance for firms" (which was updated in 4 June 2020 and 16 June 2020). Under the FCA's proposals, customers who have not yet taken a payment holiday will be eligible for two payment holidays of up to six months in total and customers who currently have an initial payment holiday or who have resumed repayments after an initial payment holiday will be eligible for a second three-month payment holiday. Customers would have until 31 January 2021 to request an initial payment deferral, meaning that customers could be granted a payment deferral that continues beyond 31 January 2021. Unless renewed or updated, the updated guidance would expire on 31 January 2021. Where a customer is granted a payment deferral that continues beyond 31 January 2021, the payment deferral guidance would continue in force to the extent necessary to enable this. The FCA asked for comment on the proposals by 10 a.m. on 5 November 2020, but the final guidance has not yet been published. The FCA has stated that until it publishes further guidance more generally, it will not treat a firm that wishes and is able to continue to act in accordance with its June guidance (Mortgages and coronavirus: updated guidance) beyond 31 October 2020 as acting inconsistently with Principle 6, notwithstanding its September guidance (Mortgages and Coronavirus: Additional Guidance).

Adverse market conditions caused by COVID-19 have been making it difficult for some customers with maturing interest-only and part-and-part mortgages. On 23 October 2020, the FCA announced that is

issuing new temporary guidance to allow these customers to delay repaying the capital on their mortgage up to 31 October 2021 while continuing to make interest payments. The temporary guidance on maturing interest-only mortgages and part-and-part mortgages came into force on 31 October 2020, and applies to eligible customers whose loans have matured between 20 March 2020 and will be maturing until 31 October 2021.

These temporary measures, and any subsequent measures taken by the FCA could cause delays in, or reduce, the payments received in respect of the Mortgage Loans, and, therefore may adversely affect payments due on the Notes.

#### **Potential effects of current regulations or any additional regulatory changes**

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, among other things, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a loan made to a borrower and to verify the income of a borrower.

In relation to interest-only mortgage loans that are not buy-to-let mortgage loans, the mortgage market review introduced rules that require relevant institutions, with effect from 26 April 2014, to obtain evidence (with permitted exceptions) that a borrower will have in place a clearly understood and credible payment strategy and that the payment strategy has the potential to repay the principal at the end of the term of an interest-only loan. The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (a) published a report in June 2015 following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (b) began a further thematic review on responsible lending in April 2015. This thematic review was published in May 2016 and summarises the key findings of how firms are applying the responsible lending rules that were introduced in April 2014 following the mortgage market review. The scope of the review is restricted to residential first charge lending for new and existing borrowers.

In December 2016, the FCA launched a market study focusing on consumers' ability to make effective choices in the first charge residential mortgage market, on which it produced an interim report in May 2018 and a final report in March 2019. The final report notes that although the FCA views the mortgage market as working well in many respects, there are still limitations on the tools that help consumers choose cheaper mortgages. For the FCA to help achieve their vision of making this easier, they will be further consulting on new lending rules for assessments on whether customers can afford to switch loans or mortgages, and also on rule changes to help remove potential barriers to innovations. The FCA intended to consult on potential remedies in relation to mortgage switching in the Q2 2020, however this consultation has been delayed due to COVID-19.

These consultations are in addition to regulatory reforms being made as a result of the implementation of the European Directive on credit agreements relating to residential property from 21 March 2016. It is possible that further changes may be made to the FCA's MCOB rules as a result of these consultations and regulatory reforms.

Any further changes in MCOB arising from the FCA's review of the implementation of its mortgage market review, or to MCOB or the FSMA arising from (a) HM Treasury's proposals to change mortgage regulation or changes in the regulatory framework, including the Mortgage Credit Directive or (b) any future review carried out by the FCA, may adversely affect the Mortgage Loans, the Seller and/or the Servicer and their respective businesses and operations.

See "*Regulation of the UK Residential Mortgage Market*" below more generally for certain regulatory considerations and risks.

## Regulation of the UK Residential Mortgage Market

In the United Kingdom, regulation of residential mortgage business by the FCA (previously the Financial Services Authority (the "FSA") under the FSMA came into force on 31 October 2004 (the "**Mortgage Regulation Date**"). Subject to certain exemptions, entering into as a lender, arranging or advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of those activities) is a regulated activity under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") requiring authorisation and permission from the FCA.

If a mortgage contract was entered into or varied, such that a new contract was entered into on or after the Mortgage Regulation Date but before 21 March 2016, it will be a "**Regulated Mortgage Contract**" under the RAO if, at the time it is entered into (a) the lender provided credit to an individual or trustees, (b) the obligation of the borrower to repay to be secured by a first legal mortgage or (in Scotland) a first ranking Standard Security on land (other than timeshare accommodation) in the UK, at least 40 per cent. of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust or by a related person. A related person (in relation to a Borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner or a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife or that person's parent, brother, sister, child (including step children) grandparent or grandchild. There have been incremental changes to the definition of "Regulated Mortgage Contract" over time, including, from 21 March 2016, as a result of the implementation of the European Mortgage Credit Directive (2014/17/EU) (the "**Mortgage Credit Directive**"), the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA and the UK.

If the mortgage contract was entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions such as the relevant exclusions for buy-to let loans): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA or in the UK, at least 40 per cent. of which is used, or is intended to be used, (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee which is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person.

Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are consumer credit back book mortgage contracts and are also therefore Regulated Mortgage Contracts (see "*– Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below).

On and from the Mortgage Regulation Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract ("administering" in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as the Seller) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The Seller and Servicer hold authorisation and permission to enter into and to administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not and does not propose to be an authorised person under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to an administration agreement by an entity having the required FCA authorisation and permission. If such an administration agreement terminates, however, the Issuer will be required to arrange for mortgage administration to be carried out by a replacement administrator having the required FCA authorisation and permission, and will have a period of not more than one month in which to do so.

The Issuer will not itself be an authorised person under the FSMA. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. In addition, no variation has been or will be made to the Mortgage Loans and no Further Advance or Product Switch has been or will be made in relation to a Mortgage Loan, where it would result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**"), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions.

If requirements as to authorisation and permission of lenders and brokers or as to issue and approval of financial promotions are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA rule, and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken (or exercise analogous rights in Scotland). Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Notes and may adversely affect the Issuer's ability to make payments on the Notes.

Any regulated activities carried on by an entity which is not authorised under the FSMA would be in breach of the general prohibition on conducting unauthorised regulated activities in Section 19 FSMA and would be a criminal offence. In addition to criminal offences, the FCA may take civil action against a firm which breaches Section 19 FSMA with, potentially, the imposition of unlimited fines. Therefore, to the extent that the Issuer or the Servicer does not ensure that it acts with the necessary authorisation under the FSMA, there is a risk that such action will result in criminal or civil sanctions against the Issuer or the Servicer. However, this will not render the contract unenforceable against the borrower.

The Seller will give the Mortgage Loan Warranties to the Issuer in the Mortgage Sale Agreement. These include, among other things, that each relevant Mortgage Loan and its Related Security is enforceable (subject to certain exceptions). The Mortgage Sale Agreement provides that in respect of a breach of a Mortgage Loan Warranty (which, if capable of remedy, is not remedied within the specified time) that has a material adverse effect, the Issuer and, following the delivery of an Enforcement Notice, the Security Trustee may require the Seller to repurchase the relevant Mortgage Loan in exchange for payment of a repurchase price.

### **Regulation of residential secured lending (other than Regulated Mortgage Contracts)**

The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending replacing the regime for consumer credit under which second charge lending previously fell. The UK government concluded there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. The Mortgage Credit Directive also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the

implementation of the Mortgage Credit Directive. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the Regulated Mortgage Contract regime rather than keeping them within the consumer credit regime. The move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 (the "**MCD Order**"). The government has put in place transitional provisions for existing loans so that some of the CCA protections in place when the loans were originally taken out were not removed retrospectively.

Credit agreements which were originated before 21 March 2016 which are regulated by the CCA and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are defined by the MCD Order as "consumer credit back book mortgage contracts" and are now regulated mortgage contracts. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of Section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with Section 77A CCA (duty to serve an annual statement) or Section 86B CCA (duty to serve a notice of sums in arrears), once the consumer credit back book mortgage contract became regulated by FSMA under the MCD Order as of 21 March 2016, the sanction of interest not being chargeable under Section 77A CCA and Section 86D CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to the unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in the FCA's Consumer Credit Sourcebook and the CCA that are not contained within MCOB.

The Seller will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each of the respective Mortgage Loans and their Related Security is enforceable (subject to exceptions). If a Mortgage Loan or its Related Security does not comply with these warranties, and if the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, then the Seller will, upon receipt of notice from the Issuer, be solely liable to repurchase the relevant Mortgage Loan(s) and their Related Security from the Issuer in accordance with the Mortgage Sale Agreement.

This regulatory regime may result in adverse effects on the enforceability of certain Mortgage Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

### **Unfair relationships**

Under the Consumer Credit Act 2006, the "extortionate credit" regime was replaced by an "unfair relationship" test, which applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the originator, or any assignee (such as the Issuer), to repay amounts received from such borrower or alter the terms of the agreement. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct (or anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find the relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation as it has been given meaning under UK unfair contract terms legislation (discussed below) and associated case law and regulatory guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the PRA and the FCA (and, prior to 1 April 2013, the FSA) on that principle and by the FCA (and, prior to 1 April 2014, the OFT) on the unfair relationship test, may also be relevant. Once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.



If a court determined that there was an unfair relationship between the lender and the borrowers in respect of the Mortgage Loans and ordered that financial redress was made in respect of such Mortgage Loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans, and the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments under the Notes.

### **Distance Marketing Regulations**

The Financial Services (Distance Marketing) Regulations 2004 (the "**DM Regulations**") apply to, inter alia, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the DM Regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). The DM Regulations (and MCOB in respect of activities related to regulated mortgage contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions, and whether or not there is a right of cancellation. A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, will not be cancellable under the regulations but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under the DM Regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under the DM Regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of the prescribed information. Compliance with the DM Regulations may be secured by way of injunction (interdict in Scotland), granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, inter alia, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

If the borrower cancels the credit agreement under these DM Regulations, then:

- (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and
- (c) any security provided in relation to the contract is to be treated as never having had effect in respect of the cancelled agreement.

If a significant portion of the Mortgage Loans are characterised as being cancellable under the DM Regulations, then this may reduce the amounts available to meet the payments due in respect of the Notes.

### **Unfair Terms in Consumer Contracts Regulations 1994 and 1999**

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (insofar as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, (the "**UTCCR**")), applies to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 ("**Consumer Rights Act**") has revoked the UTCCR in respect of contracts made on or after 1 October 2015 (see "*Consumer Rights Act 2015*" below).

The UTCCR and the Consumer Rights Act provide that a consumer (which would include a Borrower under all or almost all of the Mortgage Loans) may challenge a standard term in an agreement on the basis that it is "unfair" within the UTCCR or the Consumer Rights Act, as applicable, and, therefore, not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in

existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

The UTCCR and the Consumer Rights Act will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal (**provided that** these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention), but may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees.

For example, if a term permitting the lender to vary the interest rate (as the Seller is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee (such as the Issuer), to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken. Any such non-recovery, claim or set-off in respect of the Mortgage Loans entered into between 1 July 1995 and 30 September 2015 may reduce the amounts available to meet the payments due in respect of the Notes.

In July 2019, the FCA and the Competition and Markets Authority (the "**CMA**") entered into a memorandum of understanding in relation to consumer protection (the "**MoU**") which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU states that the FCA will consider fairness within the meaning of the Consumer Rights Act and the UTCCR, of standard terms, and the Consumer Rights Act of negotiated terms, in financial services contracts issued by authorised firms of appointed representatives and within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), of commercial practices in financial services and claims management services of an authorised firm or appointed representative. When such firms or representatives are undertaking any regulated activity (as specified in Part II of the RAO), in the UK. In this MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission. This will include contracts for (a) mortgages and the selling of mortgages, (b) insurance and the selling of insurance, (c) bank, building society and credit union accounts, (d) life assurance, (e) pensions, (f) investments, (g) consumer credit, (h) consumer hire, (i) other credit-related regulated activities, and (j) claims management services.

MCOB rules for Regulated Mortgage Contracts require that: (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (b) from 25 June 2010, the borrower's payments are allocated first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR **provided that** they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn – see below).

In July 2012, the Law Commission and the Scottish Law Commission jointly launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, they published their advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills". This advice paper repeated the recommendation from the 2005 Report on Unfair Terms in Contracts that the Unfair Contract Terms Act 1977 and the UTCCR should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms (as included in Schedule 2 of the Consumer Rights Act) which are indicatively unfair. The Law Commission and the Scottish Law Commission also recommended that the UTCCR should expressly provide that, in proceedings brought by consumers, the court is required to consider the fairness of the term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are included within the Consumer Rights Act 2015.

Historically, the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA

finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and firms should no longer rely on the content of the documents that have been removed.

The extremely broad and general wording of the UTCCR and the Consumer Rights Act makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to Borrowers covered by the UTCCR and the Consumer Rights Act may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Mortgage Loans entered into between 1 July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Notes.

On 19 December 2018, the FCA published finalised guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG 18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the EU. The factors that the FCA considers to be indicative of fairness and transparency of a variation term include whether the consumer has freedom to exit the contract, in the case of an unfavourable variation, and whether the variation is reasonably necessary to achieve a legitimate purpose. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and other rules that apply when they draft and use variation terms in their consumer contracts.

The Unfair Contract Terms and Consumer Notices Regulation Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its powers under the Consumer Rights Act and the Competition and Markets Authority ("CMA") published guidance on the unfair terms provisions in the Consumer Rights Act on 31 July 2015 (the "CMA Guidance"). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the Consumer Rights Act are regarded to be "effectively the same as those of the UTCCR". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs".

The guidance issued by the regulators has changed over time and it is possible that it may change in the future. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Issuer, the Servicer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Mortgage Loans.

### **Consumer Rights Act 2015**

The main provisions of the Consumer Rights Act came into force on 1 October 2015. The Consumer Rights Act significantly reforms and consolidates consumer law in the UK. The Consumer Rights Act involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR. The Consumer Rights Act has revoked the UTCCR and introduced a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the Consumer Rights Act, an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair, it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 of the Consumer Rights Act contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract". Although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

A term of a consumer contract which is not on the "grey list" may not be assessed for fairness to the extent that (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it, provided it is transparent and prominent.

Where a term of a consumer contract is "unfair", it will not bind the consumer. However, the remainder of the contract will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Servicer and the Issuer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Mortgage Loans in the Mortgage Portfolio, and therefore adversely affect receipts on the Mortgage Portfolio and the ability of the Issuer to make payments under the Notes.

### **Consumer Protection from Unfair Trading Regulations 2008**

On 11 May 2005, the European Parliament and the Council adopted a Directive (2005/29/EC) regarding unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). Generally, this directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair Practices Directive permits Member States to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Unfair Practices Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

The Unfair Practices Directive is implemented into UK law by the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), which came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The CPUTR do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.870/2014) was laid before Parliament on 1 April 2014 and came into force on 1 October 2014. These amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, MCOB rules for Regulated Mortgage Contracts from 25 June 2010 prevent the lender from (a) repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest-only for a period, or an alternative product, and (b) automatically capitalising a payment shortfall.

No assurance can be given that the implementation of the Unfair Practices Directive into UK law and any further harmonisation will not have a material adverse effect on the Mortgage Loans or on the manner in

which they are serviced and accordingly on the ability of the Issuer to meet the payments due in respect of the Notes.

### Repossessions

The pre-action protocol for repossessions based on mortgage or home purchase plan arrears in respect of residential property in England and Wales came into force on 19 November 2008 and sets out the steps that judges will expect any lender to take before starting a claim. The pre-action protocol for repossessions based on mortgage arrears in respect of residential property in Northern Ireland also came into force on 30 August 2011. A number of mortgage lenders including the Seller have confirmed that they will delay the initiation of repossession action for at least three months after a borrower, who is an owner-occupier, is in arrears. The application of such a moratorium is subject to the wishes of the relevant borrower and may not apply in cases of fraud. The protocol is addressed to residential mortgage lenders and may have adverse effects in markets experiencing above-average levels of possession claims.

The Mortgage Repossession (Protection of Tenants etc) Act 2010 came into force on 1 October 2010 and gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

The pre-action protocol and the Mortgage Repossession (Protection of Tenants etc) Act 2010 may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in lower recoveries and may adversely affect the ability of the Issuer to repay the Notes. Where the period of grace is afforded it may affect the amount recovered and may result in such recovery being less than may otherwise be the case if, for example, the property sells for less than the amount of the outstanding Mortgage Loan.

On 20 March 2020, the FCA issued guidance entitled "Mortgages and coronavirus: our guidance for firms" in response to the on-going COVID-19 epidemic in the United Kingdom, which was updated on 4 June 2020 and 16 June 2020 to, among other things, extend the effect of the guidance to 31 October 2020. On 31 October 2020, the FCA announced that it would propose updates to its existing guidance to support mortgage borrowers. Amongst other things, the June guidance required that firms should not commence or continue repossession proceedings against customers at this time, irrespective of the stage that repossession proceedings had reached and to any step taken in pursuit of repossession. Where a possession order had already been obtained, firms should refrain from enforcing it. The FCA made clear in the guidance that it expects lenders to act in a manner consistent with these requirements.

On 26 August 2020, the FCA published "Mortgages and coronavirus: Additional guidance for firms". The draft guidance only applies in the exceptional circumstances arising out of the coronavirus pandemic and its impact on the financial situation of mortgage customers. The proposals aim to ensure that firms provide support to customers who have benefitted from payment deferrals under the current guidance and who continue to face financial difficulties, as well as those whose financial situation may be newly affected by coronavirus after the current guidance expires. The FCA makes clear in the guidance that it expects firms to be flexible and employ short-term and long-term forbearance options to support such customers. This could include allowing customers to make no or reduced payments for a specified period, extending the repayment term or restructuring the mortgage. On 14 September 2020, the FCA finalised its additional guidance. The additional guidance has applied since 16 September 2020 and remains in force until varied or revoked. On 2 November 2020, the FCA set out the proposed form in which it would update this guidance. Under the FCA's proposals, firms should not enforce repossession and should not, seek, or enforce, a warrant for possession or a warrant for restitution before 31 January 2021 unless exceptional circumstances apply. In light of updates to the FCA's payment deferral guidance, the draft guidance also updates the description of customers to whom the delivering effective forbearance guidance now applies. The updated guidance would remain in force until varied or revoked. The FCA asked for comment on the proposals by 10 a.m. on 5 November 2020, but the final guidance has not yet been published.

See "*FCA measures in connection with the COVID-19 pandemic*" for a further description of the actions taken by the FCA in response to the COVID-19 outbreak.

### **Home Owner and Debtor Protection (Scotland) Act 2010**

The Home Owner and Debtor Protection (Scotland) Act 2010 (the "**2010 Act**") came into effect in Scotland on 30 September 2010. Part 1 of the 2010 Act contains provisions imposing additional requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland. The 2010 Act amends the sections of the Conveyancing and Feudal Reform (Scotland) Act 1970 which permitted a heritable creditor to proceed to sell the secured property where the formal notice calling up the Standard Security had expired without challenge (or where a challenge had been made but not upheld). In terms of the 2010 Act, the heritable creditor is now required to obtain a court order to exercise its power of sale, unless the borrower and any other occupier have surrendered the property voluntarily. In addition, the 2010 Act requires the heritable creditor in applying for a court order to demonstrate that it has taken various preliminary steps to resolve the borrower's position, as well as imposing further procedural requirements. This may restrict the ability of the Seller as heritable creditor of the Scottish Mortgages to exercise its power of sale and may reduce the amounts available to meet the payments due in respect of the Notes.

### **Financial Ombudsman Service**

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code issued by the Council of Mortgage Lenders occurring before the Mortgage Regulation Date may be dealt with by the Ombudsman.

Complaints brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman in relation to the Borrowers would affect the ability of the Issuer to make payments to Noteholders.

### **Scotland Act 2016**

On 23 March 2016, the Scotland Act 2016 received royal assent and passed into UK law. Amongst other things, the Scotland Act 2016 passed control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Whilst the majority of the provisions are not expected to have an adverse impact on the Scottish economy or on mortgage origination in Scotland, the rates and thresholds for income tax that apply to the non-savings and non-dividend income of Scottish taxpayers has, since 6 April 2018, differed from those applied throughout the rest of the UK. The higher and additional rates of tax have both been increased and, in addition, the basic rate of tax has now also been split into three tiers (a starter rate, a basic rate and an intermediate rate). The changes mean that certain taxpayers in Scotland now pay a higher level of tax than Borrowers in the same income bracket in England and Wales. This may affect some Borrowers' ability to pay amounts when due on the Scottish Mortgage Loans which, in turn, may adversely affect the ability of the Issuer to make payments under the Notes.

### **Land Registration Reform in Scotland**

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Title to a residential property that is recorded in the General Register of Sasines is required to be moved to the Land Register of Scotland (a process known as "first registration") when that property is sold or if the owner decides voluntarily to commence first registration. First registration will also be triggered where an application is made to record a standard security over a property recorded in the General Register of Sasines. This would include any standard security granted by the Issuer in favour of the Security Trustee over Scottish Mortgages in the Mortgage Portfolio recorded in the General Register of Sasines, pursuant to the

terms of the Deed of Charge following a transfer to the Issuer of legal title to the Scottish Mortgage Loans and their Related Security pursuant to the Mortgage Sale Agreement (a "**Scottish Sasine Sub-Security**"). A first registration triggered by a Scottish Sasine Sub-Security will likely result in higher legal costs and a longer period required to complete registration than would previously have been the case, which could reduce the amounts available to the Issuer to make payments under the Notes.

#### **Potential effects of any additional regulatory changes**

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may reduce the amounts available to meet the payments due in respect of the Notes.

#### **There are risks in relation to Flexible Mortgage Loans which may adversely affect the funds available to pay the Notes**

As described under "*Legal and Regulatory Risks relating to the Structure and the Notes – The Seller will initially retain legal title to the Mortgage Loans*", the Seller will make an equitable assignment of the relevant Mortgage Loans and Related Security to the Issuer (or, in the case of Scottish Mortgage Loans and Related Security, will procure that a beneficial interest in the relevant Scottish Mortgage Loans is created in favour of the Issuer pursuant to a Scottish Declaration of Trust, with legal title being retained by the Seller). Therefore, the rights of the Issuer may be subject to the direct rights of the Borrowers against the Seller, including rights of set-off existing prior to notification to the Borrowers of the assignment of the Mortgage Loans and Related Security. The exercise of set-off rights by Borrowers would reduce the incoming cash flow to the Issuer.

Further, there may be circumstances in which:

- a Borrower may seek to argue that certain Flexible Feature Payments and Further Advances are unenforceable by virtue of non-compliance with the Consumer Credit Act 1974 (as amended) (the "CCA");
- a Borrower may seek to argue that a mortgage loan is unenforceable under the FSMA or that there has been a breach of an FCA or PRA rule, and claim damages in respect thereof (see "*Legal and Regulatory Risks relating to the Mortgage Loans – Regulation of the UK Residential Mortgage Market*"); or
- certain Flexible Feature Payments and Further Advances may rank behind security created by a Borrower after the date upon which the Borrower entered into its mortgage loan with the Seller.

The Required Subordination Amount has been sized in an amount expected to cover these risks, although there is no assurance that it will. If the Required Subordination Amount is not sufficient in this respect then there is a risk that Noteholders may not receive all amounts due on the Notes or that payments may not be made when due.

## CERTAIN REGULATORY REQUIREMENTS

### THE SECURITISATION REGULATION

The EU has introduced securitisation reforms through the implementation of a new regime regulating securitisations, the Securitisation Regulation, which in general applies to securitisations under which securities are issued on or after 1 January 2019 (although some legislative measures necessary for the full implementation of the new regime have not yet been finalised and compliance with certain new requirements is subject to the application of transitional provisions).

#### EU risk retention requirements

The Seller (in its capacity as originator) will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures in the securitisation described in this Base Prospectus as required by Article 6(1) of the Securitisation Regulation;
- (b) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of the Securitisation Regulation by confirming, in the Investor Reports, the risk retention of the Seller as contemplated by Article 6(1) of the Securitisation Regulation;
- (c) not change the manner in which it retains such material net economic interest, except to the extent permitted by the Securitisation Regulation; and
- (d) not sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the Securitisation Regulation.

The Seller intends to, from the First Closing Date and while any of the Notes remain outstanding, satisfy the EU Risk Retention Requirements through the retention of the first loss tranche, being the Class Z(S) VFN, the Principal Amount Outstanding of which is not less than 5 per cent. of the then nominal value of the securitised exposures in accordance with Article 6(3)(d) of the Securitisation Regulation. Any change to the manner in which such interest is held will be notified to the Issuer, the Note Trustee and the Noteholders in accordance with the Conditions.

#### Transparency Requirements

The Seller (as the originator for the purposes of the Securitisation Regulation) has been designated, pursuant to Article 7(2) of the Securitisation Regulation, as the entity responsible for fulfilling the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first paragraph of Article 7(1) of the Securitisation Regulation (the "**Transparency Requirements**"). The Seller is responsible for compliance with Article 7 of the Securitisation Regulation. The Issuer has appointed the Servicer to perform any obligations that the Issuer may have under Article 7 of the Securitisation Regulation.

The Servicer has undertaken, on behalf of the Seller, to prepare and make available on the Securitisation Repository Website, or procure the making available on the Securitisation Repository Website of, the information required to be made available by the Seller pursuant to the Transparency Requirements, including:

- (a) on a monthly basis, information on the Mortgage Loans in the Mortgage Portfolio required to be made available pursuant to Article 7(1)(a) of the Securitisation Regulation (the "**Loan Level Report**");
- (b) all underlying documentation required to be made available pursuant to Article 7(1)(b) of the Securitisation Regulation;
- (c) any STS Notification required to be made available pursuant to Article 7(1)(d) of the Securitisation Regulation;
- (d) on a monthly basis, an investor report containing the information required to be made available pursuant to Article 7(1)(e) of the Securitisation Regulation (the "**Investor Report**"); and



- (e) without delay, any inside information required to be made available pursuant to Article 7(1)(f) of the Securitisation Regulation and information on any significant event required to be made available pursuant to Article 7(1)(g) of the Securitisation Regulation, provided that the Servicer's obligations in relation to this paragraph (e) will be conditional upon the Servicer becoming aware of such information and provided further that the Servicer will not be required to monitor the price at which Notes are trading at any time,

in each case in accordance with the requirements of the Securitisation Regulation, including as to the form of such information and the time when such information is required to be made available, including, in relation to any Series and Class of STS Notes, Article 22(5) of the Securitisation Regulation. Each Loan Level Report and Investor Report will be made available simultaneously no later than one month following the relevant Payment Date.

In addition, the Servicer will, before the pricing of a Series or Class of STS Notes, make available to potential investors, upon request:

- (a) information on the Mortgage Loans in the Mortgage Portfolio required to be made available pursuant to Article 7(1)(a) of the Securitisation Regulation; and
- (b) at least in draft form, all underlying documentation required to be made available pursuant to Article 7(1)(b) of the Securitisation Regulation and any STS Notification required to be made available pursuant to Article 7(1)(d) of the Securitisation Regulation (and, where applicable, in final form at the latest 15 days after the issuance of that Series and Class of STS Notes).

For the avoidance of doubt, the Securitisation Repository Website and the contents thereof do not form part of this Base Prospectus.

The Issuer (or the Servicer on its behalf) will be required to notify, or procure that notification is made, to Noteholders of the occurrence of any Trigger Event or any Event of Default, or any change in the Priorities of Payments which will materially adversely affect the repayment of any securitisation position under the Programme, without undue delay.

The Seller (or the Servicer on its behalf) will be required to notify, or procure that notification is made, to Noteholders of any material change to the Seller's Lending Criteria without undue delay.

See further "*The Servicer and the Servicing Agreement – Servicer Reports and Transparency Requirements*".

### **Investors to assess compliance**

In accordance with Article 5 of the Securitisation Regulation, each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Base Prospectus and the related Final Terms generally for the purposes of complying with each of Article 6, Article 7 and Article 9 of the Securitisation Regulation and none of the Issuer, the Seller, the Arranger or any Dealer makes any representation that the information described above or in this Base Prospectus and any Final Terms is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of Article 6, Article 7 and Article 9 of the Securitisation Regulation in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

Investors should note that the requirements of Article 5 of the Securitisation Regulation apply in addition to any other applicable regulatory requirements applying to such investor in relation to an investment in the Notes.

See further "*Risk Factors – Legal and Regulatory Risks relating to the Structure and the Notes – Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the notes*" and "*Simple, Transparent and Standardised Securitisations*" below for further information on the implications of the EU risk retention requirements and the Securitisation Regulation.

### **Information regarding the policies and procedures of the Seller**

The Seller has applied the same sound and well-defined credit-granting criteria for the Mortgage Loans as it has applied to equivalent Mortgage Loans that are not part of the Mortgage Portfolio. In particular:

- (a) the Seller has applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Mortgage Loans as it has applied to equivalent Mortgage Loans that are not part of the Mortgage Portfolio; and
- (b) the Seller has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Borrower meeting his obligations under the relevant Mortgage Loan Agreement,

as to which see "*The Mortgage Loans and the Mortgage Portfolio – Origination of the Mortgage Loans – Lending Criteria*".

### **Simple, transparent and standardised securitisations**

The Seller (as originator for the purposes of the Securitisation Regulation) may procure, pursuant to and in accordance with Article 27 of the Securitisation Regulation, (a) that an STS Notification be submitted to ESMA confirming that the STS Requirements have been complied with with respect to a Series and Class of Notes and (b) that the FCA be informed of that notification. STS Securitisations appear on the list of STS-compliant securitisations established and maintained by ESMA in accordance with Article 27(5) of the Securitisation Regulation. Each STS Notification and accompanying explanation from the Seller of the Series and Class of Notes' compliance with the STS Requirements will be available for inspection on ESMA's website and the Securitisation Repository Website. The STS status of any Series and Class of Notes is not static and prospective investors should verify the current status of such Notes on ESMA's website.

#### *Verification of data*

Prior to the issuance of any Series or Class of Notes, the Seller may cause a sample of the Mortgage Loans included in the Mortgage Portfolio (including the data disclosed in the applicable Final Terms in respect of the Mortgage Loans) to be subject to external verification by one or more appropriate and independent third parties (such as a review of a representative sample of loans based on agreed upon procedures and/or a verification of the stratification tables set out in the applicable Final Terms), the details of which will be set out in the applicable Final Terms.

#### *Liability cashflow model*

The Seller will make available a liability cashflow model, either directly or indirectly through one or more entities which provide such liability cashflow models to investors generally, the details of which will be set out in the applicable Final Terms. The Seller will procure that such liability cashflow model (a) precisely represents the contractual relationship between the Mortgage Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer, and (b) is made available to (i) prior to pricing of the notes, potential investors and (ii) on an on-going basis, investors in the Notes and to potential investors in the Notes upon request.

#### *Authorised verification agent*

With respect to an STS Notification, the Seller may obtain an STS Assessment from an Authorised Verification Agent. If an Authorised Verification Agent is appointed to prepare an STS Assessment with respect to any Notes issued under the Programme, the name of such agent will be disclosed in the relevant STS Notification (and the relevant Final Terms) and the corresponding STS Assessment will be publicly available. It is not yet known whether the Seller will obtain any STS Assessment in relation to Notes issued under this Base Prospectus or whether any STS Assessment will be provided, if sought.

## US CREDIT RISK RETENTION REQUIREMENTS

The Seller, as the "sponsor" of a "securitisation transaction", is required, under Section 15G of the Exchange Act and the final rules and regulations promulgated thereunder (the "**US Credit Risk Retention Requirements**"), to retain an economic interest in the credit risk of the securitised assets of the Issuer of at least 5 per cent. (the "**US Required Risk Retention Interest**"). The US Credit Risk Retention Requirements also provide for certain exemptions from the risk retention obligation they generally impose.

The Seller, in its capacity as sponsor, intends to satisfy the US Credit Risk Retention Requirements in respect of each Series of Notes in the manner set forth in the applicable Final Terms, by either:

- (a) acquiring and retaining, either directly or through a majority-owned affiliate, an eligible vertical interest ("**EVI**") equal to a minimum of 5 per cent. of the Principal Amount Outstanding of the Class A Notes and each Sub-Class of Class Z VFNs, in each case determined as of the relevant Closing Date; or
- (b) where the sale of a Series of Notes falls within the exemption provided by Section 20 of the US Credit Risk Retention Requirements regarding non-US transactions (the "**Section 20 Exemption**"), relying upon such exemption, in which case such transaction will not involve the retention by the Seller of at least 5 per cent. of the credit risk for the related Series.

### Retention of an EVI

With respect to any Series of Notes in which the Seller intends to satisfy the US Credit Risk Retention Requirements by retaining an EVI (as set forth in the related Final Terms), so long as any Notes of such Series are outstanding, the Seller is obliged by the US Credit Risk Retention Requirements to retain, directly or through a majority-owned affiliate, the US Required Risk Retention Interest from the related Closing Date until the later of: (a) the fifth anniversary of such Closing Date and (b) the date on which the aggregate unpaid principal balance of the Mortgage Loans has been reduced to 25% of the aggregate unpaid principal balance of the Mortgage Loans as of such Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the "**Sunset Date**"). In order to satisfy this obligation, the Seller will retain, directly or through a majority-owned affiliate, the US Required Risk Retention Interest through the applicable Sunset Date.

Until the applicable Sunset Date, the US Credit Risk Retention Requirements impose limitations on the ability of the Seller (or its majority-owned affiliate) during such period to dispose of or hedge its risk with respect to the US Required Risk Retention Interest. Prior to the relevant Sunset Date, any financing obtained by the Seller during such period to purchase or carry the US Required Risk Retention Interest that is secured by the US Required Risk Retention Interest must provide for full recourse to the Seller (or its majority-owned affiliate) and otherwise comply with the US Credit Risk Retention Requirements.

In addition, prior to the relevant Sunset Date, the Seller (or its majority-owned affiliate) may not engage in any hedging transactions if payments on the hedge instrument are materially related to the US Required Risk Retention Interest and the hedge position would limit the credit exposure of the Seller or its majority-owned affiliate to the US Required Risk Retention Interest. The retention, financing and hedging limitations set forth in the US Credit Risk Retention Requirements will not apply to any Notes held by the Seller that do not constitute part of the US Required Risk Retention Interest. Also, any financing of the US Required Risk Retention Interest may require a grant or a security interest over the US Required Risk Retention Interest and result in the financing counterparty having enforcement rights in case of an event of default, which may include the right to appropriate or sell the US Required Risk Retention Interest. In carrying out such appropriations or sale, the financing counterparty would not be required to have regard for the provisions of the US Credit Risk Retention Requirements, and any such sale could cause the Seller to be out of compliance with such rules.

### Reliance on the Section 20 Exemption

With respect to any Series of Notes in which the Seller intends to rely upon the Section 20 Exemption (as specified in the related Final Terms) regarding non-US transactions, such transaction will not involve risk retention by the Seller for the purposes of the US Credit Risk Retention Requirements.

Non-US transactions relying on the Section 20 Exemption must meet certain requirements, including that (a) the transaction is not required to be and is not registered under the Securities Act; (b) no more than 10

per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to US persons (in each case, as defined in the US Credit Risk Retention Requirements) or for the account or benefit of US persons (as defined in the US Credit Risk Retention Requirements and referred to in this Prospectus as "**Risk Retention US Persons**"); (c) neither the sponsor nor the issuer of the securitisation transaction is organised under US law or is a branch located in the United States of a non-US entity; and (d) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Any Series of Notes relying on the Section 20 Exemption may not be purchased by Risk Retention US Persons except in accordance with the Section 20 Exemption and with the prior consent of Seller. Prospective investors should note that the definition of "US person" in the US Credit Risk Retention Requirements is substantially similar to, but not identical to, the definition of "US person" under Regulation S, and that an investor could be a Risk Retention US Person but not a "US person" under Regulation S. Under the US Credit Risk Retention Requirements, and subject to limited exceptions, "US person" means any of the following:

- any natural person resident in the United States;
- any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;<sup>1</sup>
- any estate of which any executor or administrator is a US person (as defined under any other clause of this definition);
- any trust of which any trustee is a US person (as defined under any other clause of this definition);
- any agency or branch of a foreign entity located in the United States;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person (as defined under any other clause of this definition);
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- any partnership, corporation, limited liability company, or other organization or entity if:
  - organized or incorporated under the laws of any foreign jurisdiction; and
  - formed by a US person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.<sup>2</sup>

The material difference between such definitions is that (a) a "US person" under Regulation S includes any partnership or corporation that is organized or incorporated under the laws of any foreign jurisdiction formed by one or more "US persons" (as defined in Regulation S) principally for the purpose of investing in securities that are otherwise offered within the United States pursuant to an applicable exemption under the Securities Act unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts, while (b) any organization or entity described in (a) is treated as a "US person" under the US Credit Risk Retention Requirements, regardless of whether it is so organized and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

Each purchaser of any Class of Notes issued in respect of a Series relying on the Section 20 Exemption, including beneficial interest in such Notes, will be deemed to have made certain representations and

<sup>1</sup> The comparable provision from Regulation S is "(ii) any partnership or corporation organized or incorporated under the laws of the United States."

<sup>2</sup> The comparable provision from Regulation S is: "(viii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the [Securities Act], unless it is organized or incorporated, and owned, by accredited investors (as defined in [17 CFR §230.501(a)]) who are not natural persons, estates or trusts."

agreements, including that it (a) is not a Risk Retention US Person (unless it has obtained a prior written consent of the Seller), (b) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such note, and (c) is not acquiring such note or a beneficial interest therein as part of a scheme to evade the US Credit Risk Retention Requirements.

The consequences of non-compliance with the US Credit Risk Retention Requirements are unclear, but investors should note that the liquidity and/or value of the related Notes could be adversely affected by any such non-compliance.

In the future, the Seller may elect to comply with the US Credit Risk Retention Requirements through any other means permitted thereunder. In making such election, the Seller will comply with the provisions of the US Credit Risk Retention Requirements, including applicable disclosure requirements.

Notwithstanding any references in this Base Prospectus to the US Credit Risk Retention Requirements, the Seller and other risk retention related matters, in the event the US Credit Risk Retention Requirements (or any relevant portion thereof) are repealed or determined by applicable regulatory agencies to be no longer applicable to the Programme, neither the Seller nor any other party will be required to comply with or act in accordance with the US Credit Risk Retention Requirements (or such relevant portion thereof).

## OTHER US REQUIREMENTS

### Filing of Diligence Results

On 27 August 2014, the SEC approved rules and issued a release regarding third-party due diligence reports. The release relates primarily to Rule 15Ga-2 and Rule 17g-10 under the Exchange Act, each of which became effective on 10 June 2015. Rule 15Ga-2 requires any Issuer or underwriter of asset-backed securities (including securitisations of residential and commercial mortgage loans as well as other asset classes) rated by a nationally recognised statistical rating organisation to furnish a form (a "**Form ABS-15G**") via the SEC's EDGAR database describing the findings and conclusions of any third-party due diligence report obtained by the Issuer or underwriter. Notably, the filing requirements apply to both publicly registered offerings and unregistered securitisations of assets offered within the US such as those relying on Rule 144A. A third party due diligence report is any report containing findings and conclusions relating to due diligences services, which are defined as a review of pool assets for the purposes of issuing findings on: (1) the accuracy of the asset data; (2) determining whether the assets conform to stated underwriting standards; (3) asset value(s); (4) legal compliance by the Seller; and (5) any other factor material to the likelihood that the Issuer will pay interest and principal as required. These due diligence services are routinely provided by third-party due diligence vendors in asset-backed securities structured transactions and affect their credit ratings.

If required pursuant to Rule 15Ga-2, a Form ABS-15G containing diligence findings and conclusions with respect to any relevant third party due diligence reports prepared for the purpose of the transactions contemplated by this Base Prospectus in respect of any Series or Classes of Notes will be prepared and furnished by the Issuer to the SEC pursuant to Rule 15Ga-2 and will be publicly available. Any Form ABS-15G filed via the SEC's EDGAR database is not and will not be, by this reference or otherwise, incorporated into this Base Prospectus or the relevant Final Terms and should not be relied upon by any prospective investor as a basis for making a decision to invest in any Notes. Prospective investors should rely exclusively on this Base Prospectus and the relevant Final Terms.

### Rule 17g-5 Compliance

In order to permit the Rating Agencies specified in the Final Terms in respect of the applicable Series or Class of Notes (subject, where applicable, to the Ratings Modification Event and the appointment of an Additional Rating Agency) to comply with their obligations under Rule 17g-5 under the Exchange Act, all information that is provided to the Rating Agencies for the purposes of determining the initial credit ratings of the Notes or undertaking credit surveillance of the Notes will be posted on a password-protected internet website (the "**Rule 17g-5 Website**"), at the same time such information is provided to the Rating Agencies.

On the Closing Date, the Issuer will request Barclays Bank UK PLC, pursuant to the Servicing Agreement, to assist in complying with certain of the posting requirements under Rule 17g-5 (in such capacity, the "**Rule 17g-5 Information Provider**"). Any notices or requests to, or any other written communications

with or written information provided to, the Rating Agencies, or any of their officers, directors or employees pursuant to, in connection with or related directly or indirectly to, the Programme or the Transaction Documents, will be in each case furnished directly to the Rating Agencies after a copy has been delivered to the Rule 17g-5 Information Provider for posting to the Rule 17g-5 Website.

### **The Volcker Rule**

On 10 December 2013, US regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act, commonly referred to as the "**Volcker Rule**". The regulations generally prohibit "banking entities" (broadly defined to include US banks, bank holding companies and foreign banking organisations, together with their respective subsidiaries and other affiliates) from (a) engaging in proprietary trading, (b) acquiring or retaining an ownership interest in, or sponsoring, a "covered fund" and (c) entering into certain relationships with such funds, subject to certain exceptions and exclusions.

The Issuer has been structured not to be a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (such statutory provisions, together with such implementing regulations, being the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act and under the Volcker Rule may be available, the Issuer has relied on an exemption from registration as an "investment company" under the Investment Company Act under Section (3)(c)(5)(C) thereof. Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) thereof.

Any prospective investor in any Notes, including a US or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding the effect of the Volcker Rule.

## TRANSACTION OVERVIEW

*The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete, should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Base Prospectus.*

### OVERVIEW OF TRANSACTION PARTIES

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed / Further Information</b>
<b>Issuer</b> .....	Gracechurch Mortgages PLC	10th Floor 5 Churchill Place London E14 5HU	N/A. See the section entitled " <i>The Issuer</i> " for more information.
<b>Holdings</b> .....	Gracechurch Holdings Limited	10th Floor 5 Churchill Place London E14 5HU	N/A. See the section entitled " <i>Holdings</i> " for more information.
<b>Seller</b> .....	Barclays Bank UK PLC	1 Churchill Place London E14 5HP	N/A. See the section entitled " <i>Barclays Bank UK PLC</i> " for further information.
<b>Servicer</b> .....	Barclays Bank UK PLC	1 Churchill Place London E14 5HP	The Servicer was appointed pursuant to the Servicing Agreement. See the sections entitled " <i>Barclays Bank UK PLC</i> " and " <i>The Servicer and the Servicing Agreement</i> " for further information.  The Servicer may delegate its duties under the Servicing Agreement. As of the date of this Base Prospectus, the Servicer intends to delegate its duties to Barclays Execution Services Limited.
<b>Security Trustee</b> ....	Citicorp Trustee Company Limited	Citigroup Centre Canada Square London E14 5LB	The Security Trustee was appointed pursuant to the Deed of Charge. See the section entitled " <i>The Note Trustee and the Security Trustee</i> " for more information.
<b>Note Trustee</b> .....	Citicorp Trustee Company Limited	Citigroup Centre Canada Square London E14 5LB	The Note Trustee was appointed pursuant to the Trust Deed. See the section entitled " <i>The Note Trustee and the Security Trustee</i> " for more information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed / Further Information</b>
<b>Share Trustee.....</b>	CSC Corporate Services (UK) Limited	10th Floor 5 Churchill Place London E14 5HU	The issued share capital of Holdings is held by the Share Trustee under the terms of a discretionary trust. See the section entitled " <i>Holdings</i> " for more information.
<b>Cash Manager.....</b>	U.S. Bank Global Corporate Trust Limited	Fifth Floor 125 Old Broad Street London EC2N 1AR	The Cash Manager was appointed pursuant to the Cash Management Agreement. See the section entitled " <i>Cash Management</i> " for more information.
<b>Corporate Services Provider.....</b>	CSC Capital Markets UK Limited	10th Floor 5 Churchill Place London E14 5HU	The Corporate Services Provider was appointed pursuant to the Corporate Services Agreement.
<b>First Account Bank.....</b>	Barclays Bank UK PLC	1 Churchill Place London E14 5HP	The First Account Bank was appointed pursuant to the First Account Bank Agreement. See the section entitled " <i>Cash Management – Account Bank Agreements and Issuer Accounts</i> " for more information.
<b>Second Account Bank.....</b>	Elavon Financial Services DAC, UK Branch	Fifth Floor 125 Old Broad Street London EC2N 1AR	The Second Account Bank was appointed pursuant to the Second Account Bank Agreement. See the section entitled " <i>Cash Management – Account Bank Agreements and Issuer Accounts</i> " for more information.
<b>Collection Account Bank.....</b>	Barclays Bank UK PLC	1 Churchill Place London E14 5HP	N/A. See the section entitled " <i>Barclays Bank UK PLC</i> " and " <i>The Servicer and the Servicing Agreement – Arrears, Collections and Recoveries</i> " for more information.
<b>Interest Rate Swap Counterparty.....</b>	Barclays Bank UK PLC	1 Churchill Place London E14 5HP	N/A. See the sections entitled " <i>Barclays Bank UK PLC</i> " and " <i>The Swap Agreements – The Interest Rate Swap Agreements</i> " for more information.



<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed / Further Information</b>
<b>Currency Swap Counterparty.....</b>	As set out in the applicable Final Terms	As set out in the applicable Final Terms	A Currency Swap will be entered into for any Series of Non-Sterling Notes. See the section entitled " <i>The Swap Agreement – Currency Swap Agreements</i> " for more information.
<b>Principal Paying Agent.....</b>	Citibank, N.A., London Branch	Citigroup Centre Canada Square London E14 5LB	The Principal Paying Agent was appointed pursuant to the Agency Agreement.
<b>Agent Bank.....</b>	Citibank, N.A., London Branch	Citigroup Centre Canada Square London E14 5LB	The Agent Bank was appointed pursuant to the Agency Agreement.
<b>Registrar.....</b>	Citibank, N.A., London Branch	Citigroup Centre Canada Square London E14 5LB	The Registrar was appointed pursuant to the Agency Agreement.
<b>Exchange and Transfer Agent...</b>	Citibank, N.A., London Branch	Citigroup Centre Canada Square London E14 5LB	The Exchange and Transfer Agent was appointed pursuant to the Agency Agreement.
<b>US Paying Agent...</b>	Citibank, N.A., London Branch	Citigroup Centre Canada Square London E14 5LB	The US Paying Agent was appointed pursuant to the Agency Agreement.
<b>Arranger.....</b>	Barclays Bank PLC acting through its investment bank or its affiliates	5 The North Colonnade Canary Wharf London E14 4BB	The Arranger was appointed pursuant to the Programme Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>Dealer.....</b>	Barclays Bank PLC acting through its investment bank or its affiliates, and such other Dealers as may be appointed from time to time	5 The North Colonnade Canary Wharf London E14 4BB	Barclays Bank PLC was appointed as a Dealer pursuant to the Programme Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>Class Z VFN Registrar.....</b>	Barclays Bank UK PLC	1 Churchill Place London E14 5HP	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
<b>Class Z VFN Holder.....</b>	Barclays Bank UK PLC	1 Churchill Place London E14 5HP	N/A
<b>Listing Authority..</b>	The Financial Conduct Authority	N/A	N/A

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed / Further Information</b>
<b>Stock Exchange.....</b>	The London Stock Exchange's regulated market	N/A	N/A
<b>Clearing Systems ..</b>	Euroclear, Clearstream, Luxembourg and DTC	N/A	N/A
<b>Rating Agencies ....</b>	Two or more (as specified in the applicable Final Terms) out of:		N/A. See further " <i>Overview of the Terms and Conditions of the Notes – Ratings Modification Events</i> ", including with respect to the ability to appoint Additional Rating Agencies.
	Standard & Poor's Credit Market Services Europe Limited	20 Canada Square Canary Wharf London E14 5LH	
	Moody's Investors Service Limited	1 Canada Square London E14 5FA	
	Fitch Ratings Ltd	30 North Colonnade Canary Wharf London E14 5GN	

## OVERVIEW OF MORTGAGE PORTFOLIO AND SERVICING

Please refer to the sections entitled "*The Mortgage Loans and the Mortgage Portfolio*", "*Assignment of the Mortgage Loans and Related Security*" and "*The Servicer and the Servicing Agreement*" for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and servicing arrangements in respect of the Mortgage Portfolio.

### **Sale of Mortgage**

#### **Portfolio .....**

The Mortgage Portfolio will consist of Mortgage Loans and their Related Security sold from time to time by the Seller to the Issuer in accordance with the terms of the Mortgage Sale Agreement. The types of Mortgage Loans forming part of the Mortgage Portfolio may vary over time, provided that the Eligibility Criteria and the Portfolio Criteria (each as described below) in respect of such Mortgage Loans are met at the time the relevant Mortgage Loans and their Related Security are sold to the Issuer.

Prior to the occurrence of an Event of Default or a Stop Revolving Event or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, the Issuer will acquire Mortgage Loans and their Related Security from the Seller:

- (a) in connection with the issuance of Notes from time to time in accordance with the Programme and further advances under the Class Z(S) VFNs in an amount sufficient to maintain the Required Subordination Amount and the Required Retention Amount, the proceeds of which may be applied in whole or in part by the Issuer to acquire Mortgage Loans and their Related Security from the Seller; and
- (b) for so long as a Trigger Event is not continuing, by applying Available Principal Receipts to acquire Additional Mortgage Loans and their Related Security from the Seller.

Each Mortgage Loan will be governed by English law, Scots law or Northern Irish law.

The Mortgage Loans comprising the Initial Mortgage Portfolio and any Additional Mortgage Portfolio will be Standard Variable Rate Mortgage Loans, Fixed Rate Mortgage Loans, Tracker Rate Mortgage Loans or Discounted Variable Rate Mortgage Loans and/or other types of Mortgage Loans that may be assigned to the Issuer, from time to time, in accordance with the Mortgage Sale Agreement.

All of the Mortgage Loans in the Mortgage Portfolio will be secured by first ranking legal charges over freehold, leasehold or commonhold properties located in England or Wales or by first ranking standard securities over heritable or long leasehold properties located in Scotland or by first ranking mortgage (in the case of unregistered land) or first ranking charge (in the case of registered land) over freehold or leasehold properties located in Northern Ireland.

See "*Assignment of the Mortgage Loans and Related Security*" for further information on this.

### **Features of Mortgage**

#### **Loans.....**

The following is a summary of certain features of the Mortgage Loans as at the initial Assignment Date and investors should refer to, and carefully consider, the section entitled "*The Mortgage Loans and the Mortgage Portfolio*".

#### **Type of Borrower**

Prime

<b>Type of Mortgage Loan</b>	Repayment Mortgage Loans, Interest Only Mortgage Loans and Part and Part Mortgage Loans
<b>Self-Certified Mortgage Loans</b>	No
<b>Fast-track Mortgage Loans</b>	No
<b>Buy-To-Let Mortgage Loans</b>	No

New Mortgage Products may be sold to the Issuer after the date of this Base Prospectus. The Mortgage Loan Warranties, Eligibility Criteria and Portfolio Criteria may be modified as required to accommodate New Mortgage Products, subject to receipt of a Ratings Confirmation.

**Consideration.....** The consideration payable by the Issuer in respect of the sale of each Mortgage Portfolio will be a combination of:

- (a) the Initial Purchase Price; and
- (b) the Deferred Consideration.

See further the section entitled "*Assignment of the Mortgage Loans and Related Security*".

**Eligibility Criteria .....** Any Mortgage Loan and its Related Security to be sold to the Issuer must comply with the following criteria as at the relevant Assignment Date for that Mortgage Loan:

- (a) the origination of the Mortgage Loan was in accordance with the then applicable Lending Criteria of the Seller;
- (b) the Mortgage Loan has an aggregate amount in arrears which is no more than the amount of the Monthly Payment then due;
- (c) the Mortgage Loan has not had an aggregate amount in arrears which is more than the amount of the Monthly Payment then due in the twelve calendar months prior to the Assignment Date;
- (d) the Mortgage Loan was originated at least one calendar month prior to the relevant Assignment Date;
- (e) the Mortgage Loan is not subject to a payment holiday;
- (f) the Mortgage Loan is secured by a Mortgage over the relevant Mortgaged Property;
- (g) the Mortgage Loan has been made to a Borrower who is natural legal person over the age of 18;
- (h) the Mortgage Loan is secured over a residential Mortgaged Property situated in England, Wales, Scotland or Northern Ireland;
- (i) the Mortgage Loan is not a Buy-To-Let Mortgage Loan, nor has a permission to let been granted;
- (j) the Mortgage Loan has a current indexed LTV Ratio of no more than 90 per cent.;
- (k) the Mortgage Loan was not originated prior to 1 January 2014;

- (l) the Mortgage Loan has a Current Balance of no more than £2,000,000 as at the relevant Assignment Date;
- (m) the Mortgage Loan is not a Shared Ownership Mortgage Loan;
- (n) the Mortgage Loan is not a Right to Buy Mortgage Loan or a Help to Buy Mortgage Loan;
- (o) the Mortgage Loan's maturity date is no later than three years prior to the earliest Final Maturity Date in respect of any Series and Class of Notes, other than Bullet Redemption Notes, then outstanding;
- (p) in respect of each Fixed Rate Mortgage Loan, the Issuer has entered into an Interest Rate Swap in respect of that Fixed Rate Mortgage Loan; and
- (q) the Borrower has made at least one full Monthly Payment in respect of that Mortgage Loan.

The Issuer will have the right to amend the Eligibility Criteria if it receives a Ratings Confirmation and provides a copy of that Ratings Confirmation to the Note Trustee and the Security Trustee. No consent of the Note Trustee, the Security Trustee, the Noteholders or the other Secured Creditors to the amendments will be required.

See "*Assignment of the Mortgage Loans and Related Security – Eligibility Criteria*" for more information on the Eligibility Criteria.

**Portfolio Criteria .....**

In addition, on each Assignment Date, the Mortgage Portfolio (including any Mortgage Loans and their Related Security to be sold to the Issuer on that Assignment Date) must comply with the following criteria as at that Assignment Date:

- (a) the aggregate Current Balance of Mortgage Loans which are greater than three months in arrears is less than or equal to five per cent. of the Current Balance of the Mortgage Portfolio;
- (b) no Event of Default has occurred which is continuing;
- (c) for so long as S&P is a Relevant Rating Agency in respect of any Series and Class of Notes outstanding, the sale does not cause the product of the WAFF and the WALS for the Mortgage Portfolio immediately following such sale, calculated on the Assignment Date in the same manner as for the Mortgage Loans in the Mortgage Portfolio as at the First Closing Date (or as otherwise agreed by the Servicer and S&P from time to time), to exceed:
  - (i) the product of the WAFF and WALS for the Mortgage Loans in the Mortgage Portfolio as at the immediately preceding Closing Date; plus
  - (ii) 0.25 per cent.;
- (d) no amount was standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the second Payment Date immediately preceding such Assignment Date that remained standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the Payment Date immediately preceding such Assignment Date;

- (e) other than in respect of an Assignment Date which is also a Closing Date, the aggregate of the Current Balance of each Mortgage Loan to be sold to the Issuer, together with each Mortgage Loan sold to the Issuer in the Interest Period in which the Assignment Date falls, is less than or equal to 15 per cent. of the aggregate of the Current Balance of the Mortgage Portfolio immediately prior to such sale;
- (f) where the sale would include any Mortgage Loan which is a New Mortgage Product, the Issuer has received a Ratings Confirmation (copied to the Note Trustee) in respect of the inclusion of such New Mortgage Product and any modifications to the Eligibility Criteria, the Portfolio Criteria or the Mortgage Loan Warranties;
- (g) the weighted average Original LTV Ratio of the Mortgage Portfolio immediately following the sale will be less than or equal to 70 per cent.;
- (h) the weighted average Current LTV Ratio of the Mortgage Portfolio immediately following the sale will be less than or equal to 70 per cent.;
- (i) the aggregate of the Current Balance of each Mortgage Loan in the Mortgage Portfolio immediately following the sale with an Original LTV Ratio greater than 80 per cent. will be less than or equal to 25 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale;
- (j) the Current Balance of each Interest Only Mortgage Loan in the Mortgage Portfolio immediately following the sale will be less than or equal to 20 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale;
- (k) the Current Balance of each Mortgage Loan in the Mortgage Portfolio immediately following the sale with a region of Greater London or South East will be less than or equal to 60 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale;
- (l) the Current Balance of each Mortgage Loan in the Mortgage Portfolio immediately following the sale where the Borrower is self-employed will be less than or equal to 25 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale; and
- (m) the Mortgage Portfolio Yield of the Mortgage Loans in the Mortgage Portfolio immediately following the sale is at least equal to the sum of the Minimum Mortgage Portfolio Yield Margin and the Interest Rate Swap Floating Rate as at the previous Swap Payment Date or, if there is no previous Swap Payment Date, the Interest Rate Swap Floating Rate that would be payable were the Assignment Date a Swap Payment Date.

The Issuer will have the right to amend the Portfolio Criteria if it receives a Ratings Confirmation and provides a copy of that Ratings Confirmation to the Note Trustee and the Security Trustee. No consent of the Note Trustee, the Security Trustee, the Noteholders or the other Secured Creditors to the amendments will be required.

See "*Assignment of the Mortgage Loans and Related Security – Portfolio Criteria*" for more information on the Portfolio Criteria.

**Representations and Warranties.....**

The Seller is required to give the Mortgage Loan Warranties in respect of each Mortgage Portfolio sold to the Issuer on each Assignment Date.

The Mortgage Loan Warranties will include (but will not be limited to) representations and warranties as to the following matters:

- (a) the legal nature of the Mortgage Loans and their Related Security (including the valid, binding and enforceable nature of the relevant Mortgage Loan and the Related Security);
- (b) that each relevant Mortgaged Property is secured by a Mortgage;
- (c) that each relevant Mortgaged Property is located in England, Wales, Northern Ireland or Scotland;
- (d) that the Borrower has a good and marketable title to the relevant Mortgaged Property;
- (e) that, so far as the Seller is aware, no Borrower is in material breach of the Mortgage Conditions of its Mortgage Loan; and
- (f) that each Mortgage Loan has a remaining term of less than 40 years.

See further the section entitled "*Assignment of the Mortgage Loans and Related Security – Representations and warranties*".

#### **Seller's Lending**

##### **Criteria .....**

On each Assignment Date, the Seller will represent that each Mortgage Loan which is the subject of that sale was originated in accordance with the Lending Criteria applicable at the time of origination. The Lending Criteria provide that, on a case by case basis, and within approved limits as detailed in the Lending Criteria, the Seller may originate Mortgage Loans which are subject to an underwriting exception.

The Seller is entitled to change its Lending Criteria from time to time, so that Additional Mortgage Loans originated after the date of that change will be subject to such new Lending Criteria. Notwithstanding any such change to such Lending Criteria, such Additional Mortgage Loans may still be sold to the Issuer provided that the Mortgage Loans are able to continue to comply with the Eligibility Criteria. Any material changes from the Seller's prior Lending Criteria will be required to be disclosed to Noteholders without undue delay.

See further the section entitled "*Assignment of the Mortgage Loans and Related Security – Lending Criteria*".

#### **Mandatory repurchase of the Mortgage Loans and Related Security .....**

The Seller will be required to repurchase the relevant Mortgage Loans and their Related Security if:

- (a) any Mortgage Loan Warranty proves to have been untrue, and such breach has a material adverse effect on a Mortgage Loan or its Related Security;
- (b) any of the Eligibility Criteria are not satisfied in respect of a Mortgage Loan; or
- (c) any of the Portfolio Criteria are not satisfied in respect of the Mortgage Loans in the Mortgage Portfolio,

in each case, on the relevant Assignment Date or, in relation to a Further Advance or a Product Switch, the last day of the Calculation Period in which such Further Advance or Product Switch was made (where the breach or failure to satisfy is not capable of remedy or the Seller has failed to remedy the breach or failure to satisfy within a period of 28 Business Days), or in certain other circumstances following the making of a Further Advance or the granting of a Product Switch.

See further the sections entitled "*Assignment of the Mortgage Loans and Related Security – Product Switches*", "*Assignment of the Mortgage Loans and Related Security – Further Advances*" and "*Assignment of the Mortgage Loans and Related Security – Repurchase of the Mortgage Loans*".

**Optional repurchase of the Mortgage Loans and Related Security.**

The Seller may offer to repurchase Non-Compliant Mortgage Loans, which offer the Issuer will be required to accept. Any selection of Mortgage Loans required to be repurchased will, where appropriate (with regard to, in particular, whether such non-compliance relates to the Mortgage Portfolio or a specific Mortgage Loan), be carried out on a random basis. See further the section entitled "*Assignment of the Mortgage Loans and Related Security – Repurchase of Non-Compliant Mortgage Loans*".

The Seller may offer to repurchase randomly selected Mortgage Loans and their Related Security pursuant to a general right to repurchase, **provided that** the Mortgage Portfolio will continue to meet the Portfolio Criteria immediately following the repurchase. The Issuer will be required to accept any such offer. See further the section entitled "*Assignment of the Mortgage Loans and Related Security – General ability to repurchase*".

In the event that any Redress is required to be made in respect of a Mortgage Loan, the Seller will, by a date no later than the date by which the FCA or any other regulatory authority requires such Redress to be made, at its sole discretion, either repurchase the relevant Mortgage Loan and its Related Security or make a Redress Payment to the Issuer in an amount equal to that required to rectify the Redress exercise. The Seller may repurchase any Mortgage Loan in relation to which Redress is required to be made at any time during the Redress exercise. See further the section entitled "*Assignment of the Mortgage Loans and Related Security – Redress Payments*".

**Consideration for Repurchase.....**

Consideration payable by the Seller in respect of any repurchase of any Mortgage Loan and its Related Security will be an amount equal to the aggregate of the Current Balance and all Arrears of Interest and Accrued Interest thereof and expenses payable relating thereto (excluding, if applicable the amount of any Further Advance which has not yet been paid for by the Issuer) as at the date of completion of such repurchase.

If the Seller fails to pay the consideration due for any repurchase or otherwise fails to complete such repurchase pursuant to the terms of the Mortgage Sale Agreement, then the Principal Amount Outstanding of the Class Z(S) VFN will be redeemed in an amount equal to that consideration, **provided that** the Principal Amount Outstanding of the Class Z(S) VFN will be at least the Required Retention Amount.

**Perfection Trigger Events.....**

Transfer of the legal title to the relevant Mortgage Loans will be completed on or before the 20th Business Day after the occurrence of a Perfection Trigger Event. See further "*Assignment of the Mortgage Loans and Related Security – Transfer of Title to the Mortgage Loans to the Issuer*" and the definition of Perfection Trigger Event set out therein.

Prior to the completion of the transfer of legal title to the Mortgage Loans, the Issuer will hold only the equitable title to those Mortgage Loans or, in the case of Scottish Mortgage Loans, will be the sole beneficiary under the grant of a declaration of trust and will therefore be subject to certain risks as set out in the section entitled "*Risk Factors – Legal and Regulatory Risks relating to the Structure and the Notes – The Seller will initially retain legal title to the Mortgage Loans*".

**Servicing of the Mortgage Portfolio....**

The Servicer will be appointed by the Issuer to administer the Mortgage Loans on a day-to-day basis in accordance with the Servicing Agreement. The Servicer performs the day-to-day servicing of the Mortgage Loans from its



mortgage service centres and telephone banking and operations centres. The appointment of the Servicer may be terminated by the Issuer following the occurrence of certain Servicer Termination Events, which include:

- (a) the Servicer fails to pay any amount due and payable by it and such failure is not remedied for a period of 30 calendar days after the Servicer becoming aware of such failure;
- (b) insolvency of the Servicer;
- (c) material non-performance, **provided that** where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default will not constitute a Servicer Termination Event if, within such 30 London Business Day period, either:
  - (i) the relevant sub-contractor or delegate remedies the relevant default; or
  - (ii) the Servicer replaces the relevant sub-contractor or delegate with an entity capable of remedying such default (and ensures that such default is remedied by such entity) or alternatively indemnifies the Issuer against the consequences of such default; or
- (d) failure to maintain the necessary licences or regulatory approvals.

See further "*The Servicer and the Servicing Agreement – Removal or resignation of the Servicer*".

Upon termination of the appointment of the Servicer following a Servicer Termination Event, the Issuer (or following the delivery of an Enforcement Notice, the Security Trustee) is required to use its reasonable endeavours to appoint, as soon as reasonably practicable, a replacement Servicer that satisfies the following conditions:

- (a) such replacement servicer has experience of administering Mortgage Loans secured on residential mortgaged properties in England, Wales, Scotland and Northern Ireland;
- (b) such replacement servicer enters into a deed on substantially the same terms as the relevant provisions of the Servicing Agreement with the Issuer, the Seller and the Security Trustee (and the Servicer will not be released from its obligations under the relevant provisions of the Servicing Agreement until such replacement servicer has entered into such new deed);
- (c) the then current ratings of the Class A Notes then outstanding are not adversely affected as a result of such termination, unless the termination is otherwise agreed by an Extraordinary Resolution of the holders of all Class A Notes then outstanding; and
- (d) such replacement Servicer is authorised and licensed to act as such under the FSMA.

The Issuer may, by not less than 12 months' notice in writing to the Servicer, terminate all of its appointments with effect from a date (not being earlier than the date of the notice) specified in such notice.

The Servicer may also resign upon giving 12 months' notice to the Issuer and the Security Trustee, provided that the conditions referred to above are satisfied, the Issuer and the Security Trustee consent in writing to such

termination, and a replacement servicer will be appointed (subject to the prior written consent of the Security Trustee), such appointment to be effective not later than the date of such termination (and the Servicer will notify the Rating Agencies in writing of the identity of such replacement servicer).

**Sub-contracting or  
delegation.....**

The Servicer may sub-contract or delegate some or all of its servicing function to a third party provided that it meets conditions as set out in the Servicing Agreement. As at the Programme Date, the Servicer intends to delegate certain of its servicing functions to Barclays Execution Services Limited.

See "*The Servicer and the Servicing Agreement*".

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

Please refer to section entitled "Terms and Conditions of the Notes" for further information in respect of the terms of the Notes.

**General** ..... The Notes will be issued in Series. Each Series may consist of Class A Notes and the Class Z VFNs. The Class Z VFNs will further consist of two Sub-Classes, being the Class Z(R) VFN and the Class Z(S) VFN, as further explained below. A class designation determines the relative seniority for receipt of cashflows. The Class A Notes in different Series (and the Class A Notes of differing Sub-Classes of the same Class and Series) will not necessarily have the same terms. Differences may include principal amount, interest rates, interest rate calculations, currency, permitted redemption dates and/or Final Maturity Dates. Each Series and Class of Notes will be secured by the same assets, being the Mortgage Portfolio.

Furthermore, the Issuer may issue Notes in the future that are subordinated to the Class A Notes, but senior to Class Z VFNs, and modify the terms of the Programme accordingly.

**Payment priority and ranking** ..... The Notes of each Series are direct, secured unconditional obligations of the Issuer.

Payments of interest and principal on the Class A Notes of each Series will rank equally and ratably and ahead of payments of interest and principal on the Class Z VFNs, in each case, due and payable on such Payment Date. For more information on the Priority of Payments, see "*Credit Structure and Cashflows*" and see also "*Risk factors – Subordination of other Classes may not protect Noteholders from all risk of loss*".

The Note Payment Dates for a Series and Class of Notes will be the Payment Dates specified for such Notes in the applicable Final Terms.

For more information on the Priority of Payments, see "*Credit Structure and Cashflows*" and see also "*Risk factors – Subordination of other Classes may not protect Noteholders from all risk of loss*".

**Payments** ..... Prior to service of an Enforcement Notice, the Issuer, or the Cash Manager on its behalf, will, in accordance with the relevant Priority of Payments (and after making the appropriate hedging exchanges pursuant to the applicable Swap Agreement(s) entered into by the Issuer (as described under "*The Swap Agreements*")), pay interest on and repay principal of each Series of Notes from, primarily, the proceeds of interest payments and principal repayments received in respect of the Mortgage Loans in the Mortgage Portfolio.

Following service of an Enforcement Notice, the Security Trustee, or the Cash Manager on its behalf, will apply amounts received or recovered by it to repay all Series and Classes of outstanding Notes in accordance with the Post-Enforcement Priority of Payments.

**Security** ..... As security for the payment of all monies payable in respect of the Notes of each Series, the Issuer will, pursuant to the Deed of Charge, create security in favour of the Security Trustee for itself and on trust for, among others, the Noteholders of each Series over, among other things, the following:

- a first fixed charge over all of the Issuer's right, title, interest and benefit, present and future, in, to and under the Mortgage Portfolio in respect of the English Mortgage Loans, the Northern Irish Mortgage Loans and their Related Security and all other related rights under the same;

- an assignment by way of first fixed security of the Issuer's right, title, interest, benefit and interest, present and future, in, to and under each of the Transaction Documents to which it is a party (but excluding all of the Issuer's right, title, interest and benefit in the Deed of Charge, any Scottish Declaration of Trust, any Scottish Supplemental Charge and any Scottish Sub-Security (and, in respect of the Swap Agreements, after giving effect to all applicable netting and set-off provisions therein));
- a first fixed charge over the Issuer's right, title, interest and benefit in each Issuer Account and each other account (if any) of the Issuer and all amounts or securities standing to the credit of those accounts (including all interest or other income or distributions earned on such amounts or securities) and the debts represented by them, together with all rights and claims relating or attached thereto including, without limitation, the right to interest and the proceeds of any of the foregoing;
- a first fixed charge over the Issuer's right, title, benefit and interest, present and future in, to and under all Authorised Investments made by or on behalf of the Issuer (including all interest and other income or distributions paid or payable on such investments), any Swap Collateral in the form of securities from time to time being owned by the Issuer and all rights in respect of or ancillary to such Authorised Investments and such Swap Collateral, including the right to income, distributions and the proceeds of any of the foregoing;
- an assignment by way of first fixed security of the Issuer's rights, title, interest and benefit in any Insurance Policies;
- an assignment in security in respect of the Issuer's right, title and interest in the Scottish Mortgage Loans and their Related Security (comprising the Issuer's beneficial interest under the initial Scottish Declaration of Trust); and
- a first floating charge over all the assets and undertaking of the Issuer which are not otherwise effectively subject to a fixed charge or assignment by way of security as described in the preceding paragraphs (and also extending over all of the Issuer's Scottish assets and undertaking whether or not effectively charged or assigned by way of security as aforesaid).

See "*Security for the Issuer's obligations*" for more information.

#### **Interest provisions .....**

Interest will accrue on a Series and Class of Notes from its date of issuance (or such other date specified for such Notes in the applicable Final Terms) at the interest rate specified for such Notes in the applicable Final Terms which may be a fixed or floating rate or have a combination of these characteristics (see Condition 4 (*Interest*)). Interest on a Series and Class of Notes will be due and payable on the Note Payment Dates specified for such Notes in the applicable Final Terms.

While a Trigger Event is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, interest in respect of each Series and Class of Notes will become due and payable, and interest will accrue, on a monthly basis.

Please refer to the applicable Final Terms for a Series of Notes for the interest provisions applicable to such Notes.

<b>Interest deferral</b> .....	The Issuer is not permitted to defer payments of interest in respect of the Class A Notes of any Series. The failure to pay interest on the Class A Notes of any Series will, subject to a three Business Day grace period, constitute an Event of Default. The Issuer may defer payments of interest on the Class Z VFNs and failure to pay interest of the Class Z VFNs will not constitute an Event of Default. Deferred interest on the Class Z VFNs will be capitalised to the extent of the capitalisation of interest on the Mortgage Portfolio as further described in " <i>Credit Structure and Cashflows</i> ".
<b>Gross-up</b> .....	None of the Issuer, the Note Trustee or the Security Trustee or any agent will be obliged to gross-up payments to the Noteholders if there is any withholding or deduction in respect of the Notes on account of taxes.
<b>Redemption</b> .....	<p>Each Series and Class of Notes is subject to the following optional or mandatory redemption events (and as fully set out in Condition 5 (<i>Redemption, purchase and cancellation</i>)):</p> <ul style="list-style-type: none"> <li>• mandatory redemption in full on the Final Maturity Date for such Series;</li> <li>• for a Series and Class of Controlled Amortisation Notes, mandatory redemption in instalments on each Note Payment Date to the extent of Available Principal Receipts available to be applied in accordance with the applicable Priority of Payments in an amount up to the Controlled Amortisation Amount;</li> <li>• for a Series and Class of Pass-Through Redemption Notes, mandatory redemption on each Note Payment Date to the extent of Available Principal Receipts available to be applied in accordance with the applicable Priority of Payments;</li> <li>• for a Series and Class of Bullet Redemption Notes, mandatory redemption in whole on the relevant Bullet Redemption Date;</li> <li>• optional redemption in whole exercisable by the Issuer on the Step-Up Date for that Series and Class of Notes and on any Note Payment Date for that Series and Class of Notes thereafter;</li> <li>• optional redemption in whole of the Class A Notes of any Series exercisable by the Issuer on any Note Payment Date on which the aggregate Sterling Equivalent Principal Amount Outstanding of such Class A Notes is less than 10 per cent. of the aggregate Sterling Equivalent Principal Amount Outstanding of such Class A Notes as at the Closing Date for such Class A Notes;</li> <li>• optional redemption in whole of any Series or Class of STS Notes exercisable by the Issuer on any Note Payment Date for such Notes following the occurrence of an event referred to in paragraph (a) or (d) of the definition of "Non-Asset Trigger Event";</li> <li>• on each Payment Date on which a Trigger Event is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding and on each Payment Date following the Step-Up Date (if any) in respect of a Series and Class of Notes, mandatory redemption on each Payment Date to the extent of Available Principal Receipts available to be applied in accordance with the applicable Priority of Payments; and</li> <li>• optional redemption of a Series and Class of Notes exercisable by the Issuer in whole for tax and other reasons.</li> </ul>

Unless stated otherwise in the applicable Final Terms, any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed, together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note.

**Termination of the Original Currency Swap Agreement for Non-Sterling Notes....**

As more fully set out in Condition 5.3 (*Termination of the applicable Original Currency Swap Agreement*), prior to the delivery of an Enforcement Notice, in respect of any principal due and payable in respect of any Series and Class of Non-Sterling Notes on any Note Payment Date following termination of the Original Currency Swap Agreement applicable to such Notes:

- (a) the Non-Sterling Notes will be allocated a *pro rata* share of the Available Principal Receipts which will be converted into the relevant Specified Currency at the Spot Rate or the Replacement Exchange Rate, as the case may be; and
- (b) if such conversion produces:
  - (i) an excess over the amount required to pay principal due on the Non-Sterling Notes, then such excess will be transferred to the Swap Excess Reserve Account for the relevant Class of Non-Sterling Notes; or
  - (ii) a shortfall in terms of the amount required to pay principal due on the Non-Sterling Notes, then, to the extent that such shortfall cannot be compensated from amounts already standing to the credit of the Swap Excess Reserve Account for such Class of Non-Sterling Notes, the remaining principal due in respect of such Series and Class of Non-Sterling Notes will be subordinated to all other principal amounts payable in respect of the Class A Notes.

**Events of Default .....**

As fully set out in Condition 9 (*Events of default*), an Event of Default broadly includes (where relevant, subject to any applicable grace period):

- non-payment of principal and/or non-payment of interest on the Class A Notes of any Series or, if no Class A Notes of any Series are outstanding, the Class Z VFNs;
- breach of contractual obligations by the Issuer under the Programme Documents that are material to the Class A Notes of any Series or, if no Class A Notes of any Series are outstanding, the Class Z VFNs; or
- certain insolvency related events with respect to the Issuer (unless in certain cases it is approved by the Class A Noteholders or, if no Class A Notes of any Series are outstanding, the Class Z VFN Holder).

**Acceleration .....**

All Notes will become immediately due and payable, and the Note Trustee will be entitled to instruct the Security Trustee to enforce the Security, upon the service on the Issuer by the Note Trustee of an Enforcement Notice. The Note Trustee will be entitled to serve an Enforcement Notice at any time after the occurrence of an Event of Default in respect of the Most Senior Class and it will do so, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction: (a) on the written instructions of holders of not less than 25 per cent. in aggregate Sterling Equivalent Principal Amount Outstanding of the Most Senior Class across all Series (holding in aggregate at least one quarter in Principal Amount Outstanding); or (b) if directed to do so by an Extraordinary Resolution of the Most Senior Class across all Series.

**Enforcement**..... At any time after the Security has become enforceable (including after the service of an Enforcement Notice), the Security Trustee will be bound to take action to enforce the Security if it has been so directed by the Note Trustee, provided that the Security Trustee has been indemnified and/or secured and/or prefunded to its satisfaction.

The Note Trustee will not be bound to so direct the Security Trustee unless:

- (a) (subject in all cases to restrictions contained in the Trust Deed to protect the interests of any higher-ranking Class of Noteholders) it will have been so directed by an Extraordinary Resolution of the Most Senior Class or so requested in writing by the holders of at least one quarter in aggregate Sterling Equivalent Principal Amount Outstanding of the Most Senior Class then outstanding; and
- (b) it will have been indemnified and/or secured and/or prefunded to its satisfaction.

Any Extraordinary Resolution of the Noteholders of any Class of Notes to direct the Note Trustee to deliver an Enforcement Notice or to take any enforcement action or to instruct the Security Trustee to enforce the Security will only be capable of being passed at a single meeting of the Noteholders of all Series of such Class of Notes. See "*Overview of Rights of Noteholders*".

**Limited recourse**..... All Notes are and will be limited recourse obligations of the Issuer. Where, following the occurrence of certain events, and following the realisation and application of the Charged Property, amounts outstanding under the Notes are not paid in full, any such unpaid amounts will cease to be due and payable, which is described in more detail in Condition 11.2 (*Limited Recourse*).

**Non petition**..... The Noteholders will not be entitled to take any corporate action or other steps or legal proceedings for the winding up, dissolution, arrangement, reconstruction or reorganisation of the Issuer, unless the Security Trustee has become bound to institute such proceedings but has failed to do so within a reasonable period of becoming so bound and the failure is continuing. See Condition 11.2 (*Limited Recourse*).

**Certain ERISA and related considerations for investors**..... Unless otherwise specified in the applicable Final Terms, Class A Notes of any Series that are the Rule 144A Notes will be eligible for purchase by employee benefit and other plans subject to Title I of ERISA or Section 4975 of the Code and by governmental, church or non-US plans that are subject to any Similar Law, subject to consideration of the issues described in this Base Prospectus under "*Certain ERISA and Related Considerations*". Each purchaser of any such Notes (and all subsequent transferees thereof) will be deemed to have represented and warranted that its purchase, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of any applicable Similar Law. In addition, any fiduciary of a plan subject to the fiduciary responsibility provisions of ERISA or any applicable Similar Law should consult with their counsel to determine whether an investment in the Notes satisfies the prudence, investment diversification and other applicable requirements of those provisions.

Regulation S Notes and Class Z VFNs will not be eligible for purchase by employee benefit and other plans subject to Title I of ERISA or Section 4975 of the Code (see the "*Certain ERISA and Related Considerations*" for further information).

**Governing Law** ..... The Notes and any non-contractual obligations arising out of or in connection with them will be governed by and construed in accordance with English law.

## OVERVIEW OF RIGHTS OF NOTEHOLDERS

Please refer to section entitled "Terms and Conditions of the Notes" for further information in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Creditors.

**Convening a Meeting...** Meetings of the Noteholders to consider matters relating to the Notes of one or more Series will be convened by the Note Trustee at a place in the United Kingdom if it is requested to do so by Noteholders holding no less than one tenth in principal amount of the Notes of any Class for the time being outstanding subject in each case to the Note Trustee having been indemnified and/or secured and/or prefunded to its satisfaction. Noteholders may also participate in any appropriate Noteholders' meeting convened by the Issuer or the Note Trustee to consider any matter affecting such Noteholders' interests.

<b>Noteholders meeting provisions.....</b>	<b>Notice Periods</b>
<i>Initial meeting</i>	No less than 21 clear days and no more than 180 clear days for the initial meeting
<i>Adjourned meeting</i>	No less than 13 clear days and no more than 42 clear days for the adjourned meeting

### Quorum

	<b>Initial meeting</b>	<b>Adjourned meeting</b>
<i>Ordinary resolution</i>	one or more persons holding or representing not less than one-twentieth of the aggregate Principal Amount Outstanding of the Notes of the relevant Series and Class or of the relevant one or more Series of Notes of the same Class.	one or more persons holding or representing Notes of the relevant Series and Class of Notes or of the relevant one or more Series of Notes of the same Class whatever aggregate Principal Amount Outstanding of the Notes so held or represented by them.
<i>Extraordinary resolution</i>	one or more persons holding or representing more than half of the aggregate Principal Amount Outstanding of the Notes of the relevant Series and Class or of the relevant one or more Series of Notes of the same Class.	one or more persons holding or representing Notes of the relevant Series and Class of Notes or of the relevant one or more Series of Notes of the same Class whatever aggregate Principal Amount Outstanding of the Notes so held or represented by them.
<i>Extraordinary resolution including a Basic Terms Modification</i>	one or more persons holding or representing not less than three quarters of the aggregate principal amount of the Notes outstanding of the relevant Series and Class or of the relevant one or more Series of Notes of the same Class.	one or more persons holding or representing not less than one quarter of the aggregate Principal Amount Outstanding of the Notes of the relevant Series and Class or of the relevant one or more Series of Notes of the same Class so held or represented by them.
<i>Programme resolution</i>	one or more persons holding or representing not less than three quarters of the aggregate principal amount	one or more persons holding or representing Notes of the relevant Class whatever the aggregate principal amount



of the Notes outstanding of the Class. of the Notes outstanding so held or represented by them.

### Required majority

<i>Ordinary resolution</i>	A simple majority of votes cast.
<i>Extraordinary resolution</i>	A majority consisting of not less than 75 per cent. of votes cast for matters requiring an Extraordinary Resolution.
<i>Written resolution</i>	A resolution signed by or on behalf of 75 per cent. of the Noteholders of the relevant Series and Class or of the relevant Class of more than one Series of Notes. A written resolution has the same effect as an Extraordinary Resolution.

### Matters requiring Extraordinary Resolution .....

Broadly, the following matters, among others, require an Extraordinary Resolution:

- sanctioning a Basic Terms Modification;
- sanctioning any compromise or arrangement proposed to be made between the Issuer, the Note Trustee, any appointee of the Note Trustee and the Noteholders or any of them;
- sanctioning any abrogation, modification, compromise or arrangement in respect of the rights of the Note Trustee, any appointee of the Note Trustee, the Noteholders or the Issuer against any other or others of them or against any other party to any of the Programme Documents or against any of their property, whether such rights will arise under the Trust Deed, any other Programme Document or otherwise;
- assenting to any modification of the provisions of the Conditions, the Trust Deed or any other Programme Document which will be proposed by the Issuer, the Note Trustee, or any Noteholder or any other person;
- approving a person to be appointed as a Note Trustee or Security Trustee and power to remove any Note Trustee or Security Trustee for the time being;
- discharging or exonerating the Note Trustee or the Security Trustee and/or any appointee of the Note Trustee or the Security Trustee from all liability in respect of any act or omission for which the Note Trustee and/or the Security Trustee and/or such appointee may have become responsible under the Trust Deed;
- instructing the Note Trustee to deliver an Enforcement Notice following an Event of Default or to take any enforcement action or to instruct the Security Trustee to enforce the Security; and
- the approval of certain modifications in the circumstances set out in Condition 11.7 (*Additional Rights of Modification*).

See Condition 11 (*Meeting of Noteholders, modifications and waiver*) for further information.

An Extraordinary Resolution of the holders of the Most Senior Class will be binding on all other classes **provided that** no Extraordinary Resolution to sanction a modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Programme Documents or the

Conditions will take effect unless it has been sanctioned by an Extraordinary Resolution of the Class Z VFN Holders, **provided further that** no such sanction by the Class Z VFN Holders will be required where the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class Z VFN Holders.

<b>Relationship between Classes of Noteholders .....</b>	<p>The Security Trustee will be bound to exercise its rights under the Deed of Charge only in accordance with the directions of the Note Trustee, which will in turn be bound to act as directed by the Noteholders, subject to both the Security Trustee and the Note Trustee being indemnified and/or secured and/or prefunded to their satisfaction. If there is a conflict between the interests of one Class of Noteholders of one Series and the same Class of Noteholders of another Series, then a resolution directing the Note Trustee to take any action must be passed at separate meetings of the holders of each Series of the relevant Class of Notes. Where the interests of the Class A Noteholders conflicts with the interests of the holders of the Class Z VFNs, then the Note Trustee is to have regard only to the interests of the Class A Noteholders.</p> <p>For the avoidance of doubt, a resolution may only be passed at a single meeting of the Noteholders of each Sub-Class of the relevant Class of Notes of that Series if the Note Trustee is, in its sole discretion, satisfied that there is no conflict between them.</p>
<b>Seller as Noteholder.....</b>	<p>There are no restrictions on the ability of the Seller to exercise voting rights to the extent that it holds any of the Notes.</p>
<b>Relationship between Noteholders and other Secured Creditors.....</b>	<p>While any Notes are outstanding, the Note Trustee will only take into account the interests of the Noteholders in the exercise of its powers, trusts, authorities, and discretions under the Trust Deed or any other Programme Documents, and not the interests of any other Secured Creditors. While any Notes are outstanding, the Security Trustee will act only at the direction of the Note Trustee.</p>
<b>Provision of information to the Noteholders .....</b>	<p>Each Investor Report and Loan Level Report will be made available simultaneously, no later than one month following the relevant Payment Date, on the Securitisation Repository Website.</p> <p>Each Cash Manager Report will be made available electronically through the website of the Cash Manager at <a href="https://pivot.usbank.com">https://pivot.usbank.com</a> by no later than each Payment Date, provided that the Cash Manager receives the relevant Servicer Report by the relevant Servicer Reporting Date.</p> <p>See "<i>Certain Regulatory Requirements – Transparency Requirements</i>", "<i>The Servicer and the Servicing Agreement – Servicer Reports and Transparency Requirements</i>" and "<i>Cash Management – Cash Management Agreement Reporting</i>".</p>
<b>Communication with Noteholders .....</b>	<p>Any notice to be given by the Issuer or the Note Trustee to Noteholders may be given in the following manner:</p> <ul style="list-style-type: none"> <li>• so long as the Notes are held in the Clearing Systems, by delivering to the relevant Clearing System for communication by it to Noteholders; or</li> <li>• sent by first class mail (or its equivalent) or (if posted to a non-UK address) by airmail at the respective addresses on the Register, and published in The Financial Times and, for so long as amounts are outstanding on the Rule 144A Notes, in a daily newspaper of general circulation in New York (which is expected to be The New York Times); or</li> </ul>

- publication of the notice in accordance with the rules of the relevant stock exchange on or by which the relevant Notes are listed and/or admitted to trading.

In addition to the above, simultaneous notice may also be given at the relevant time to Noteholders via a regulatory information service (such as the Regulatory News Service operated by the London Stock Exchange).

## OVERVIEW OF CREDIT STRUCTURE AND CASHFLOWS

Please refer to the section entitled "Credit Structure and Cashflows" for further detail in respect of the credit structure and cash flow of the transaction.

**General credit structure** ..... The general credit structure of the transaction includes, broadly speaking, the following elements:

**Credit Support from Available Revenue Receipts**..... It is expected that, during the life of the Notes, Revenue Receipts received from Borrowers on the Mortgage Loans in the Mortgage Portfolio will be greater than the sum of the interest which the Issuer will be required to pay on the Class A Notes and its other senior costs and expenses under the Programme.

**General Reserve Fund.** Prior to the delivery of an Enforcement Notice, availability of the General Reserve Fund to help meet:

- (a) any Revenue Shortfall; and
- (b) any Principal Shortfall.

Following the delivery of an Enforcement Notice, the General Reserve Fund may be utilised by the Issuer in payment of any of its other liabilities, subject to and in accordance with the relevant Priority of Payments and may be applied in making payments of principal due under all Classes of Notes.

The General Reserve Fund will be funded on the First Closing Date through an initial drawdown under the Class Z(R) VFN. Thereafter, it will be replenished through the application of Available Revenue Receipts, Available Principal Receipts and further drawdowns under the Class Z(R) VFN on subsequent Closing Dates.

The General Reserve Fund will be required to be maintained in an amount no less than the General Reserve Fund Required Amount from time to time. However, the General Reserve Fund Required Amount may be adjusted from time to time.

See further the section entitled "Credit Structure and Cashflow – General Reserve Fund".

**Principal Reserve Fund** The Principal Reserve Fund will be established in the name of the Issuer on or before the First Closing Date to help meet any deficit in Available Principal Receipts available for the repayment of principal in respect of the Notes on their respective Note Payment Date. On each Payment Date, funds standing to the credit of the Principal Reserve Fund will be added to certain other funds of the Issuer in calculating Available Principal Receipts.

If the amount standing to the credit of the Principal Reserve Fund exceeds the Principal Reserve Fund Threshold Amount, or a Principal Reserve Fund Retention Event occurs, then a Non-Asset Trigger Event will occur.

Any Available Principal Receipts which remain following the application of Available Principal Receipts towards items (i) to (vii) (inclusive) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments will be credited to the Principal Reserve Fund on each Payment Date. No amounts will be credited to the Principal Reserve Fund while a Trigger Event is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding.

Following the delivery of an Enforcement Notice, the Principal Reserve Fund may be utilised by the Issuer in payment of any of its other liabilities, subject

to and in accordance with the relevant Priority of Payments and may be applied in making payments of principal due under all Classes of Notes.

See further the section entitled "*Credit Structure and Cashflow – General Credit Structure – Principal Reserve Fund*".

<b>Application of Available Principal Receipts to cover a Remaining Revenue Shortfall .....</b>	If, after the application of the General Reserve Fund to make up a Revenue Shortfall as described above, there remains a Remaining Revenue Shortfall, then the Cash Manager is required to pay or provide for that deficit by the application of Available Principal Receipts, if any.				
<b>Principal Deficiencies and the Principal Deficiency Ledger .....</b>	<p>The Principal Deficiency Ledger will record any Losses, any application of Available Principal Receipts to meet any Remaining Revenue Shortfall and any application of Available Revenue Receipts to reduce debit balances.</p> <p>There will be a separate Principal Deficiency Sub-Ledger for each of the Class A Notes and the Class Z(S) VFN. Debit entries will be recorded on each Principal Deficiency Sub-Ledger for the Class A Notes and the Class Z(S) VFN in reverse sequential order, starting with the Class Z(S) VFN. Debit entries may be adjusted in the event that the Principal Amount Outstanding of any Sub-Class of the Class Z VFNs is increased following any further drawdowns permitted under the Programme at the discretion of the Class Z VFN Holder. Debit entries may also be reduced by the application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments in sequential order starting with the Class A Principal Deficiency Sub-Ledger.</p> <p>See "<i>Credit Structure and Cashflow – Principal Deficiencies and the Principal Deficiency Ledger</i>" for more details.</p>				
<b>Cash Accumulation Ledger .....</b>	The Cash Manager will maintain the Cash Accumulation Ledger for the Issuer, which will record amounts accumulated by the Issuer to pay any outstanding Series of Bullet Redemption Notes or, for so long as no Series of Bullet Redemption Notes is outstanding, to apply as Available Principal Receipts.				
<b>Subordination of interest on the Class Z VFNs .....</b>	The order of payments of interest is subordinated so that, at all times, interest payments due and payable under the Class Z(R) VFN and the Class Z(S) VFN will be subordinated to the payment of interest on the Class A Notes.				
<b>Deferral of interest on the Class Z VFNs .....</b>	Interest due and payable on any Sub-Class of the Class Z VFNs may be deferred until sufficient funds are available. Interest due and payable on the Class A Notes may not be deferred.				
<b>Interest Rate Swap Agreements .....</b>	The Issuer will enter into an Interest Rate Swap with the Interest Rate Swap Counterparty to hedge against the difference between the rates of interest payable by the Borrowers under any Fixed Rate Mortgage Loans in the Mortgage Portfolio and interest payments due by the Issuer on the Floating Rate Notes. See " <i>The Swap Agreements – Interest Rate Swap Agreements</i> " for more information.				
<b>Key terms of the Interest Rate Swap Agreements .....</b>	<p>The Interest Rate Swap Agreement will include the following key commercial terms:</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"><i>Swap notional amount</i></td> <td>Sized on a monthly basis and equal to the Current Balance of the Fixed Rate Mortgage Loans as at the relevant calculation date.</td> </tr> <tr> <td style="vertical-align: top;"><i>Issuer payment</i></td> <td>Periodic Sterling amounts calculated by reference to a weighted average of the rates of interest</td> </tr> </table>	<i>Swap notional amount</i>	Sized on a monthly basis and equal to the Current Balance of the Fixed Rate Mortgage Loans as at the relevant calculation date.	<i>Issuer payment</i>	Periodic Sterling amounts calculated by reference to a weighted average of the rates of interest
<i>Swap notional amount</i>	Sized on a monthly basis and equal to the Current Balance of the Fixed Rate Mortgage Loans as at the relevant calculation date.				
<i>Issuer payment</i>	Periodic Sterling amounts calculated by reference to a weighted average of the rates of interest				

		applicable under the Fixed Rate Mortgage Loans in the Mortgage Portfolio
	<i>Interest Rate Swap Counterparty payment</i>	Periodic Sterling amounts calculated by reference to Compounded Daily SONIA
	<i>Frequency of payment</i>	Monthly
<b>Currency Swap Agreements</b> .....		For each Series and Class of Non-Sterling Notes, the Issuer will enter into a Currency Swap with a Currency Swap Counterparty to protect the Issuer against certain interest rate and/or currency fluctuations in respect of amounts payable to the Issuer under the Mortgage Loans and/or as applicable the Interest Rate Swap Agreement and amounts payable by the Issuer under such corresponding Classes of Notes of the relevant Series. See " <i>The Swap Agreements – The Currency Swaps</i> " for more information.
<b>Key terms of the Currency Swap Agreements</b> .....		Each Currency Swap will include the following key commercial terms:
	<i>Issuer initial payment</i>	on the applicable Closing Date, an amount in the Specified Currency equal to the proceeds of the issue of the Series and Class of Notes to which the Currency Swap relates;
	<i>Currency Swap Counterparty initial payment</i>	on the applicable Closing Date, the Sterling Equivalent of the proceeds of the issue of the Series and Class of Notes to which the Currency Swap relates;
	<i>Issuer notional amount</i>	the Sterling Equivalent Principal Amount Outstanding of the Series and Class of Notes to which the Currency Swap relates from time to time;
	<i>Currency Swap Counterparty notional amount</i>	the Principal Amount Outstanding of the Series and Class of Notes to which the Currency Swap relates from time to time;
	<i>Issuer ongoing payments</i>	the Sterling Equivalent of the amounts of interest to be paid on the Series and Class of Notes to which the Currency Swap relates;
	<i>Currency Swap Counterparty ongoing payments</i>	the amounts of interest to be paid on the Series and Class of Notes to which the Currency Swap relates;
	<i>Issuer repayment amounts</i>	the Sterling Equivalent of the principal amount of the Series and Class of Notes to which the Currency Swap relates being redeemed on a given day;
	<i>Currency Swap Counterparty repayment amount</i>	the principal amount of the Series and Class of Notes to which the Currency Swap relates being redeemed on a given day;
	<i>Frequency of payment</i>	as described in the applicable Final Terms; and
	<i>Termination Events/Events of Default</i>	failure by a party to pay any amounts due and payable; delivery of an Enforcement Notice; imposition of withholding taxes due to a change in law; certain insolvency events; merger without an assumption of obligations; illegality.

See "*The Swap Agreements*" for further information.

**Payments on Non-Sterling Notes .....**

For the purposes of making payments of interest and repayments of principal in respect of any Series or Class of Non-Sterling Notes:

- (a) if there is a Currency Swap Agreement in place for those Notes, the Cash Manager will transfer to the relevant Currency Swap Counterparty an amount equal to the applicable share of Available Revenue Receipts (including any Swap Termination Payment following the return of any Swap Collateral Excluded Amounts, but excluding any Currency Swap Excluded Termination Amount) or Available Principal Receipts, as applicable, in accordance with the applicable Priority of Payments and the relevant Currency Swap Counterparty will transfer the corresponding floating rate amount in the Specified Currency of those Notes to the Principal Paying Agent for the account of the relevant Non-Sterling Noteholders; or
- (b) if there is no Currency Swap Agreement in place for those Notes (including, without limitation, as a result of the termination of the Original Currency Swap Agreement in relation to those Notes), the Cash Manager will use reasonable efforts to procure the conversion of an amount equal to the applicable share of Available Revenue Receipts or Available Principal Receipts, as applicable, in accordance with the applicable Priority of Payments, by an Account Bank or, if so directed by the Issuer, another person, into the Specified Currency of those Notes at the applicable Spot Rate (booked for conversion for value on the relevant Payment Date) and will transfer the amounts received following such conversion to the Principal Paying Agent for the account of the relevant Non-Sterling Noteholders.

**Issuance Tests.....**

The issuance of any new Series of Class A Notes under the Programme is subject to the satisfaction of the following tests:

- (a) no amount was standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the second Payment Date immediately preceding the relevant Closing Date that remained standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the Payment Date immediately preceding such Closing Date;
- (b) no Event of Default has occurred and is continuing (and has not been waived) or will occur as a consequence of the issue of such Notes;
- (c) no Enforcement Notice has been delivered;
- (d) the General Reserve Fund is funded up to the General Reserve Fund Required Amount;
- (e) a Ratings Confirmation has been received;
- (f) no failure to exercise the optional redemption right on or following the Step-Up Date for any Series of Class A Notes is continuing;
- (g) execution of the Programme Issuance Documents;
- (h) delivery of a solvency certificate by the Issuer; and
- (i) the Actual Subordination Amount must be equal to, or greater than, the Required Subordination Amount.

See "*Issuance of Notes*" for further details.

**Required Subordination Amount** .....

The Issuer (or the Servicer on its behalf) will ensure at all times that the Actual Subordination Amount is no less than the Required Subordination Amount and that the Principal Amount Outstanding of the Class Z(S) VFN is no less than the Required Retention Amount.

The Actual Subordination Amount for the Programme will be funded initially through the Class Z(S) VFN. However, on an ongoing basis, the Actual Subordination Amount will reflect the aggregate of the Principal Amount Outstanding of the Class Z(S) VFN.

If the Actual Subordination Amount is in excess of the Required Subordination Amount (or will be following the application of Available Revenue Receipts and Available Principal Receipts on a Payment Date) the Class Z VFNs may, in accordance with the Pre-Enforcement Principal Priority of Payments and subject to the requirements of Article 6 of the Securitisation Regulation, be redeemed in an amount such that the Actual Subordination Amount is equal to the Required Subordination Amount.

See "*Credit Structure and Cashflow*" and "*The Class Z VFNs*" for more details.

**Required Retention Amount** .....

The Issuer is required to ensure at all times that the Principal Amount Outstanding of the Class Z(S) VFN is no less than the Required Retention Amount. The Required Retention Amount for the Programme will be funded at all times by the Class Z(S) VFN.

**Transfer of collections.**

Collections of interest and principal in respect of the Mortgage Loans in the Mortgage Portfolio are received by the Seller into the Collection Account and swept into the Transaction Accounts, while the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller are rated at least A-1 by S&P, P-1 by Moody's and F1 by Fitch, on a monthly basis and, thereafter, on a daily basis. Payments of interest and, in the case of Repayment Mortgage Loans, principal, are predominantly payable monthly in arrear.

See "*The Servicer and the Servicing Agreement*" for more details.

**Transaction Accounts..**

The Issuer holds Transaction Accounts with the First Account Bank and the Second Account Bank. Subject to the requirement to hold the Immediate Cash Requirement in a Transaction Account held with an Account Bank that satisfies the Account Bank Required Ratings, the Issuer may apply amounts standing to the credit of one or both of the Transaction Accounts at its discretion and may at any time and at its sole discretion transfer amounts between the First Transaction Account, the Second Transaction Account and any other Transaction Account established in the name of the Issuer in accordance with the Cash Management Agreement and the Deed of Charge.

See "*Cash Management*" for more details.

**Authorised Investments**

Amounts standing to the credit of the Transaction Accounts, including the General Reserve Fund and amounts standing to the credit of the Cash Accumulation Ledger, may be invested in Authorised Investments. See "*Credit Structure and Cashflows*" and "*Cash Management*" for more details.



**Summary of Priorities of Payments .....**

The Cash Manager will apply Available Revenue Receipts and Available Principal Receipts on each Payment Date in accordance with the order of priority set out in the Cash Management Agreement, as summarised below. It should be noted that this is a summary of some of the main cashflows, and does not include every possible cashflow. For more information on cashflows please refer to "*Credit Structure and Cashflows – Allocation of Available Revenue Receipts prior to delivery of an Enforcement Notice*", "*Credit Structure and Cashflows – Allocation and distribution of Available Principal Receipts*" and "*Credit Structure and Cashflow – Application of Available Funds following the delivery of an Enforcement Notice*".

<b>Pre-Enforcement Revenue Priority of Payments</b>	<b>Pre-Enforcement Pre-Trigger Principal Priorities of Payments</b>	<b>Pre-Enforcement Post-Trigger Principal Priority of Payments</b>	<b>Post-Enforcement Priority of Payments</b>
1. Amounts due to the Security Trustee and Note Trustee and any Appointee	1. Other than if there is a Principal Shortfall on that Payment Date, to credit the General Reserve Fund up to the General Reserve Fund Required Amount in an amount equal to the amount that has previously been drawn from the General Reserve Fund to be applied as Available Principal Receipts, less any amount that has previously been credited to the General Reserve Fund in accordance with this item (i) or item (i) of the Pre-Enforcement Post-Trigger Principal Priority of Payments	1. To credit the General Reserve Fund up to the General Reserve Fund Required Amount in an amount equal to the amount that has previously been drawn from the General Reserve Fund to be applied as Available Principal Receipts, less any amount that has previously been credited to the General Reserve Fund in accordance with this item (i) or item (i) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments	1. Amounts due to the Security Trustee and Note Trustee, any Receiver and any Appointee
2. Amounts due to the Agents, Servicer, Cash Manager, Corporate Services Provider, Account Banks and any Tender Agent	2. Redemption of Bullet Redemption Notes	2. Redemption of the Class A Notes: (a) if an Asset Trigger Event has occurred and is continuing, in no order of priority among them but in proportion to the respective amounts due; or	2. Amounts due to the Agents, Servicer, Cash Manager, Corporate Services Provider, Account Banks and any Tender Agent
3. Amounts due to third party creditors of the Issuer	3. Credit the Cash Accumulation Ledger up to the Cash Accumulation Requirement	(b) following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding or if a Non-Asset Trigger Event has occurred and is continuing, provided that an Asset Trigger Event has not occurred or is not continuing, in order of their Final Maturity Date, beginning with the earliest such date (and if two or more Series of Class A Notes have the same Final Maturity Date, in proportion to the respective amounts due),	3. Amounts (including such part of any Swap Termination Payment following the return of any Swap Collateral Excluded Amounts) due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement (excluding any Interest Rate Swap Excluded Termination Amount)
4. Amounts (including such part of any Swap Termination Payment following the return of any Swap Collateral Excluded Amounts) due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement (excluding any Interest Rate Swap Excluded Termination Amount)	4. Redemption of Controlled Amortisation Notes and Pass-Through Redemption Notes and credit to the Principal Provision Fund in accordance with the Reapplication Rule	until the Sterling Equivalent Principal Amount Outstanding of each such Class A Note is zero (other than any Non-Sterling Notes	4. Interest, fees and principal on the Class A Notes and amounts due to Currency Swap Counterparties (but excluding any Currency Swap Excluded Termination Amount)
5. Interest on the Class A Notes and credit to the Interest Provision Fund	5. Redemption of any Non-Sterling Notes outstanding following their Sterling Equivalent Redemption Date		5. Interest on the Class Z VFNs
6. Eliminate debit entries on the Class A Principal Deficiency Sub-Ledger	6. Purchase of Additional Mortgage Portfolios or funding any Flexible Feature Payments or Further Advances		6. Swap Excluded Termination Amounts
7. Credit the General Reserve Fund up to the General Reserve Fund Required Amount	7. Principal on the Class Z(S) VFN or credit to the Subordinated Principal Provision Fund		7. Issuer Profit Amount
8. While a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, as Available Principal Receipts			8. Principal on the Class Z(R) VFN
			9. Principal on the Class Z(S) VFN
			10. Amounts due to third party creditors of the Issuer

- |   |  |   |  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>9. Issuer Profit Amount</li> <li>10. Eliminate debit entries on the Class Z(S) Principal Deficiency Sub-Ledger</li> <li>11. Interest on the Class Z(R) VFN or credit to the Subordinated Interest Provision Fund</li> <li>12. Interest on the Class Z(S) VFN or credit to the Subordinated Interest Provision Fund</li> <li>13. Swap Excluded Termination Amounts</li> <li>14. Principal on the Class Z(R) VFN or credit to the Subordinated Principal Provision Fund</li> <li>15. Deferred Consideration</li> </ul> | <ul style="list-style-type: none"> <li>8. Credit the Principal Reserve Fund</li> </ul> | <ul style="list-style-type: none"> <li>outstanding following their Sterling Equivalent Redemption Date)</li> <li>3. Redemption of any Non-Sterling Notes outstanding following their Sterling Equivalent Redemption Date</li> <li>4. Principal on the Class Z(S) VFN</li> <li>5. As Available Revenue Receipts</li> </ul> | <ul style="list-style-type: none"> <li>11. Deferred Consideration</li> </ul> |
|---|--|---|--|

## TRIGGERS TABLES

### RATING TRIGGERS TABLE

The ratings triggers summarised below apply in respect of the Rating Agencies rating a particular Series of Class A Notes, as indicated in the applicable Final Terms, subject to removal, replacement and substitution from time to time. See further "*Transaction Overview – Overview of the Terms and Conditions of the Notes – Ratings Modification Events*" and "*Risk Factors – Risks Relating to the Structure and the Notes – Ratings Modification Event*".

<b>Transaction Party</b>	<b>Required Ratings/Triggers</b>	<b>Possible effects of trigger being breached</b>
<b>Interest Rate Swap Counterparty</b> (or any credit support provider from time to time in respect of the Interest Rate Swap Counterparty)	<b>Fitch derivative counterparty rating (or, in the absence of such a rating with respect to such entity, the long-term issuer default rating) and short-term issuer default rating requirements</b>	
	Derivative counterparty or long-term issuer default rating at least "A" or short-term issuer default rating at least "F1"	Subject to the terms of the Interest Rate Swap Agreement, the Interest Rate Swap Counterparty (a) will be obliged to post collateral and (b) may (i) procure a transfer to an eligible replacement of its obligations under the Interest Rate Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Interest Rate Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Class A Notes by Fitch.
	Derivative counterparty or long-term issuer default rating at least "BBB-" or short-term issuer default rating at least "F3"	Subject to the terms of the Interest Rate Swap Agreement, the Interest Rate Swap Counterparty will be obliged to (a) post or continue to post collateral (pending the taking of any actions set out in sub-paragraph (b)) and also to (b) use its best endeavours to take one of the following actions: (i) to procure a transfer to an eligible replacement of its obligations under the Interest Rate Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Interest Rate Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Class A Notes by Fitch.
	<b>Moody's senior unsecured debt rating requirements or counterparty risk assessment requirements</b>	
	Senior unsecured debt rating of at least "A3" or counterparty risk assessment of at least "A3(cr)"	Subject to the terms of the Interest Rate Swap Agreement, the Interest Rate Swap Counterparty will be obliged to post collateral.

Transaction Party	Required Ratings/Triggers	Possible effects of trigger being breached
	Senior unsecured debt rating of at least "Baa2" or counterparty risk assessment of at least "Baa2(cr)"	Subject to the terms of the Interest Rate Swap Agreement, the Interest Rate Swap Counterparty will be obliged to (a) post or continue to post collateral (pending the taking of any actions set out in sub-paragraph (b)) and also to (i) procure a transfer to an eligible replacement of its obligations under the Interest Rate Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Interest Rate Swap Agreement.
<b>S&amp;P resolution counterparty rating requirements or issuer credit rating requirements</b>		
S&P's 'Counterparty Risk Framework: Methodology And Assumptions', (published on 8 March 2019) provides for four different options for selecting applicable frameworks containing transfer ratings triggers, and the contractual requirements that should apply on the occurrence of the loss of a ratings requirement by the Interest Rate Swap Counterparty. Subject to certain conditions specified in the Interest Rate Swap Agreement, the Interest Rate Swap Counterparty may change the applicable Collateral Option. Collateral Option "Adequate" is expected to apply on the Closing Date.		
	A resolution counterparty rating (" <b>RCR</b> ") or, if no such rating is published by S&P, an issuer credit rating (" <b>ICR</b> ") of at least:	Subject to the terms of the Interest Rate Swap Agreement, if Collateral Option "Strong", "Adequate" or "Moderate" applies at the relevant time, the Interest Rate Swap Counterparty will be obliged to (a) post collateral and may (b)(i) procure a transfer to an eligible replacement of the obligations under the Interest Rate Swap Agreement, or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Interest Rate Swap Agreement, or (iii) take such other action as required to maintain or restore the rating of the Notes by S&P. A failure by the Interest Rate Swap Counterparty to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Swap Agreement.
<ul style="list-style-type: none"> <li data-bbox="528 1211 938 1301">• "A-" (if Collateral Option "Strong", applies at the relevant time);</li> <li data-bbox="528 1335 938 1424">• "A-" (if Collateral Option "Adequate" applies at the relevant time); or</li> <li data-bbox="528 1458 938 1547">• "A" (if Collateral Option "Moderate" applies at the relevant time).</li> </ul>		
	An RCR or, if no such rating is published by S&P, an ICR of at least:	The Interest Rate Swap Counterparty will be obliged to: (a) (other than if Collateral Option "Weak" applies) as long as the remedial actions of limb (b) have not been put into place, to post or continue to post collateral and (b) use commercially reasonable efforts to, within 90 days, (i) procure a transfer to an eligible replacement of its obligations under the Interest Rate
<ul style="list-style-type: none"> <li data-bbox="528 1821 938 1910">• "BBB+" (if Collateral Option "Strong", applies at the relevant time);</li> </ul>		

Transaction Party	Required Ratings/Triggers	Possible effects of trigger being breached
First Account Bank	<ul style="list-style-type: none"> <li>• "A-" (if Collateral Option "Adequate" applies the relevant time);</li> <li>• "A" (if Collateral Option "Moderate" applies at the relevant time); or</li> <li>• "A+" (if Collateral Option "Weak" applies at the relevant time).</li> </ul> <ul style="list-style-type: none"> <li>• <b>Fitch.</b> A short-term issuer default rating of at least F1 by Fitch or a long-term issuer default rating (or deposit rating, if assigned) of at least A by Fitch;</li> <li>• <b>Moody's.</b> A long-term bank deposits rating of at least A2 by Moody's; and</li> <li>• <b>S&amp;P.</b> A short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 by S&amp;P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&amp;P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&amp;P, or should the First Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 from S&amp;P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A+ by S&amp;P,</li> </ul>	<p>Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Interest Rate Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Notes by S&amp;P.</p> <p>Within 60 calendar days of the breach, the First Account Bank will be required to transfer the balance of the First Transaction Account to, and the Issuer will be required to credit all amounts received by it in connection with the Mortgage Portfolio and the Transaction Documents into, the Second Transaction Account or, if the Second Account Bank is not a Qualified Institution, to a Transaction Account held with a Qualified Institution, the Second Transaction Account.</p>
	<p>or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.</p>	<p>If the First Account Bank takes such action as may be required to allow the Issuer to retain amounts received by it in connection with the Mortgage Portfolio and the Transaction Documents, other than an amount equal to the Immediate Cash Requirement, in the First Transaction Account while ensuring that the rating of the Class A Notes is not adversely affected (which may include, without limitation, posting collateral in support of its obligations under the First Account Bank Agreement, procuring that the Required Subordination Percentage is increased, or taking no action) and a Ratings Confirmation is obtained, then the Issuer may hold all such amounts, other than an amount equal to the Immediate Cash Requirement, in the First Transaction Account.</p>
	<ul style="list-style-type: none"> <li>• <b>Fitch.</b> A long-term issuer default rating (or deposit rating, if assigned) of at least BBB- by Fitch</li> </ul>	<p>Within 60 calendar days of the breach, one of the following will occur: (a) the First Account Bank shall, at no cost to the Issuer (and, should any costs arise, they shall be at the expense of the First Account Bank), transfer the closing credit balance of the First Transaction</p>

Transaction Party	Required Ratings/Triggers	Possible effects of trigger being breached
Second Account Bank	<ul style="list-style-type: none"> <li>• <b>Fitch.</b> A short-term issuer default rating of at least F1 by Fitch or a long-term issuer default rating (or deposit rating, if assigned) of at least A by Fitch;</li> <li>• <b>Moody's.</b> A long-term bank deposits rating of at least A2 by Moody's; and</li> <li>• <b>S&amp;P.</b> A short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 by S&amp;P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&amp;P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&amp;P, or should the Second Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 from S&amp;P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A+ by S&amp;P,</li> </ul>	<p>Account, together with all interest accrued on such balance up to but not including the date of transfer, to the Second Transaction Account or, to the extent the Second Account Bank is not a Qualified Institution, to a Transaction Account held with a Qualified Institution, or (b) the First Account Bank may obtain a guarantee in support of its obligations under the First Account Bank Agreement from a financial institution which has the First Account Bank Minimum Ratings, or (c) a Ratings Confirmation will be obtained or the First Account Bank will take such other actions as may be reasonably requested by the parties to the First Account Bank Agreement (other than the Security Trustee) to ensure that the rating of the Class A Notes immediately prior to the breach is not adversely affected by the breach.</p> <p>Within 60 calendar days of the breach, one of the following will occur: (a) the Second Transaction Account may be closed by, or on behalf of, the Issuer and all amounts standing to the credit thereof shall be transferred by, or on behalf of, the Issuer to accounts held with a Qualified Institution, or (b) the Second Account Bank may obtain a guarantee in support of its obligations under the Second Account Bank Agreement from a financial institution which has all the Account Bank Required Ratings, or (c) a Ratings Confirmation will be obtained or the Second Account Bank will take such other actions as may be reasonably requested by the parties to the Second Account Bank Agreement (other than the Security Trustee) to ensure that the rating of the Class A Notes immediately prior to the breach is not adversely affected by the breach.</p>

or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of trigger being breached</u>
	required to support the then rating of the Class A Notes.	
<b>Seller</b>	<ul style="list-style-type: none"> <li>• <b>Fitch.</b> A short-term issuer default rating of at least F1 by Fitch;</li> <li>• <b>Moody's.</b> A short-term rating of at least P-1 by Moody's; and</li> <li>• <b>S&amp;P.</b> A short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 by S&amp;P.</li> </ul>	Collections of interest and principal in respect of the Mortgage Loans in the Mortgage Portfolio will be swept into the Transaction Accounts on a daily basis instead of on a monthly basis.

## NON-RATING TRIGGERS TABLE

<b>Nature of Trigger</b>	<b>Description of Trigger</b>	<b>Consequence of Trigger</b>
<b>Asset Trigger Event</b> .....	Any amount is recorded as a debit on the Class A Principal Deficiency Sub-Ledger after the application of Available Funds in accordance with the applicable Priorities of Payments on a Payment Date.	For as long as a Trigger Event is continuing or following a Stop Revolving Event until the redemption of all STS Notes then outstanding:
<b>Non-Asset Trigger Event</b> ..	<p>(a) The occurrence of an Insolvency Event in relation to the Seller or the Servicer;</p> <p>(b) the appointment of the Servicer is terminated in accordance with the terms of the Servicing Agreement;</p> <p>(c) the Actual Subordination Amount is less than the Required Subordination Amount;</p> <p>(d) the amount standing to the credit of the Principal Reserve Fund is greater than Principal Reserve Fund Threshold Amount; or</p> <p>(e) the occurrence of a Principal Reserve Fund Retention Event.</p>	<p>(a) all Controlled Amortisation Notes and Bullet Redemption Notes will become Pass-Through Redemption Notes;</p> <p>(b) interest on all Class A Notes and Sub-Classes of Class A Notes in each Series will be determined and paid on a monthly basis;</p> <p>(c) principal on all Class A Notes and Sub-Classes of Class A Notes in each Series will be paid:</p> <p>(i) if an Asset Trigger Event has occurred and is continuing, in no order of priority among them but in proportion to the respective amounts due; or</p> <p>(ii) following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding or if a Non-Asset Trigger Event has occurred and is continuing, provided that an Asset Trigger Event has not occurred or is not continuing, in order of their Final Maturity Date, beginning with the earliest such date (and if two or more Series of Class A Notes have the same Final Maturity Date, in proportion to the respective amounts due);</p>
<b>Stop Revolving Event</b> .....	The occurrence of an Asset Trigger Event or an event referred to in paragraph (a) or (d) of the definition of "Non-Asset Trigger Event".	<p>(d) on each Payment Date, the Issuer will be required to apply Available Principal Receipts in accordance with the Priority of Payment set out under "<i>Credit Structure and Cashflows – Allocation and distribution of Available Principal Receipts - Application of Available Principal Receipts while a Trigger Event is continuing but prior to the delivery of an Enforcement Notice</i>"; and</p> <p>(e) the Seller will be required to repurchase any Mortgage Loans</p>



Nature of Trigger	Description of Trigger	Consequence of Trigger
		subject to a Further Advance or a Product Switch.
		Following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, the Seller may not assign Mortgage Loans and their Related Security or any Further Advances to the Issuer.
		On any Note Payment Date for any Series or Class of STS Notes following the occurrence of an event referred to in paragraph (a) or (d) of the definition of "Non-Asset Trigger Event", the Issuer may, upon given not more than 60 nor less than 30 days' notice to the Note Trustee and the Noteholders in accordance with Condition 14 ( <i>Notice to Noteholders</i> ), redeem all (but not some only) of such Notes at their aggregate Redemption Amount together with any accrued and unpaid interest in respect thereof.
<b>Perfection Trigger Event..</b>	<p>(a) The occurrence of an Event of Default and delivery of an Enforcement Notice;</p> <p>(b) the occurrence of an Insolvency Event in relation to the Seller;</p> <p>(c) failure by the Seller (or the Servicer on behalf of the Seller) to pay any sum due from it to the Issuer under the Mortgage Sale Agreement or the Servicing Agreement in respect of the Mortgage Loans within 30 calendar days of the due date for payment thereof or the date of demand, if payable on demand, where:</p> <p>(i) that failure, if capable of remedy, has not been remedied within 90 calendar days; and</p> <p>(ii) the Seller considers (acting reasonably) that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of that failure by any Relevant Rating Agency,</p>	<p>The Issuer (with the consent of the Note Trustee) or, following the service of an Enforcement Notice, the Note Trustee may decide that the Borrowers be notified of the sale of the Loans to the Issuer and legal title to the Mortgage Portfolio be transferred to the Issuer.</p> <p>The Servicer will not set the Barclays Standard Variable Rate below that set out in the most recent Final Terms.</p>
	unless the Seller has delivered a certificate to the Issuer, the Note Trustee and the Security Trustee confirming that that failure does not impact the use of the designation	

Nature of Trigger	Description of Trigger	Consequence of Trigger
<b>Servicer Termination Event</b> .....	<p>'simple, transparent and standardised' (within the meaning of the Securitisation Regulation) in respect of any Series or Class of STS Notes then outstanding, <b>provided that</b> the Issuer and the Security Trustee shall concur with the Seller in making any amendment to this paragraph (c) if the Seller delivers a certificate to the Issuer, the Note Trustee and the Security Trustee confirming that such amendment does not impact the use of the designation 'simple, transparent and standardised' (within the meaning of the Securitisation Regulation) in respect of any Series or Class of STS Notes then outstanding;</p> <p>(d) unless otherwise agreed by the Security Trustee, the termination of the Seller's role as Servicer under the Servicing Agreement, unless as at the relevant date of termination any substitute servicer is a member of the Barclays Group;</p> <p>(e) the Seller and/or the Issuer being required to perfect legal title to the Mortgage Loans and their Related Security by an order of a court of competent jurisdiction, a change in law occurring after the First Closing Date, or by a regulatory authority of which the Seller is a member or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply;</p> <p>(f) the security under or granted pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy;</p> <p>(g) the Issuer requesting a transfer by giving notice in writing to the Seller and the Security Trustee; or</p> <p>(h) the Seller determining that a Capital Adequacy Trigger Event has occurred.</p> <p>(a) The Servicer fails to pay any amount due and payable by it under the Servicing Agreement and such failure is not remedied for a period of</p>	Successor servicer to be appointed in accordance with the terms of the Servicing Agreement.

Nature of Trigger	Description of Trigger	Consequence of Trigger
	<p>30 calendar days after the Servicer becomes aware of such failure;</p>	
	<p>(b) default is made by the Servicer in the performance or observance of any of its other covenants and material obligations under the Servicing Agreement or any of the other Transaction Documents, which in the opinion of the Security Trustee, acting on the direction of the Note Trustee, is materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding, and such default continues unremedied for a period of 30 London Business Days after the Servicer becoming aware of such default, provided that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default will not constitute a Servicer Termination Event if, within such 30 London Business Day period, either:</p> <p>(i) the relevant sub-contractor or delegate remedies the relevant default; or</p> <p>(ii) the Servicer replaces the relevant sub-contractor or delegate with an entity capable of remedying such default (and ensures that such default is remedied by such entity) or alternatively indemnifies the Issuer against the consequences of such default;</p> <p>(c) the Servicer at any time fails to obtain or maintain the necessary licence or regulatory approval required by virtue of the UK mortgage regulatory regime and which is required in order to enable it to continue administering the Mortgage Loans, including, without limitation, the FCA Authorisations; or</p> <p>(d) an Insolvency Event occurs in relation to the Servicer.</p>	

Nature of Trigger	Description of Trigger	Consequence of Trigger
<b>Cash Manager Termination Event</b> .....	<p>(a) Default is made by the Cash Manager in the payment on the due date of any payment to be made by it under the Cash Management Agreement (subject to funds being available for the same) or in the performance of its obligations under Part A (<i>Payments, Determination and Investments</i>) of Schedule 1 (<i>Programme Cash Management Services</i>) to the Cash Management Agreement and such default, unless waived by the Issuer (with the prior written consent of the Security Trustee), continues unremedied for a period of five Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied;</p> <p>(b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, other than such obligations set out in (a) above, and such default is not waived by the Issuer (with the prior written consent of the Security Trustee), which in the opinion of the Security Trustee (acting in accordance with the direction of the Note Trustee) is materially prejudicial to the interests of the holders of the Most Senior Class of Notes and such default continues unremedied for a period of 20 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied; or</p> <p>(c) an Insolvency Event occurs in respect of the Cash Manager.</p>	Successor cash manager to be appointed in accordance with the terms of the Cash Management Agreement.

## FEES

The table below sets out the principal on-going transaction fees to be paid by the Issuer to Transaction Parties. Each of these fees is subject to change at any time without the notification or approval of Noteholders, including upon the appointment of any successor service provider or any other successor transaction party pursuant to the applicable Programme Document.

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicing fee.....	0.25 per cent. per annum of the Mortgage Portfolio (inclusive of any VAT)	Ahead of all interest payments on the Notes	Each Payment Date
Cash management fee...	£12,000 per annum (inclusive of any VAT)	Ahead of all interest payments on the Notes	Each Payment Date
Corporate expenses of Issuer .....	£6,500 per annum (exclusive of any VAT)	Ahead of all interest payments on the Notes	Each Payment Date

The corporate expense of the Issuer are exclusive of any value added tax ("VAT"), which is currently chargeable at 20 per cent., so that an amount equal to any VAT may be added to such expenses. Each of the servicing fee and the cash management fee is inclusive of any VAT, so that the actual amount of the fee will be the amount as set out above.

## DESCRIPTION OF THE NOTES

### THE CLASS A NOTES

**Issuance Tests** ..... The Issuer may only issue a Series of Class A Notes on the satisfaction of certain conditions precedent including Issuance Tests, the details of which are set out in "*Issuance of Notes – Issuance*". Under the Issuance Tests, any Class A Notes may be issued only if the amount of credit enhancement on the date of issuance of those Notes (after giving effect to such issuance), in the form of the Class Z VFNs, is equal to or greater than the Required Subordination Amount for each outstanding Series of Class A Notes. The Required Subordination Amount for the Class A Notes will be calculated by reference to, among other things, the Required Subordination Percentage for such Notes, which will be specified in the Final Terms for the most recent issuance of Class A Notes. The Required Subordination Amount may, subject to certain conditions, be increased or decreased without Noteholder consent.

**Ratings**..... It is a condition of the issuance of each Series of Class A Notes issued by the Issuer (other than the Money Market Notes) that they be assigned the following ratings by at least two of Standard & Poor's, Moody's or Fitch:

S&P	Moody's	Fitch
AAA(sf)	Aaa(sf)	AAAsf

It is a condition of the issuance of any Series and Class of Money Market Notes that they be assigned a rating of A-1+, P-1 or F1+ by at least one of S&P, Moody's or Fitch.

The Relevant Rating Agencies and the ratings assigned by them to each Series and Class of Notes will be specified in the applicable Final Terms.

**Ratings Modification Events** ..... At any time after the Closing Date of a Series of Notes, the Issuer may, without the consent or sanction of Noteholders of a Series of Notes or the Secured Creditors, effect:

- (a) the removal of any one of the Rating Agencies (a "**Removed Rating Agency**") from rating such Series of Notes together with the related ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such Removed Rating Agency (an "**Existing Rating Agency Removal**"); and/or
- (b) the subsequent reappointment of any such Removed Rating Agency or substitution of any such Removed Rating Agency for one of the Rating Agencies to provide a rating in respect of any such Series of Notes and include the then current relevant ratings criteria, rating tests, rating triggers and any and all relevant requirements specified by and/or relating to the reappointed or substituted Rating Agency ("**Existing Rating Agency Reappointment**"),

(a "**Ratings Modification Event**"), **provided that**, in each case and at all times, such Series of Notes continues to be rated by at least two Rating Agencies, and further **provided that** the Issuer has given at least 15 Business Days' notice to the holders of each relevant Series and Class of Notes of such Ratings Modification Event.

Furthermore, the Issuer may appoint any number of additional rating agencies to rate any Series of Notes (each, an "**Additional Rating Agency**") **provided that**, where such Additional Rating Agency is not then rating a Series of Notes, such appointment will be made in accordance with the procedure set out in Condition 11.7(a)(xiv).

In the event of an Existing Rating Agency Removal, all ratings criteria, rating tests, rating triggers and any and all requirements, specified by and/or relating to the Removed Rating Agency shall cease to apply and the Issuer may make such consequential modifications to the Conditions applying to the relevant Notes or any Programme Document as are necessary to implement the removal of the Removed Rating Agency and all ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such Removed Rating Agency.

In the event of an Existing Rating Agency Reappointment, all then current relevant ratings criteria, rating tests, rating triggers and any and all relevant requirements specified by and/or relating to the reappointed Rating Agency shall apply and the issuer may make such consequential modifications to the Conditions applying to the relevant Notes or any Programme Document as are necessary to implement the reappointment of the relevant Rating Agency and all then current relevant ratings criteria, rating tests, rating triggers and any and all relevant requirements specified by and/or relating to such reappointed Rating Agency.

Any modifications to the Conditions of any Series of Notes and/or any Programme Document to implement a Ratings Modification Event or appointment of an Additional Rating Agency will not require the consent or sanction of any holder of any such Series of Notes or the Secured Creditors (to the extent that such modifications solely relate to the relevant Series of Notes).

<b>Denominations of the Notes .....</b>	No less than £100,000 (and integral multiples of £1,000 in excess thereof) or, in respect of any Note issued which has a maturity of less than a year, £100,000 (or, in each case, its equivalent in the relevant currencies as at the date of issue of such Notes) or as otherwise specified in the applicable Final Terms.
<b>Currencies .....</b>	Sterling, US Dollar and Euro, or as otherwise specified in the applicable Final Terms.
<b>Final Maturity Dates ....</b>	As specified in the applicable Final Terms.
<b>Issue price.....</b>	Fully paid/par, or at discount from, or premium over, par.
<b>Selling restrictions .....</b>	See " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ".
<b>Fixed Rate Notes.....</b>	A Series and Class of Class A Notes which are Fixed Rate Notes will bear interest at the fixed rate specified in the applicable Final Terms, which will be calculated on the basis of the Day Count Fraction specified in the applicable Final Terms (see Condition 4.1 ( <i>Interest of Fixed Rate Notes</i> )).
<b>Floating Rate Notes .....</b>	A Series and Class of Class A Notes which are Floating Rate Notes will bear interest at a floating rate determined on the basis of SONIA, EURIBOR, €STR, SOFR or such other reference rate appearing on the agreed screen page of a commercial quotation service specified in the applicable Final Terms. The margin (if any) will be as specified in the applicable Final Terms. (see Condition 4.2 ( <i>Interest of Floating Rate Notes</i> )).
	Floating Rate Notes may also have a Maximum Rate of Interest, a Minimum Rate of Interest, certain step-up rates and/or a combination of such rates, in each case, as may be specified for such Notes in the applicable Final Terms.
	Interest on a Series and Class of Floating Rate Notes will be payable on the Note Payment Dates and will be calculated on the basis of the Day Count Fraction specified for such Notes in the applicable Final Terms.
<b>Pass-Through Redemption Notes.....</b>	A Series and Class of Class A Notes which are Pass-Through Redemption Notes will be issued by the Issuer with no specified maturity date other than

the Final Maturity Date specified for such Notes in the applicable Final Terms and will be redeemable in full on such Final Maturity Date.

Each Series and Class of Bullet Redemption Notes and each Series and Class of Controlled Amortisation Notes will become a Series and Class of Pass-Through Redemption Notes while a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding.

Subject to the Principal Repayment Rules described in "*Credit Structure and Cashflows*", the Issuer may, on each applicable Note Payment Date for a Series and Class of Pass-Through Redemption Notes, repay all or part of such Notes prior to their Final Maturity Date. For as long as a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, the Issuer will repay such Notes, to the extent that funds are available and subject to the conditions for repayment, on Payment Dates.

**Controlled  
Amortisation Notes ....**

A Series and Class of Class A Notes which are Controlled Amortisation Notes will be issued by the Issuer on terms which allow for the redemption of the Sterling Equivalent Principal Amount Outstanding of such Notes on the Payment Dates specified as Controlled Amortisation Dates for such Notes in the applicable Final Terms, subject to limits on the Redemption Amount (specified as the Controlled Amortisation Amount for such Notes in the applicable Final Terms) which may be repaid on such Notes on each Controlled Amortisation Date.

To the extent that there are insufficient funds available on a Controlled Amortisation Date to repay the relevant Controlled Amortisation Amount then the Issuer will be required to pay the shortfall, to the extent it receives funds therefor, on subsequent Note Payment Dates in respect of such Notes.

For as long as a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, each Series and Class of Controlled Amortisation Notes will become Pass-Through Redemption Notes and the Issuer will repay such Notes to the extent that funds are available and subject to the conditions regarding repayment, on Payment Dates.

If, following the occurrence of a Trigger Event, a Trigger Event is no longer continuing, the Controlled Amortisation Notes which became Pass-Through Redemption Notes while the Trigger Event was continuing will revert to being Controlled Amortisation Notes, and the Issuer may make repayments on such Notes in excess of the Controlled Amortisation Amount for such Notes, or may suspend making repayments on such Notes, on each Controlled Amortisation Date until the Sterling Equivalent Principal Amount Outstanding of such Notes is equal to the expected Sterling Equivalent Principal Amount Outstanding of such Notes on a Controlled Amortisation Date.

**Bullet Redemption  
Notes .....**

A Series and Class of Class A Notes which are Bullet Redemption Notes will be issued by the Issuer on terms which schedule the redemption of such Notes on one Note Payment Date specified as the Bullet Redemption Date for such Notes in the applicable Final Terms.

The Issuer will seek to accumulate principal amounts for a Series and Class of Bullet Redemption Notes over the Cash Accumulation Period for such Notes and thus to redeem the Bullet Redemption Notes in full on the Bullet Redemption Date. A Cash Accumulation Period for a Series and Class of Bullet Redemption Notes will be determined according to a formula described under "*Credit Structure and Cashflows – Calculation of Cash Accumulation Requirement*" and, subject to such formula, will be the period of time estimated



to be the number of months prior to the relevant Bullet Redemption Date that is required by the Issuer to accumulate sufficient Principal Receipts (derived from the Mortgage Portfolio) to redeem the Sterling Equivalent Principal Amount Outstanding of the relevant Series and Class of Bullet Redemption Notes on their Bullet Redemption Date.

For as long as a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, each Series and Class of Bullet Redemption Notes will become Pass-Through Redemption Notes and the Issuer will repay such Notes to the extent that funds are available and subject to the conditions regarding repayment, on Payment Dates.

If there are insufficient funds available to redeem a Series and Class of Bullet Redemption Notes in full on the Bullet Redemption Date, then an Event of Default will occur.

**Money Market Notes....** The Issuer may, from time to time, issue a Series and Class of Bullet Redemption Notes, Controlled Amortisation Notes or Pass-Through Redemption Notes that are Money Market Notes. Money Market Notes are intended to be "eligible securities" for purchase by money market funds under Rule 2a-7 of the US Investment Company Act of 1940, as amended.

However, the determination as to whether any applicable Series and Class of Notes will qualify as "eligible securities" under Rule 2a-7 will involve investment determinations and interpretive questions that, as with qualification and compliance with other aspects of Rule 2a-7, will be solely the responsibility of each money market fund and its investment adviser. None of the Issuer, the Seller, the Note Trustee, the Security Trustee, the Cash Manager, each Remarketing Agent, each Tender Agent, each Paying Agent, the Agent Bank, the Registrar, the Exchange and Transfer Agent, each Conditional Note Purchaser or any other party to the Programme Documents will make any representation as to the suitability of such Notes as "Money Market Notes" for investment by money market funds subject to Rule 2a-7.

The Final Maturity Date of any Money Market Notes will always be less than 397 days from the Closing Date on which such Notes were issued, unless the Issuer has entered into remarketing arrangements in relation to such Notes. Under such remarketing arrangements, a Remarketing Agent will agree to seek purchasers of the relevant Notes on specified dates throughout the term of such Notes and a Conditional Note Purchaser will agree to purchase any such Notes on such specified dates if purchasers for such Notes have not been found, **provided that** certain events have not then occurred. Such Money Market Notes will also be subject to the terms of Condition 5.6 (*Money Market Note Mandatory Transfer Arrangements*).

For more information on the Money Market Notes and the remarketing arrangements applicable thereto, see "*Description of the Trust Deed and the Notes – Money Market Notes*", "*Risk factors – Risks relating to the Rule 2a-7 suitability of the Money Market Notes*", "*– Ability of the Issuer to procure payment of the Money Market Note Mandatory Transfer Price may affect timely payment on the Notes*" and "*– Each money market note mandatory transfer may be dependent upon identification of investors interested in acquiring Money Market Notes*".

### THE CLASS Z VFNS

**The Class Z VFNS.....** The Class Z VFNS will be issued to the Class Z VFN Holder on the First Closing Date. The Class Z VFNS will consist of two separate Sub-Classes: the Class Z(R) VFN and the Class Z(S) VFN.

**The Class Z(R) VFN....** The Class Z(R) VFN will be issued and further amounts may be drawn thereunder:

- (a) to fund and, if necessary, at the sole discretion of the Class Z VFN Holder, to replenish the General Reserve Fund;
- (b) to pay the start-up expenses of the Issuer in connection with the issuance of each Series of Notes; and
- (c) at the sole discretion of the Class Z VFN Holder, to be applied as Available Revenue Receipts for the purposes of eliminating any debit entries on any Principal Deficiency Sub-Ledger.

If at any time the General Reserve Fund Required Amount is reduced, any amount in excess of the General Reserve Fund Required Amount may be applied directly in repayment of the Class Z(R) VFN and such repayment is not required to be subject to the relevant Priority of Payments.

The Class Z(R) VFN will rank junior to the Class A Notes with respect to payments of interest and principal.

**The Class Z(S) VFN ....** The Class Z(S) VFN will be issued for the purposes of:

- (a) funding (prior to the application of any Principal Receipts available for such purpose in accordance with the applicable Priority of Payments) any Flexible Feature Payments in relation to the Mortgage Loans in the Mortgage Portfolio (thereby enabling the relevant Mortgage Loan to remain in the Mortgage Portfolio subject to satisfaction of the Eligibility Criteria and the Portfolio Criteria); and
- (b) funding and maintaining the Required Subordination Amount and the Required Retention Amount.

The Class Z(S) VFN will be retained by the Seller for the purposes of compliance with the requirement, under Article 6(1) of the Securitisation Regulation, to retain, on an ongoing basis, a material net economic interest of not less than five per cent. in the securitisation.

The Principal Amount Outstanding under the Class Z(S) VFN at any time is required to be an amount equal to the greater of:

- (a) the Required Subordination Amount; and
- (b) the Required Retention Amount.

The Class Z VFN Holder may offer to advance, and the Issuer will accept, a further drawing under the Class Z(S) VFN:

- (a) for the purposes of funding any Flexible Feature Payments in relation to the Mortgage Loans in the Mortgage Portfolio; or
- (b) to ensure that the Actual Subordination Amount is no less than the Required Subordination Amount by applying such further drawing either:

- (i) to purchase Additional Mortgage Loans and Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement; or
- (ii) as Available Principal Receipts to effect the redemption of the Class A Notes on the next following Payment Date in accordance with Condition 5.2 (*Mandatory redemption of the Notes in part*) and the applicable Priority of Payments.

The Class Z(S) VFN will rank junior to the Class A Notes and the Class Z(R) VFN with respect to payments of interest and principal.

**Interest on the Class Z VFNs .....**

Interest on the Class Z VFNs will be paid on a quarterly basis. The Rate of Interest payable from time to time in respect of the Class Z VFNs will be determined in the manner specified in the applicable Final Terms. The Reference Rate in respect of the Class Z VFNs will be SONIA.

**Repayment of the Class Z VFNs.....**

The overall Required Subordination Amount for the Programme and the outstanding Class A Notes of each Series at any time will be achieved through the Class Z(S) VFN.

If, on any Payment Date, the Actual Subordination Amount is in excess of the Required Subordination Amount (or will be following the application of Available Revenue Receipts and Available Principal Receipts on such Payment Date), then the Class Z(S) VFN may, in accordance with the Pre-Enforcement Principal Priority of Payments and subject to the requirements of Article 6 of the Securitisation Regulation, be repaid to an amount such that the Actual Subordination Amount is equal to the Required Subordination Amount.

## THE ISSUER

Gracechurch Mortgages PLC was incorporated and registered in England and Wales on 1 August 2019 (under company registration number 12134081) as a public limited company under the Companies Act 2006 (as amended).

The registered office of the Issuer is at 10th Floor, 5 Churchill Place, London E14 5HU. The telephone number of the Issuer is +44 (0)203 855 0285.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, comprising 1 ordinary share which is fully paid up and 49,999 ordinary shares which are one-quarter paid up, all of which are beneficially owned by Holdings (see the section entitled "*Holdings*" below).

The Issuer has been established as a special purpose company for the purpose of acquiring the Mortgage Loans and issuing the Notes. The Issuer has no subsidiaries and no employees.

CSC Capital Markets UK Limited, as the Corporate Services Provider, acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. The Corporate Services Provider's principal office is at 10th Floor, 5 Churchill Place, London E14 5HU.

Through the office and pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses.

The terms of the Corporate Services Agreement provide that either the Corporate Services Provider or the Issuer and Holdings may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is not cured within 30 days from the date on which it was notified of such breach. In addition, either the Corporate Services Provider or the Issuer and Holdings may terminate the Corporate Services Agreement at any time by giving at least 90 days' written notice to the other party. If the Corporate Services Provider gives notice to the Issuer and Holdings that it wishes to terminate the Corporate Services Agreement, then the Corporate Services Provider will be required to take all reasonably necessary steps in order to appoint a suitable replacement corporate services provider.

Neither the Seller nor any associated body of the Seller owns directly or indirectly any of the share capital of the Share Trustee, Holdings or the Issuer.

The Issuer has not commenced operations and has not engaged, since its incorporation, and will not engage in any material activities other than those incidental to its incorporation under the Companies Act 2006 (as amended), authorisation and issue of the Notes, the matters referred to or contemplated in this document and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing. The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the time of this Base Prospectus.

The accounting reference date of the Issuer is 31 December. As of the date of this Base Prospectus, the Issuer has not prepared accounts. The first statutory accounts of the Issuer will be prepared for the period from the date of its incorporation to 31 December 2020.

### Directors

The directors of the Issuer and their respective business addresses and principal activities are:

<u>Name</u>	<u>Address</u>	<u>Principal Activities</u>
CSC Directors (No.1) Limited .....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
CSC Directors (No.2) Limited .....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Lara Nasato .....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director

The directors of CSC Directors (No.1) Limited and CSC Directors (No.2) Limited and their principal

activities are as follows:

<u>Name</u>	<u>Address</u>	<u>Principal Activities</u>
Charmaine De Castro .....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Jonathan Hanly.....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Constantinos Kleanthous.....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Catherine Mary Elizabeth McGrath .....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Lara Nasato .....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
John Paul Nowacki.....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Vinoy Rajanah Nursiah.....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Debra Amy Parsall.....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
Aline Sternberg.....	10th Floor, 5 Churchill Place, London E14 5HU	Company Director

The company secretary of the Issuer is:

<u>Name</u>	<u>Business Address</u>
CSC Corporate Services (UK) Limited.....	10th Floor, 5 Churchill Place, London E14 5HU

### Activities

On or prior to the First Closing Date and on subsequent Assignment Dates thereafter, the Issuer will acquire from the Seller a portfolio of residential mortgage loans originated by the Seller (including mortgage loans transferred to the Seller by the RFTS). All Mortgage Loans acquired by the Issuer on each such date will be financed by the proceeds of the issue of the Notes or by the application of Available Principal Receipts. The activities of the Issuer will be restricted by the Conditions and the Deed of Charge and will be limited to the issue of the Notes, the ownership of the Mortgage Loans and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include the collection of payments of principal and interest from Borrowers in respect of Mortgage Loans and the operation of arrears procedures.

## **HOLDINGS**

Holdings was incorporated as a private limited company in England and Wales on 1 August 2019 (under company registration number 12133973) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is at 10th Floor, 5 Churchill Place, London E14 5HU.

Holdings' authorised share capital on incorporation comprised, and as at the date of this Base Prospectus comprises, 1 ordinary share of £1 which is fully paid up. The issued share capital is held by the Share Trustee under the terms of a discretionary trust. Holdings is organised as a special purpose company.

The Seller does not own directly or indirectly any of the share capital of Holdings.

The principal objects of Holdings as set out in its memorandum of association are, among other things, to acquire and hold, by way of investments or otherwise and to deal in or exploit in such manner as may from time to time be considered expedient, all or any of the shares, stocks, debenture stocks, debentures or other interests of or in any company. Holdings is the sole owner of the Issuer. Holdings does not take an active role in the management of any of the participants in the Programme.

Since its incorporation, Holdings has not engaged in any material activities other than those incidental to its registration as a private company under the Companies Act 2006 (as amended) and subscribing or otherwise acquiring the issued share capital of the Issuer, the authorisation and entry into of documentation relating to the Programme and the other matters contemplated in this Base Prospectus and other matters which are incidental or ancillary to those activities. Holdings has no employees.

## BARCLAYS BANK UK PLC

Barclays Bank UK PLC ("**BBUKPLC**") is a public limited company registered in England and Wales under number 09740322. The liability of the members of BBUKPLC is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom. BBUKPLC was incorporated on 19 August 2015 under the name of Barclays UK and Europe PLC, which was changed to its current name, Barclays Bank UK PLC, on 15 June 2017. The whole of the issued ordinary share capital of BBUKPLC is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of BBUKPLC.

Barclays PLC and its subsidiaries (the "**Barclays Group**") is a British universal bank with a diversified and connected portfolio of businesses, serving retail and wholesale customers and clients globally. The Barclays Group's businesses include consumer banking and payment operations around the world, as well as a top-tier, full service global consumer and investment bank. The Barclays Group operates as two divisions – the Barclays UK division and the Barclays International division. These are housed in two banking subsidiaries – Barclays UK sits within BBUKPLC and Barclays International sits within Barclays Bank PLC – which are supported by Barclays Execution Services Limited. Barclays Execution Services Limited is the Barclays Group-wide service company providing technology, operations and functional services to businesses across the Barclays Group.

BBUKPLC offers products and services to meet the banking needs of UK based retail customers and small to medium-sized enterprises.

BBUKPLC was established to meet the regulatory ring-fencing requirements in accordance with the Financial Services (Banking Reform) Act 2013 and related legislation. The set-up of the ring-fenced bank involved the transfer to BBUKPLC of employees, businesses and various legal entities connected with the UK banking business.

The short-term unsecured obligations of BBUKPLC are rated A-1 by S&P, P-1 by Moody's and F1 by Fitch and the long term unsecured unsubordinated obligations of BBUKPLC are rated A by Standard & Poor's, A1 by Moody's and A+ by Fitch.

## **THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

Citicorp Trustee Company Limited was incorporated on 24 December 1928 under the laws of England and Wales and has its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with company number 235914.

Citicorp Trustee Company Limited is an indirect wholly-owned subsidiary of Citigroup Inc, a diversified global financial services holding company incorporated in Delaware.

Citicorp Trustee Company Limited is regulated by the UK's Financial Conduct Authority.



## **THE CASH MANAGER**

U.S. Bank Global Corporate Trust Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

U.S. Bank Global Corporate Trust Limited is part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, the Corporate Trust business is conducted in combination with Elavon Financial Services DAC (the legal entity through which Corporate Trust banking and certain agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which the Corporate Trust Division conducts business in the United States).

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States.

## **THE SECOND ACCOUNT BANK**

Elavon Financial DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide Corporate Trust business of the U.S. Bancorp group in Europe. U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland D18 W319 and through its UK Branch London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its UK Branch are also subject to the limited regulation of the UK Financial Conduct Authority and Prudential Regulation Authority.

In Europe, the Corporate Trust business is conducted in combination with U.S. Bank Global Corporate Trust Limited (the legal entity through which certain Corporate Trust agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The Corporate Trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States.

## USE OF PROCEEDS

### The Class A Notes

An amount equal to the gross proceeds of the issuance of the Class A Notes of each Series will be (following, where applicable, the conversion into Sterling of the proceeds of any Class of Notes of such Series issued in a currency other than Sterling, pursuant to the terms of the relevant Currency Swap Agreement) used by the Issuer:

- to pay to the Seller the Initial Purchase Price for Mortgage Loans and other Mortgage Portfolio to be assigned, from time to time, by the Seller to the Issuer; and
- to refinance any existing Series or Class of Notes.

### The Class Z VFNs

An amount equal to the gross proceeds of the issuance of the Class Z VFNs of each Series will be used by the Issuer:

- in the case of the Class Z(R) VFNs:
  - to fund and, if necessary, at the sole discretion of the Class Z VFN Holder, to replenish the General Reserve Fund;
  - to pay the start-up expenses of the Issuer in connection with the issuance of each Series of Notes; and
  - at the sole discretion of the Class Z VFN Holder, to be applied as Available Revenue Receipts for the purposes of eliminating any debit entries on any Principal Deficiency Sub-Ledger; and
- in the case of the Class Z(S) VFNs:
  - to pay to the Seller any amounts required (following the application of any Principal Receipts available for such purpose in accordance with applicable Priority of Payments) for the purposes of funding any Flexible Feature Payments in relation to the Mortgage Loans in the Mortgage Portfolio; and
  - to fund and maintain the Required Subordination Amount.

## ISSUANCE OF NOTES

The following summary and the information set out in "*Description of the Trust Deed and the Notes*" and "*Terms and Conditions of the Notes*" summarise the material terms of the Notes and the Trust Deed. These summaries do not purport to be complete and are subject to the provisions of the Trust Deed and the Conditions.

### General

The Notes will be issued in Series pursuant to the Trust Deed. Each Series will be comprised of one or more Class A Notes and Class Z VFNs. The Notes of a particular Class in different Series (and the Notes of differing Sub-Classes of the same Class and Series) will not necessarily have all the same terms. Differences may include principal amount, interest rates, interest rate calculations, currency, Payment Dates, Final Maturity Dates and ratings. Each Series and Class of Notes will be secured by the same assets, being the Mortgage Portfolio. Noteholders holding certain Notes may have the benefit of remarketing and conditional purchase arrangements or similar arrangements. The terms of each Series of Notes will be set forth in the applicable Final Terms. Existing Noteholders will be informed of further issues via the regulatory news service on the London Stock Exchange website.

### Issuance

The Issuer may issue new Series and Classes of Notes without obtaining the consent of existing Noteholders. The Issuer may only issue a new Series of Class A Notes if sufficient subordination is provided for new Series through the Class Z VFNs and/or the General Reserve Fund. The Required Subordination Percentage, which is used to calculate the Required Subordination Amount for the Class A Notes of each Series, will be set forth in the Final Terms as well as the General Reserve Fund Required Amount. The issuance tests are set out below.

On the Closing Date of any Series of Class A Notes, the "**Issuance Tests**" necessary to issue such Series are as follows:

- no amount was standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the second Payment Date immediately preceding such the relevant Closing Date that remained standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the Payment Date immediately preceding such Closing Date;
- no Event of Default has occurred and is continuing (and has not been waived) or will occur as a consequence of the issue of such Notes;
- no Enforcement Notice has been delivered to the Issuer by the Note Trustee;
- the General Reserve Fund is funded up to the General Reserve Fund Required Amount;
- a Ratings Confirmation has been received;
- no failure to exercise the optional redemption right on or following the Step-Up Date for any Series of Class A Notes is continuing;
- each of the applicable Programme Issuance Documents has been executed by the relevant parties to those documents;
- the Issuer will have delivered a solvency certificate to the Note Trustee substantially in the form scheduled to the Trust Deed; and
- following the issuance of such Series, the Actual Subordination Amount must be equal to, or greater than, the greater of the Required Retention Amount and the Required Subordination Amount.

In relation to the above, the amounts available on any date for the payment of principal on the Notes will be calculated in accordance with the Pre-Enforcement Principal Priority of Payments (as set out in "*Credit Structure and Cashflows – Allocation of distribution of Available Principal Receipts*") and will be

calculated with reference to the rules for the application of Available Principal Receipts (as set out in "*Credit Structure and Cashflows – Allocation and distribution of Available Principal Receipts – Rules for application of Available Principal Receipts*").

The Issuer may change the Required Subordination Amount for the Class A Notes or the method of computing the Required Subordination Amount, at any time without the consent of any Noteholders so long as it has:

- obtained a Ratings Confirmation in respect thereof; and
- an opinion of counsel that for US federal income tax purposes (i) the change will not adversely affect the tax characterisation as debt of any outstanding Series and Class of Notes that were characterised as debt at the time of their issuance and (ii) such change will not cause or constitute an event in which gain or loss would be recognised by any holder of such Notes.

## THE MORTGAGE LOANS AND THE MORTGAGE PORTFOLIO

The Mortgage Portfolio will consist of Mortgage Loans and their Related Security sold by the Seller to the Issuer from time to time, in accordance with the terms of the Mortgage Sale Agreement.

A random selection process will be utilised to select mortgage loans to be sold by the Seller to the Issuer. The process will take into consideration the Eligibility Criteria and Portfolio Criteria, the required size of the Mortgage Portfolio and whether a mortgage loan is already being utilised as collateral in another of the Seller's funding programmes.

### Mortgage products offered by the Seller

The Seller offers a variety of fixed rate, variable rate, tracker rate, discounted rate and hybrid mortgage products to Borrowers. The Seller may sell to the Issuer any of the following of its mortgage products, which in each case may comprise one, or a combination of, the following:

- (a) Mortgage Loans which track and are subject to a rate linked to the Bank of England's base rate for the life of the Mortgage Loan ("**Tracker Rate Mortgage Loans**");
- (b) Mortgage Loans which track and are subject to the Barclays Standard Variable Rate for the life of the Mortgage Loan ("**Standard Variable Rate Mortgage Loans**");
- (c) Mortgage Loans which are subject to a fixed interest rate for a specified period of time (usually a period of 2, 3, 5 or 10 years) and at the expiration of that period are generally subject to a rate linked to the Barclays Standard Variable Rate or the Bank of England's base rate ("**Fixed Rate Mortgage Loans**"); and
- (d) Tracker Rate Mortgage Loans or Standard Variable Rate Mortgage Loans which are subject to a discount for a specified period of time (usually a period between 12 and 24 months) and at the expiration of that period are generally subject to a rate linked to the Bank of England's base rate or the Barclays Standard Variable Rate (as applicable) ("**Discounted Variable Rate Mortgage Loans**") and, together with Standard Variable Rate Mortgage Loans, "**Variable Rate Mortgage Loans**").

### Key features of the Mortgage Loans

The Mortgage Loans have the following key features:

- (a) a Mortgage Loan may be for the purposes of purchase and remortgage (including release of equity) and home improvement;
- (b) they are available to owner occupiers only. No Mortgage Loan in the Mortgage Portfolio will be secured over a property used solely as a commercial property, guarantor, right to buy, or secured only by a second charge or will have been originated as a Buy-to-Let Mortgage Loan;
- (c) interest rates on the Mortgage Loan can be a combination of fixed and variable rate (which may be discounted or capped for an initial period), with the variable rate being either a rate linked to the Barclays Standard Variable Rate or the Bank of England's base rate;
- (d) when any fixed rate or discounted rate finishes, the rate on the Mortgage Loan will generally revert to the then standard variable rate or a rate linked to the Bank of England's base rate;
- (e) certain Mortgage Loans enable a Borrower to take out a Further Advance up to the then permitted LTV Ratio (when aggregated with the then Current Balance), subject to customer status, lending and product criteria;
- (f) a Borrower may move a mortgage product to a new property (each such move is known as a "**port**"). In porting, the Borrower will retain any product features and the term that remains outstanding on the product. Any ported Mortgage Loan will be required to be repurchased by the Seller;
- (g) for certain types of Mortgage Loan, early repayment charges may be applicable;

- (h) most products contain an option under which the Borrower may repay a fixed amount of the outstanding balance of the Mortgage Loan in any year without incurring an early repayment charge;
- (i) either regularly or as a lump sum, overpayments may be made on any portion of a Mortgage Loan;
- (j) some Mortgage Loans allow for lump sum payments to be made which may be capped to a specific annual amount or multiple amounts according to each product type;
- (k) interest on a Mortgage Loan is accrued on a daily basis; and
- (l) the Seller reserves the right to amend the Mortgage Conditions from time to time.

#### **Interest payments and setting of Interest Rates**

Interest on each Mortgage Loan accrues on the Current Balance of that Mortgage Loan from time to time. Interest is payable by the Borrower monthly in arrear. Interest on the Mortgage Loans in the Mortgage Portfolio is computed on a daily basis. Each Mortgage Loan in the Mortgage Portfolio accrues interest at any time at either a fixed or a variable rate.

Fixed Rate Mortgage Loans provide that the Borrower pays interest on such Mortgage Loan at a fixed rate of interest for the period specified in the offer of advance. At the end of that period, such Mortgage Loans are generally subject to a rate linked to the Barclays Standard Variable Rate or a tracker rate.

Interest accrues on Mortgage Loans other than Fixed Rate Mortgage Loans at a rate equal either to the Barclays Standard Variable Rate or such other Variable Mortgage Rate as set forth in the offer of advance (or, for a specified period of time, at a set margin below the applicable Variable Mortgage Rate). The Barclays Standard Variable Rate is not directly linked to interest rates in the financial markets although, in general, the Barclays Standard Variable Rate follows movements in the markets.

Except in limited circumstances as set out in "*The Servicer and the Servicing Agreement – Undertakings of the Servicer*", the Servicer, on behalf of the Issuer, is responsible for setting the Barclays Standard Variable Rate, the Variable Mortgage Rates and the other discretionary rates and margins applicable to the Mortgage Loans in the Mortgage Portfolio. The Mortgage Conditions applicable to all of the Variable Rate Mortgage Loans provide that the Seller and its transferees may vary the Barclays Standard Variable Rate only for certain reasons which are specified in the Mortgage Conditions. These reasons include:

- to take account of any changes in the Bank of England base rate (or in the nearest equivalent interest rate set by the Bank of England or by any central bank or monetary authority that replaces the Bank of England);
- to take account of a change in the cost of the funds that the Seller uses in its mortgage lending business; or
- to reflect changes in the cost on the Seller's mortgage business, as reasonably estimated by the Seller, of complying with:
  - a change in any laws and regulations the Seller has to comply with (and including guidance from the Seller's regulators); or
  - a decision by a court, ombudsman or similar body.

#### **Repayment terms of the Mortgage Loans**

Borrowers typically make payments of interest and repay principal on their Mortgage Loans using one or a combination of the following three methods:

- (a) Mortgage Loans where the Borrower makes monthly payments of both interest and principal so that, when the Mortgage Loan is scheduled to mature, the Borrower will have repaid the full amount of the principal of the Mortgage Loan ("**Repayment Mortgage Loans**");
- (b) Mortgage Loans where the Borrower makes monthly payments of interest but not of principal. When the Mortgage Loan matures, the entire principal amount of the Mortgage Loan is still

outstanding and the Borrower must repay that amount in one lump sum ("**Interest Only Mortgage Loans**"); and

- (c) Mortgage Loans where the Borrowers are required to repay part of the principal amount of the Mortgage Loan by making monthly payments of both interest and principal and to repay the remaining part of the principal amount of the Mortgage Loan in one lump sum when the Mortgage Loan matures ("**Part and Part Mortgage Loans**").

Borrowers have the flexibility to switch from an Interest Only Mortgage Loan to a Repayment Mortgage Loan subject to any requirements that the Seller may have at the time. Prior to a Borrower switching from a Repayment Mortgage Loan to an Interest Only Mortgage Loan, the Borrower will be required to carry out a full stressed affordability assessment and may be required to confirm that such Borrower has put in place appropriate Investment Plans or other repayment mechanisms so as to provide it with sufficient sums to repay the relevant principal amount due at the end of the term of the Mortgage Loan. See further "*Risk Factors – There can be no assurance that a Borrower will repay principal at the end of the term on an Interest Only Mortgage Loan (with or without a capital repayment vehicle)*".

The required Monthly Payment due in connection with Repayment Mortgage Loans or Interest Only Mortgage Loans may vary from month to month for various reasons, including changes in interest rates.

All Borrowers in respect of the Mortgage Loans in the Mortgage Portfolio may make monthly payments to the Seller by direct debit, standing order or cheque.

#### **Early repayment charges**

If a Discounted Variable Rate Mortgage Loan, a Fixed Rate Mortgage Loan, a Tracker Rate Mortgage Loan or a Standard Variable Rate Mortgage Loan is partially or fully redeemed during the early repayment charge period as set out in the applicable Mortgage Conditions, the relevant Borrower will be subject to an early repayment charge.

#### **Flexible features**

The Mortgage Loans are subject to a range of options that may be selected by Borrowers and that give such Borrowers greater flexibility in the timing and amount of payments made under the Mortgage Loans as well as access to additional advances under the Mortgage Loans. A Mortgage Loan that has one or more of these features is called a "**Flexible Mortgage Loan**". In addition to the Flexible Mortgage Loans described in this Base Prospectus, the Seller may in the future assign Mortgage Loans to the Issuer that have different flexible features.

The following options currently are available to a Borrower under a Flexible Mortgage Loan:

- **Overpayments.** Where permitted by the Borrower's Mortgage Loan Agreement, the Borrower may make overpayments up to a certain amount at any time without incurring any early repayment charges. Any overpayments made by the Borrower increase the Borrower's overpayment balance, but do not affect the amount of the Borrower's Monthly Payments until the end of each period of 1 October in one year until 30 September in the next year (the "**Mortgage Financial Year**") or a change in the Variable Mortgage Rate applicable to that Borrower's Mortgage Loan, whereupon that Borrower's Monthly Payments are adjusted. Overpayments may be made regularly by direct debit or as a lump sum. The Borrower's overpayment balance is not a bank account and is therefore not a protected deposit covered by the Financial Services Compensation Scheme or any similar scheme, and no interest is paid on it.

In general, Borrowers are not allowed to borrow back any amounts overpaid on their Mortgage Loan. However, in exceptional circumstances (for example, where the Borrower falls into severe financial difficulties or makes a manifest error in the amount of their Monthly Payment), Borrowers may be allowed to borrow back their overpayment balance.

- **Underpayments.** Where permitted by the Borrower's Mortgage Loan Agreement, the Borrower may underpay their Monthly Payment (in whole or in part) if the following conditions are satisfied:
  - the request to make an Underpayment is sent in advance of the Monthly Payment Date;



- the Borrower is paying their Monthly Payments by direct debit;
- the requested Underpayment arrangement is for no more than six consecutive months;
- the Borrower's overpayment balance is equal to or greater than the total amount that the Borrower wishes to underpay; and
- the Borrower has not set up any other Underpayment arrangements in that Mortgage Financial Year.

If these conditions are not satisfied, then the Seller is not required to allow an Underpayment, however the Mortgage Conditions provide that the Seller may nevertheless allow Underpayments if the Borrower's overpayment balance is equal to or greater than the total amount that the Borrower wishes to underpay.

- **Product Switches.** From time to time Borrowers may request or the Seller may offer, in limited circumstances, a variation in the Mortgage Conditions applicable to the Borrower's Mortgage Loan. Such a variation may constitute a Product Switch which may result in the repurchase of the Mortgage Loan by the Seller. See "*Assignment of the Mortgage Loans and Related Security – Product Switches*".
- **Further Advances.** From time to time Borrowers may request and the Seller may agree, in limited circumstances, to advance a further amount to the Borrower under the Borrower's Mortgage Loan. Such an advance will constitute a Further Advance which may result in the repurchase of the Mortgage Loan by the Seller. See "*Assignment of the Mortgage Loans and Related Security – Further Advances*".

### Security in respect of the Mortgage Loans

Each Mortgage Loan is secured by a charge by way of a first ranking legal mortgage over a residential property in England or Wales or a first ranking standard security over a residential property in Scotland or a first ranking mortgage (in the case of unregistered land) or a first ranking charge (in the case of registered land) over a residential property in Northern Ireland. Each Mortgage Loan secured over a property located in England or Wales is subject to English law, each Mortgage Loan secured over a property located in Scotland is subject to Scots law and each Mortgage Loan secured over a property located in Northern Ireland is subject to Northern Irish law.

A proportion of the Mortgage Loans in the Mortgage Portfolio are or will be secured over properties in Scotland. Under Scots law, the only means of creating a fixed charge or a fixed security interest over heritable property is the statutorily prescribed standard security. In relation to the Scottish Mortgage Loans, references in this Base Prospectus to a "**mortgage**" are to be read as references to such standard security and references to a "**mortgagee**" are to be read as references to the security holder (under Scots law, termed the "heritable creditor").

A proportion of the Mortgage Loans in the Mortgage Portfolio are or will be secured over properties in Northern Ireland. Under Northern Irish law, a security interest over land is created by way of a mortgage (in the case of unregistered land) or a charge (in the case of registered land). In relation to the Northern Irish Mortgage Loans, references in this base prospectus to a "**mortgage**" are to be read as references to such mortgage or charge and references to a "**mortgagee**" are to be read as references to the security holder.

In practice, the Seller has advanced and intends to advance Mortgage Loans on a similar basis in England and Wales, Northern Ireland and Scotland. While there are certain differences in law and procedure in connection with the enforcement and realisation of Scottish Mortgages and Northern Irish Mortgages, the Seller does not consider that these differences make Scottish Mortgages or Northern Irish Mortgages significantly different or less effective than the English Mortgages.

### Origination of the Mortgage Loans

The Seller currently derives its mortgage lending business from the following sources:

- (a) mortgage intermediaries, all of which must be FCA registered; and

(b) directly from Borrowers.

In each case, the Seller performs all the evaluations of the Borrower and determines whether a Mortgage Loan will be offered.

The Seller competes mainly in the prime residential UK mortgage market, targeting in particular remortgage customers with low loan to value ratio and those with whom it has an existing relationship through their current account holding. Recently the Seller has continued its focus on this section of the UK residential mortgage market, although the Seller continuously reviews its business strategy to reflect changes in the UK residential mortgage market and economic environment, and continues to review, among other things, its loan to value threshold both for new and further lending, its affordability rules and its credit score requirements. The Seller holds various authorisations and permissions under the FSMA including to arrange, enter into, administer and advise in respect of Regulated Mortgage Contracts and also to debt collect and administer.

The Barclays Group's business has included the origination of mortgage loans similar to the Mortgage Loans in the Mortgage Portfolio for at least five years.

### **Underwriting**

The Seller uses an automated mortgage scoring system for all mortgage applications, so as to assist in deciding whether or not to offer a Mortgage Loan to a potential Borrower. All residential applications are processed through Experian software, Strategy Manager, which is utilised to make all initial credit decisions. Strategy Manager contains all Barclays credit lending strategies and is aligned to the Seller's credit risk policy. Lending decisions are based on data provided by the customer, data provided via a credit bureau, as well as additional third party information such as an independent valuation.

Mortgage applications are also assessed manually by the Seller's underwriters which is particularly important for larger or more complex loans. The Seller has established various levels of authority for its manual underwriters who approve Mortgage Loan applications depending on each underwriter's grade and experience. This includes a specific high value lending team, which reviews all applications where total residential mortgage exposure, including the loan being applied for, is greater than £2,500,000. The Seller's credit committee ensures that any such referral or appeal decisions are investigated by the manual underwriters who, in line with the Seller's credit policy guidelines, assess all aspects of the case before making a final reject or accept decision.

The Seller continually reviews the way in which it conducts its mortgage origination business in order to ensure that it remains up to date and cost effective in a highly competitive market. The Seller may therefore change its origination processes from time to time. However, the Seller will retain exclusive control over the underwriting policies and Lending Criteria to be applied to the origination of each Mortgage Loan. The Seller's underwriting and processing of Mortgage Loans are independent from the process by which the Seller's Mortgage Loans are originated.

### **Lending Criteria**

Each Mortgage Loan was, or as the case may be will be, originated according to the Lending Criteria applicable at the time the Mortgage Loan was offered or will be offered. The Lending Criteria as of the date of this Base Prospectus are described in this section. However, the Seller retains the right to revise its Lending Criteria from time to time, **provided that** it acts in accordance with the standard of a Prudent Mortgage Lender. Accordingly, the criteria applicable to Additional Mortgage Loans may not be the same as those used as of the date of this Base Prospectus.

Each Borrower is required to provide certain information to the Seller including information about the applicant's income, current employment details, bank account information, current mortgage information, if any, and present credit commitments (including any known future credit commitments) and certain other personal information. The Seller completes a credit reference agency search using Strategy Manager software (which is, at the date of this Base Prospectus, provided by Experian Ltd) in all cases against each applicant for all addresses in the past 3 years, which gives details of public information including any county court judgments (or the Scottish equivalent) and details of any bankruptcy and a credit score is returned for each applicant.

Any material changes from the Seller's prior Lending Criteria will be required to be disclosed to Noteholders without undue delay.

Some of the factors currently used in making a lending decision are as follows:

#### *Income details*

All applicants must have their income validated or verified. Proof of income is obtained (e.g. pay slips, form P60, bank statements etc. or a mixture of signed trading accounts, HMRC tax statements and HMRC tax year overviews for self-employed applicants, as appropriate) for all mortgage applicants. Once an application has been submitted, an attempt will be made to validate income electronically using Barclays internal current account transactional data and/or bureau-based credit turnover data (which as at the date of this base prospectus, is provided by TransUnion Information Group), or manually by an underwriter through review of supporting documentation in the event that the automated attempt is unsuccessful or outside of Barclays tolerance and strategy.

#### *Valuation*

For re-mortgage transactions with a loan to value ratio of greater than 80 per cent., and for all purchase transactions that do not have a satisfactory automated valuation model result, a valuation of the property is required from the Seller's in-house valuation department or from an independent firm of professional valuers selected from a panel of approved valuers. Details of professional indemnity insurance held by panel valuers are retained. The person underwriting/processing the mortgage application reviews the valuation report to ensure that the property will be suitable security for the proposed Mortgage Loan. For re-mortgage transactions with a loan to value ratio up to and including 80 per cent., and for all purchase transactions, an automated valuation model may be used, subject to the property value being between £100,000 and £1,000,000 (£2,000,000 if situated in the Greater London and South East Region), to provide a valuation figure against which any lending can be assessed. This applies where the result is within acceptable risk tolerance and confidence levels. Transactions that fall outside of these guidelines will be subject to a physical valuation.

A revaluation of the property generally does not occur after origination and there will be no revaluation of any property for the purpose of the issue of any Series of Notes (and any property valuations in this Base Prospectus or any Final Terms are as at the date of origination of the relevant Mortgage Loan).

#### *Mortgaged Property types*

The criteria set out below are applied in determining the eligibility of properties to serve as security for Mortgage Loans. Under these criteria, eligible property types include freehold, heritable, leasehold, and commonhold properties. In the case of leasehold properties, the unexpired term of the lease must generally be for at least 25 years after the end of the agreed mortgage term. In the case of "mixed use properties", where part of the property is used for business purposes, such as a doctor's surgery, at least 40 per cent. of the property must be for residential purposes. Mortgages for mixed use properties are limited to 80 per cent. LTV Ratio maximum (although this may be restricted further by the underwriter).

#### *Mortgage Loan amount*

The minimum advance to a Borrower in respect of a Mortgage Loan is £5,000. There is a 95 per cent. LTV Ratio limit for purchases and a 90 per cent. limit for re-mortgages, with an 85 per cent. LTV Ratio limit for additional borrowing. The Seller does not impose a maximum loan amount on its Mortgage Loans, however loan amounts greater than £600,000 will be individually assessed by a specialist underwriter and may be subject to other product and policy constraints.

#### *Term*

For Repayment Mortgage Loans, each Mortgage Loan must have an initial term ranging between a minimum of 5 and maximum of 40 years. In the case of Interest Only Mortgage Loans and Part and Part Mortgage Loans, the maximum term is 25 years. Further Advances can exceed the term of the main advance however must not exceed the maximum term allowable for that particular mortgage product type.

### *Age of applicant*

All Borrowers must be 18 years old or over. Usually the maximum age at the end of the mortgage term should be 70, or the borrower's retirement age (whichever is sooner). Where the term of the Mortgage Loan extends into retirement, the applicant has to demonstrate at application stage that they will be able to afford the mortgage payments for the full term of the Mortgage Loan via referral to an underwriter.

### *Status of applicant(s) and affordability assessment*

The maximum loan amount is determined by a number of factors, including the applicant's income and the loan to value ratio of the Mortgaged Property.

In determining income, basic salary along with performance or profit related pay, allowances, mortgages subsidies, pensions, annuities, overtime, bonuses and commission may be included. Positive proof of the applicant's identity and address is obtained in all cases.

The assessment of affordability is a key requirement of the credit assessment process and in ensuring responsibility when lending. An assessment must be undertaken as part of a new mortgage request or an additional borrowing case, and recorded in the customer's credit record. Barclays' affordability assessment takes the validated monthly customer income and subtracts the value of the mortgage repayment calculated on a stressed interest rate basis, as well as any other credit commitments (including any known future commitments) and disclosed regular commitments. If the figure remaining is higher than the required disposable income for the Borrower, then the application passes the affordability assessment. The required disposable income covers basic essential and basic quality of living expenditure, and these are calculated using a model based on data taken from the Office of National Statistics (ONS) relating to these costs. The affordability model is reviewed on at least an annual basis. The stressed repayment used in the affordability assessment is reviewed quarterly and linked to Bank of England expectations of base rate movements over the next 5 years, assuming a minimum 3 per cent. increase in base rates.

### *Credit history*

A full credit reference search is carried out in respect of all applicants. Applications may be declined where an adverse credit history (for example, county court judgment, default or bankruptcy notice, or the Scottish equivalent) is revealed.

### *Geography*

Mortgage loans will not be offered on properties situated in any area not subject to the jurisdiction of the law of England and Wales, Scotland or Northern Ireland. Accordingly, no mortgages will be originated in respect of properties located in the Isle of Man or the Channel Islands.

### *Seller's discretion to lend outside its Lending Criteria*

On a case by case basis, and within approved limits as detailed in the Lending Criteria, the Seller may have determined that, based upon compensating factors, a prospective Borrower that did not strictly qualify under its Lending Criteria at that time warranted an underwriting exception. The Seller may take into account compensating factors including, but not limited to, a low LTV Ratio, stable employment and time in residence at the applicant's current residence. Mortgage Loans that are the subject of an underwriting exception may be included in the Mortgage Portfolio, subject to the same requirements as other mortgage loans including, for example, satisfaction of the Eligibility Criteria.

### **Insurance Policies**

Borrowers are required to arrange for insurance on their Mortgaged Property for an amount equal to the full rebuilding cost of the Mortgaged Property. The Seller does not arrange insurance for Borrowers, nor does it have the benefit of any mortgage indemnity guarantee on its mortgage loan portfolio. Borrowers (or, in the case of leasehold property, the relevant Borrower's landlord) must therefore arrange for insurance independently. It is possible that a Borrower will fail to arrange insurance, and therefore that the Seller and the Issuer may not have the benefit of such insurance.

### **Environmental performance**

The administrative records of the Seller do not contain any information related to the environmental performance of the Mortgaged Property and, as such, there is no available information to be published related to the environmental performance of the Mortgaged Property.

### **Other characteristics**

All Mortgage Loans in the Mortgage Portfolio: (a) have been underwritten by the Seller in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (b) are Repayment Mortgage Loans, Interest Only Mortgage Loans or Part and Part Mortgage Loans entered into substantially on the terms of similar standard documentation for residential mortgage loans; (c) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the same Servicing Procedures with respect to monitoring, collections and administration of cash receivables generated from the loans; and (d) are residential loans with full recourse to Borrowers secured with one or several mortgages on residential immovable property in England, Wales, Scotland and Northern Ireland.

The Mortgage Loans, as at the relevant Assignment Date, do not include any transferable securities, any securitisation positions or any derivatives, in each case on the basis that the Mortgage Loans have been entered into substantially on the terms of similar standard documentation for residential mortgages loans.

The Mortgage Loans do not include: (a) any mortgage loans that, at the time of origination, were marketed and underwritten on the premise that the mortgage loan applicant or, where applicable, intermediaries were made aware that the information provided by the mortgage loan applicant might not be verified by the Seller; or (b) at the time of selection for inclusion in the Mortgage Portfolio, any exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013.

## ASSIGNMENT OF THE MORTGAGE LOANS AND RELATED SECURITY

Pursuant to the terms of the Mortgage Sale Agreement entered into on the Programme Date between the Seller and the Issuer, the Seller has agreed to sell Mortgage Loans and their Related Security to the Issuer from time to time. The following section describes, in summary, the material terms of the Mortgage Sale Agreement. The description does not purport to be complete and is subject to the provisions of the Mortgage Sale Agreement.

As at the date of this Base Prospectus, the collateral to be sold by the Seller to the Issuer to support the Issuer's obligations under the Notes will comprise residential mortgage loans originated by the Seller (including mortgage loans transferred to the Seller by the RFTS) and secured over Mortgaged Properties situated in England, Wales, Scotland or Northern Ireland.

### Sale by the Seller of Mortgage Loans and Related Security

The Mortgage Portfolio will consist of Mortgage Loans and their Related Security sold from time to time by the Seller to the Issuer on any Assignment Date in accordance with the terms of the Mortgage Sale Agreement. The types of Mortgage Loans forming part of the Mortgage Portfolio will vary over time **provided that**, at the time the relevant Mortgage Loans are sold to the Issuer, the Eligibility Criteria and the Portfolio Criteria (each as described below) are met on the relevant Assignment Date. Accordingly, the Mortgage Portfolio may, at any time, include Mortgage Loans with characteristics that were not being offered to Borrowers on previous Assignment Dates.

Prior to the occurrence of an Event of Default or a Stop Revolving Event or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, the Issuer will acquire Mortgage Loans and their Related Security from the Seller:

- (a) in connection with:
  - (i) the issuance of Notes from time to time in accordance with the Programme; and
  - (ii) the making of further advances under the Class Z(S) VFNs in an amount sufficient to maintain the Required Subordination Amount and the Required Retention Amount,the proceeds of each of which may be applied in whole or in part by the Issuer to acquire Mortgage Loans and their Related Security from the Seller; and
- (b) for so long as a Trigger Event is not continuing, by applying Available Principal Receipts to acquire Additional Mortgage Loans and their Related Security from the Seller.

In exchange for the sale of the Mortgage Loans and their Related Security to the Issuer, the Seller will receive a combination of:

- (a) the Initial Purchase Price, being a cash payment to be made by the Issuer from the proceeds of the issuance of the relevant Series of Notes and/or from Available Principal Receipts in an amount equal to the Current Balance of those Mortgage Loans sold by it as at the relevant Assignment Date; and
- (b) the Deferred Consideration, payable from excess Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or excess proceeds from the Post-Enforcement Priority of Payments.

The Seller will also be required to repurchase Mortgage Loans and their Related Security sold to the Issuer in the circumstances described below under "*Repurchase of Mortgage Loans*".

Any "sale" or "equitable assignment" of mortgage loans referred to in this Base Prospectus will, in relation to the Scottish Mortgage Loans, be given effect by a Scottish Declaration of Trust.

### **Eligibility Criteria**

The sale of a Mortgage Loan and its Related Security to the Issuer will be subject to that Mortgage Loan satisfying the following "**Eligibility Criteria**" on, and as at, the relevant Assignment Date:

- (a) the origination of the Mortgage Loan was in accordance with the then applicable Lending Criteria of the Seller;
- (b) the Mortgage Loan has an aggregate amount in arrears which is no more than the amount of the Monthly Payment then due;
- (c) the Mortgage Loan has not had an aggregate amount in arrears which is more than the amount of the Monthly Payment then due in the twelve calendar months prior to the Assignment Date;
- (d) the Mortgage Loan was originated at least one calendar month prior to the relevant Assignment Date;
- (e) the Mortgage Loan is not subject to a payment holiday;
- (f) the Mortgage Loan is secured by a Mortgage over the relevant Mortgaged Property;
- (g) the Mortgage Loan has been made to a Borrower who is natural legal person over the age of 18;
- (h) the Mortgage Loan is secured over a residential Mortgaged Property situated in England, Wales, Scotland or Northern Ireland;
- (i) the Mortgage Loan is not a Buy-To-Let Mortgage Loan, nor has a permission to let been granted;
- (j) the Mortgage Loan has a current indexed LTV Ratio of no more than 90 per cent.;
- (k) the Mortgage Loan was not originated prior to 1 January 2014;
- (l) the Mortgage Loan has a Current Balance of no more than £2,000,000 as at the relevant Assignment Date;
- (m) the Mortgage Loan is not a Shared Ownership Mortgage Loan;
- (n) the Mortgage Loan is not a Right to Buy Mortgage Loan or a Help to Buy Mortgage Loan;
- (o) the Mortgage Loan's maturity date is no later than three years prior to the earliest Final Maturity Date in respect of any Series and Class of Notes, other than Bullet Redemption Notes, then outstanding;
- (p) in respect of each Fixed Rate Mortgage Loan, the Issuer has entered into an Interest Rate Swap in respect of that Fixed Rate Mortgage Loan; and
- (q) the Borrower has made at least one full Monthly Payment in respect of that Mortgage Loan.

The Issuer will have the right to amend the Eligibility Criteria if it receives a Ratings Confirmation and provides a copy of that Ratings Confirmation to the Note Trustee and the Security Trustee. No consent of the Note Trustee, the Security Trustee, the Noteholders or the other Secured Creditors to the amendments will be required.

### **Portfolio Criteria**

In addition, the sale of a Mortgage Loan and its Related Security to the Issuer will be subject to the satisfaction of the following "**Portfolio Criteria**" on, and as at, the relevant Assignment Date:

- (a) the aggregate Current Balance of Mortgage Loans which are greater than three months in arrears is less than or equal to five per cent. of the Current Balance of the Mortgage Portfolio;
- (b) no Event of Default has occurred which is continuing;

- (c) for so long as S&P is a Relevant Rating Agency in respect of any Series and Class of Notes outstanding, the sale does not cause the product of the weighted average foreclosure frequency ("WAFF") and the weighted average loss severity ("WALS") for the Mortgage Portfolio immediately following such sale, calculated on the Assignment Date in the same manner as for the Mortgage Loans in the Mortgage Portfolio as at the First Closing Date (or as otherwise agreed by the Servicer and S&P from time to time), to exceed:
  - (i) the product of the WAFF and WALS for the Mortgage Loans in the Mortgage Portfolio as at the immediately preceding Closing Date; plus
  - (ii) 0.25 per cent.;
- (d) no amount was standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the second Payment Date immediately preceding such Assignment Date that remained standing to the debit of the Principal Deficiency Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on the Payment Date immediately preceding such Assignment Date;
- (e) other than in respect of an Assignment Date which is also a Closing Date, the aggregate of the Current Balance of each Mortgage Loan to be sold to the Issuer, together with each Mortgage Loan sold to the Issuer in the Interest Period in which the Assignment Date falls, is less than or equal to 15 per cent. of the aggregate of the Current Balance of the Mortgage Portfolio immediately prior to such sale;
- (f) where the sale would include any Mortgage Loan which is a New Mortgage Product, the Issuer has received a Ratings Confirmation (copied to the Note Trustee) in respect of the inclusion of such New Mortgage Product and any modifications to the Eligibility Criteria, the Portfolio Criteria or the Mortgage Loan Warranties;
- (g) the weighted average Original LTV Ratio of the Mortgage Portfolio immediately following the sale will be less than or equal to 70 per cent.;
- (h) the weighted average Current LTV Ratio of the Mortgage Portfolio immediately following the sale will be less than or equal to 70 per cent.;
- (i) the aggregate of the Current Balance of each Mortgage Loan in the Mortgage Portfolio immediately following the sale with an Original LTV Ratio greater than 80 per cent. will be less than or equal to 25 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale;
- (j) the Current Balance of each Interest Only Mortgage Loan in the Mortgage Portfolio immediately following the sale will be less than or equal to 20 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale;
- (k) the Current Balance of each Mortgage Loan in the Mortgage Portfolio immediately following the sale with a region of Greater London or South East will be less than or equal to 60 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale;
- (l) the Current Balance of each Mortgage Loan in the Mortgage Portfolio immediately following the sale where the Borrower is self-employed will be less than or equal to 25 per cent. of the Current Balance of the Mortgage Portfolio immediately following the sale; and
- (m) the Mortgage Portfolio Yield of the Mortgage Loans in the Mortgage Portfolio immediately following the sale is at least equal to the sum of the Minimum Mortgage Portfolio Yield Margin and the Interest Rate Swap Floating Rate as at the previous Swap Payment Date or, if there is no previous Swap Payment Date, the Interest Rate Swap Floating Rate that would be payable were the Assignment Date a Swap Payment Date.

The Issuer will have the right to amend the Portfolio Criteria if it receives a Ratings Confirmation and provides a copy of that Ratings Confirmation to the Note Trustee and the Security Trustee. No consent of the Note Trustee, the Security Trustee, the Noteholders or the other Secured Creditors to the amendments will be required.



### **Transfer of Title to the Mortgage Loans to the Issuer**

English Mortgage Loans and Northern Irish Mortgage Loans will be sold by the Seller to the Issuer by way of equitable assignment. Scottish Mortgage Loans will be sold by the Seller to the Issuer by way of Scottish Declarations of Trust under which the beneficiary's interest in such trust will be vested in the Issuer. In relation to Scottish Mortgage Loans, references in this document to a "sale" or "equitable assignment" of Mortgage Loans or to Mortgage Loans having been "sold" are to be read as references to the making of such Scottish Declarations of Trust. Such beneficiary's interest (as opposed to the legal title) cannot be registered or recorded in HM Land Registry, Land Registry of Northern Ireland, the Registry of Deeds for Northern Ireland or the Registers of Scotland. As a result, legal title to Mortgage Loans and their Related Security will remain with the Seller (or, in respect of Scottish Mortgages originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, such Scottish Mortgages will remain registered or recorded (as applicable) in the name of Barclays Bank PLC at Registers of Scotland rather than in the name of the Seller, unless a notice of title is registered or recorded (as applicable) with Registers of Scotland) until legal assignments (in relation to English Mortgage Loans and Northern Irish Mortgage Loans) or assignments (in relation to Scottish Mortgage Loans) are delivered by the Seller to the Issuer and notice of the sale is given by the Seller to the Borrowers.

Legal assignment or assignment (as appropriate) of the Mortgage Loans and their Related Security to the Issuer (including any notification of such legal assignment or assignment (as appropriate) to the Borrower and, where appropriate, their registration or recording in the relevant property register) will be deferred and will be completed on or before the 20th Business Day after the earliest of the following events (each, a "Perfection Trigger Event"):

- (a) the occurrence of an Event of Default and delivery of an Enforcement Notice;
- (b) the occurrence of an Insolvency Event in relation to the Seller;
- (c) failure by the Seller (or the Servicer on behalf of the Seller) to pay any sum due from it to the Issuer under the Mortgage Sale Agreement or the Servicing Agreement in respect of the Mortgage Loans within 30 calendar days of the due date for payment thereof or the date of demand, if payable on demand, where:
  - (i) that failure, if capable of remedy, has not been remedied within 90 calendar days; and
  - (ii) the Seller considers (acting reasonably) that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of that failure by any of Fitch, Moody's and/or S&P,unless the Seller has delivered a certificate to the Issuer, the Note Trustee and the Security Trustee confirming that that failure does not impact the use of the designation 'simple, transparent and standardised' (within the meaning of the Securitisation Regulation) in respect of any Series or Class of STS Notes then outstanding, **provided that** the Issuer and the Security Trustee shall concur with the Seller in making any amendment to this paragraph (c) if the Seller delivers a certificate to the Issuer, the Note Trustee and the Security Trustee confirming that such amendment does not impact the use of the designation 'simple, transparent and standardised' (within the meaning of the Securitisation Regulation) in respect of any Series or Class of STS Notes then outstanding;
- (d) unless otherwise agreed by the Security Trustee, the termination of the Seller's role as Servicer under the Servicing Agreement, unless as at the relevant date of termination any substitute servicer is a member of the BB UK PLC Group;
- (e) the Seller and/or the Issuer being required to perfect legal title to the Mortgage Loans and their Related Security by an order of a court of competent jurisdiction, a change in law occurring after the First Closing Date, or by a regulatory authority of which the Seller is a member or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply;
- (f) the security created under or granted pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy;

- (g) the Issuer requesting a transfer by way of assignment or assignation (as appropriate) by giving written notice to the Seller and the Security Trustee; or
- (h) the Seller determining that a Capital Adequacy Trigger Event has occurred.

Pending completion of the legal assignment or assignation (as appropriate), the right of the Issuer to exercise the powers of the legal owner of, or (in Scotland) the heritable creditor under, the Mortgages will be secured by, or (in Scotland) supported by, an irrevocable power of attorney granted by the Seller in favour of the Issuer and the Security Trustee.

The Seller will undertake that, from each Assignment Date until the perfection of the sale, it will hold, or procure that the Servicer holds on its behalf, the Title Deeds and the Mortgage Loan Files relating to the Mortgage Loans and the Related Security comprised in the Mortgage Portfolio, which are in the Seller's possession or under the Seller's control or held to its order, to the order of the Issuer.

### Representations and warranties

On the relevant Assignment Date, the Mortgage Loan Warranties will be given by the Seller in respect of the relevant Mortgage Loans and their Related Security sold by the Seller to the Issuer. None of the Issuer, the Security Trustee or the Note Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Loans and their Related Security to be sold to the Issuer. Instead, each is relying entirely on the Mortgage Loan Warranties. The parties to the Mortgage Sale Agreement may, with the prior written consent of the Security Trustee (which will be given if the Rating Agencies have confirmed it would not adversely affect the then current ratings of the Notes), amend the Mortgage Loan Warranties. The Mortgage Loan Warranties are as follows:

- (a) the particulars of each Mortgage Loan and its related Mortgage in the Initial Mortgage Portfolio set out in the Mortgage Sale Agreement and those in each Additional Mortgage Portfolio set out in the Schedule to the relevant Additional Mortgage Portfolio Sale Notice and, in relation to Scottish Mortgage Loans and their Related Security, specified in each Scottish Declaration of Trust, are complete, true and accurate in all material respects;
- (b) subject to completion of any registration which may be pending at HM Land Registry, the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds for Northern Ireland, the Seller is the absolute unencumbered legal and beneficial owner of the Mortgage Loan, the Related Security and all property to be sold and assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement, and the Seller has not assigned (whether by way of absolute assignment or assignation or by way of security only), transferred, charged, disposed of, created a trust in respect of or dealt with the benefit of any of the Mortgage Loans or their related Mortgages, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold and assigned pursuant to the Mortgage Sale Agreement other than pursuant to the Mortgage Sale Agreement (it being noted that, in respect of Scottish Mortgages originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, such Scottish Mortgages will remain registered or recorded (as applicable) in the name of Barclays Bank PLC at Registers of Scotland rather than in the name of the Seller, unless a notice of title has been or is registered or recorded (as applicable) with Registers of Scotland);
- (c) each Mortgage Loan and the Related Security constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms and each Related Security secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower to the Seller in priority to any other charges or security registered against the relevant Mortgaged Property, **provided however that** this representation and warranty will not be deemed to have been breached if the reason for the invalidity, non-binding nature or enforceability is a failure to comply with the Unfair Terms in Consumer Contracts Regulations 1994 or 1999, the Consumer Rights Act 2015, the Consumer Credit Act 1974 (where such legislation applies to a particular Mortgage Loan) or the FSMA (where such legislation applies to a particular Mortgage Loan) unless there is also a breach of representation and warranty (d), (e), and/or (s) (jj) below;
- (d) to the extent that any Mortgage Loan constitutes a regulated mortgage contract for the purposes of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, at the time it was made, such Mortgage Loan complied with all applicable provisions of MCOB and any other

applicable rules and guidance of the FCA or PRA and, prior to the sale of such Mortgage Loan to the Issuer pursuant to the terms of the Mortgage Sale Agreement, such Mortgage Loan was administered in accordance with the provisions of MCOB and any other applicable rules and guidance of the FCA or PRA;

- (e) the Seller has been authorised by the FCA and has maintained all requisite FCA permissions required pursuant to the FSMA in relation to advising on, the origination of and the administration of each relevant Mortgage Loan and, if a Mortgage Loan was introduced to the Seller by an intermediary, at the time such intermediary submitted the relevant mortgage application form for such mortgage to the Seller such intermediary was authorised by the FCA to carry on its mortgage intermediary business;
- (f) at the time that it was made, each Mortgage Loan was originated in all respects with applicable laws and regulations including, without limitation, consumer protection, data protection and contract law;
- (g) subject to completion of any registration or recording which may be pending at HM Land Registry, the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds for Northern Ireland, each Mortgage either constitutes, or will constitute, following registration or recording at HM Land Registry, the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds for Northern Ireland, (in England and Wales) a first ranking charge by way of legal mortgage or (in Scotland) a first ranking standard security over the relevant Mortgaged Property or (in Northern Ireland) a first ranking mortgage or charge in respect of the relevant Mortgaged Property;
- (h) subject to completion of any registration or recording which may be pending at HM Land Registry, the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds for Northern Ireland, the relevant Mortgages is not over land, title to which is not registered or recorded at HM Land Registry, the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds for Northern Ireland;
- (i) each relevant Mortgaged Property is located in England, Wales, Northern Ireland or Scotland;
- (j) all steps necessary to perfect the Seller's title to each Mortgage Loan and its Related Security were duly taken at the appropriate time or are in the process of being taken with all due diligence;
- (k) no lien or right of set-off or counterclaim has been created or arisen between the Seller and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Mortgage Loan save in relation to the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulations 1999 or the Consumer Rights Act (as applicable) and save in relation to section 150 of the FSMA;
- (l) prior to making a Mortgage Loan, the Seller instructed or required to be instructed on its behalf solicitors or licensed conveyancers to carry out all investigations, searches and other actions in relation to the relevant Mortgaged Property that would have been undertaken by the Seller acting in accordance with standards consistent with those of a Prudent Mortgage Lender, when advancing money in an amount equal to such advance to an individual to be secured on a Mortgaged Property of the kind permitted under the Lending Criteria and a report or certificate on title was received by or on behalf of the Seller from such solicitors which, either internally or after further investigation revealed no material matter which would cause the Seller, acting reasonably, to decline the Mortgage Loan having regard to the Lending Criteria;
- (m) in relation to each Mortgage Loan, the Borrower has a good and marketable title to the relevant Mortgaged Property;
- (n) prior to making a Mortgage Loan, an independent valuation was carried out or instructed by one of the Seller's then current panel managers or, as applicable, an automated valuation was carried out as permitted under the Lending Criteria on the relevant Mortgaged Property, and the results of any such obtained valuation would be acceptable to a Prudent Mortgage Lender;

- (o) prior to making a Mortgage Loan, the nature and amount of such Mortgage Loan, the circumstances of the relevant Borrower and nature of the relevant Mortgaged Property satisfied the Seller's Lending Criteria in force at that time in all material respects;
- (p) the Lending Criteria are consistent with the lending criteria that would be used by a Prudent Mortgage Lender;
- (q) each Mortgage Loan has been originated in accordance with the Lending Criteria and has been originated by the Seller (or transferred to the Seller by the RFTS);
- (r) the exercise of any discretion by the Seller in the making of any Mortgage Loan has been consistent with the practice of a Prudent Mortgage Lender;
- (s) each Mortgage Loan and its Related Security has been made on the terms of the Standard Mortgage Documentation which has not been varied in any material respect;
- (t) no agreement for any Mortgage Loan is or has ever been, wholly or partly regulated by the Consumer Credit Act 1974 (other than by Sections 137 to 140 of such Act) or constitutes an extortionate credit bargain under Sections 137 to 140 of such Act or, to the extent it is so regulated or partly regulated, it is a valid and binding obligation on the Borrower and enforceable upon order of a court;
- (u) interest on each Mortgage Loan:
  - (i) is charged on each Mortgage Loan in accordance with the provisions of that Mortgage Loan and its Related Security;
  - (ii) is payable monthly in arrear; and
  - (iii) is calculated by reference to a rate linked to the Bank of England's base rate or the Barclays Standard Variable Rate, subject to any applicable discounts and fixed rates;
- (v) so far as the Seller is aware, the underwriting, origination and completion of each Mortgage Loan is not the subject of fraud by any person (including, without limitation, the Borrower or any professional or third party employed or engaged on behalf of the Seller);
- (w) the first payment due has been paid by the relevant Borrower in respect of each Mortgage Loan and each Mortgage Loan is fully performing;
- (x) where any Borrower is or was entitled to repayment of any Early Repayment Charge in respect of any mortgage previously held by the Borrower with the Seller, that repayment has been or will be made by the Seller;
- (y) so far as the Seller is aware, at the date of completion of the relevant Mortgage Loan, each Mortgaged Property was:
  - (i) insured under a buildings policy; or
  - (ii) with respect to leasehold properties, insured by the relevant landlord with the Seller's approval,and in all cases against risks usually covered by a comprehensive buildings policy and to an amount not less than the full reinstatement cost of such Mortgaged Property;
- (z) to the extent that a Mortgage Loan Guarantee was required under the Lending Criteria in relation to a particular Mortgage Loan, that Mortgage Loan Guarantee constitutes the valid, binding and enforceable obligations of the guarantor thereunder (save to the extent that the Mortgage Loan Guarantee is not valid, binding or enforceable by virtue of the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulations 1999 or the Consumer Rights Act (as applicable));
- (aa) so far as the Seller is aware, if a Mortgaged Property is leasehold or long leasehold, (i) written notice has been given to the landlord of the creation of the Mortgage, or (ii) where the landlord is

absent or insolvent, an acceptable indemnity policy is in place and the conveyancer is satisfied that the insurance provides an adequate solution;

- (bb) in relation to each English Mortgage and each Northern Irish Mortgage, any person who, at the date when the Mortgage Loan was made, has been identified by the Borrower to the Seller as residing or about to reside in the relevant Mortgaged Property is either named as a joint Borrower or has signed a form of consent declaring that he or she agrees that any present or future rights or interests as he or she may have or acquire over or in respect of the relevant Mortgaged Property will be postponed and made subject to the rights, interests and remedies of the Seller under the relevant Mortgage and that he or she will not claim any such rights or interests against the Seller. In relation to each Scottish Mortgage, all necessary MH/CP Documentation has been obtained so as to ensure that neither the relevant Scottish Mortgage nor the relevant Mortgaged Property is subject to or affected by any statutory right of occupancy;
- (cc) the Seller has procured that full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts and any enforcement proceedings or any other correspondence relating to each Mortgage Loan and its Mortgage and all such accounts, books and records are up to date and in the possession of the Seller or held to its order;
- (dd) the origination and collection practices employed by the Seller with respect to the Mortgage Loans have been, in all respects, consistent with the practice of a Prudent Mortgage Lender;
- (ee) the Seller has not received written notice of any final and non-appealable adversely held litigations or claims which, in the reasonable opinion of the Seller, call into question in any material way its title to any Mortgage Loan and its Mortgage or the value of any Related Security;
- (ff) in respect of any Mortgaged Property which is subject to a second or subsequent mortgage or standard security, the Seller has first priority or first ranking for the full amount of the Mortgage Loan, all arrears of interest and accrued interest thereon and all costs, fees and expenses relative thereto;
- (gg) except where lodged with the relevant registry in relation to which registration may be pending at HM Land Registry, the Registers of Scotland, the Land Registry of Northern Ireland or the Registry of Deeds for Northern Ireland, all Title Deeds and Mortgage Loan Files are held by, or to the order of, the Seller;
- (hh) all costs, fees and expenses incurred in making, closing or registering the Mortgage Loan and the Related Security have been paid in full;
- (ii) all formal approvals, consents and other steps necessary to permit an equitable or beneficial transfer of, or a declaration of trust over, and a transfer of servicing away from the Seller of the Mortgage Loan and their related Mortgages to be sold under the Mortgage Sale Agreement whenever required under the Transaction Documents have been obtained or taken and there is no requirement in order for such transfer to be effective to notify the Borrower before, on, or after any such equitable or beneficial transfer or declaration of trust. Neither the entry by the Seller into the Mortgage Sale Agreement, nor any sale, transfer, assignment, assignation or creation of trust contemplated by the Mortgage Sale Agreement and its related agreements, materially adversely affects or will materially adversely affect any of the Mortgage Loans and their Related Security and the Seller may enter into the Mortgage Sale Agreement and, as applicable, freely sell, transfer, assign and enter into trust arrangements in respect of all its respective rights, title, interests and benefits therein as contemplated in the Transaction Documents without breaching any term or condition applying to any of the Mortgage Loans or their Related Security. In relation to Scottish Mortgages, in respect of such Scottish Mortgages originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, such Scottish Mortgages will remain registered or recorded (as applicable) in the name of Barclays Bank PLC at Registers of Scotland, rather than in the name of Barclays Bank UK PLC, unless a notice of title has been or is registered or recorded (as applicable) with the Registers of Scotland. In addition, in respect of Scottish Mortgages recorded in the General Register of Sasines which were originated prior to the RFTS Effective Date and granted in favour of Barclays Bank PLC, the assignation of legal title to the Seller will require to be deduced as part of the recording of any assignation in favour of the Issuer at Registers of Scotland;

- (jj) so far as the Seller is aware, none of the terms in any Mortgage Loan and its related Mortgage or any Mortgage Loan Guarantee are unfair terms within the meaning of the Unfair Terms in Consumer Contracts Regulations 1994, the Unfair Terms in Consumer Contracts Regulations 1999 or the Consumer Rights Act 2015 in any material respect save those which impose Early Repayment Charges;
- (kk) each Mortgage Loan is a Standard Variable Rate Mortgage Loan, Tracker Rate Mortgage Loan, Discounted Variable Rate Mortgage Loan or Fixed Rate Mortgage Loan;
- (ll) each Mortgage Loan was originated in pounds Sterling and is denominated in pounds Sterling and is currently repayable in pounds Sterling;
- (mm) the Seller is not aware of any material claim outstanding under any of the Insurance Policies relating to a Mortgaged Property;
- (nn) each Mortgaged Property is a residential property and, so far as the Seller is aware:
  - (i) no Mortgage Loan in the Mortgage Portfolio was lent for the purpose of funding the acquisition of a property that was intended to be used by the occupier on a continuous basis for a combined commercial and residential purpose; and
  - (ii) no Mortgage Loan in the Mortgage Portfolio was lent for the purpose of financing the construction of a Mortgaged Property;
- (oo) the Mortgage Loan Agreements comprised in the Initial Mortgage Portfolio and in each Additional Mortgage Portfolio may not be avoided or set aside (whether as a result of the incapacity, bankruptcy, insolvency or any other matter affecting any Borrower in any jurisdiction);
- (pp) none of the provisions of the Mortgage Loan Agreements were (at the time any such Mortgage Loan Agreement was entered into) or have since been waived, altered or modified other than by a Product Switch or any arrangement entered into with a Borrower as part of arrears management, debt rehabilitation or the exercise of the rights and remedies against a Borrower or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with such Borrower's Mortgage Loan or Related Security in accordance with the procedures adopted by the Servicer or in accordance with the procedures that could reasonably be expected of a Prudent Mortgage Lender;
- (qq) no representation or warranty has been made to a Borrower (whether prior to the execution of the relevant Mortgage Loan Agreement or at any time thereafter), which is inconsistent with the terms and provisions set out in the relevant Mortgage Loan Agreement;
- (rr) payments on each Mortgage Loan comprised in the Initial Mortgage Portfolio and each Additional Mortgage Portfolio may be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any other jurisdiction or any authority thereof or therein having the power to tax;
- (ss) to the extent that any of the Mortgage Loans qualify as "distance contracts" (as defined by the Financial Services (Distance Marketing) Regulations 2004 (the "**Distance Marketing Regulations**")), the Seller has complied with the provisions of the Distance Marketing Regulations in respect of such Mortgage Loans;
- (tt) no Mortgage Loan, Related Security or Insurance Policies consists of "stock" or "marketable securities" (in either case for the purposes of section 122 of the Stamp Act 1891), "chargeable securities" (for the purposes of section 99 of the Finance Act 1986) or a "chargeable interest" (for the purposes of section 48 of the Finance Act 2003, Section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013 or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017);
- (uu) each Mortgage Loan was originated by, prior to the RFTS Effective Date, Barclays Bank PLC or one of its subsidiaries and, on or after the RFTS Effective Date, Barclays Bank UK PLC or one of its subsidiaries in the ordinary course of business pursuant to underwriting standards that were no

less stringent than those that Barclays Bank PLC, Barclays Bank UK PLC or one of their subsidiaries applied at the time of origination to similar loans that are not securitised;

- (vv) the Seller has not, since the date of origination of the relevant Mortgage Loan, done or omitted to do any act or thing which has caused any material non-observance or material non-compliance with nor any material breach of any obligation, undertaking, covenant or condition on the part of the seller under any Mortgage Loan or its Related Security;
- (ww) each Mortgage Loan has a remaining term of less than 40 years;
- (xx) each Mortgage Loan, so far as the Seller is aware, having made all reasonable enquiries, is not a mortgage loan to a borrower who is: (i) a "credit-impaired obligor" as described in Article 13(2)(j) of the LCR Regulation; or (ii) a "credit-impaired debtor" as described in Article 20(11) of the Securitisation Regulation, and in each case in accordance with any official guidance issued in relation thereto; and
- (yy) inclusion of the Mortgage Loan in the Mortgage Portfolio will not result in the standardised risk weight, calculated on an exposure value-weighted average basis for the Mortgage Portfolio, exceeding 40 per cent., as such terms are described in Article 243 of the Capital Requirements Regulation.

If New Mortgage Products are to be sold to the Issuer, then the Mortgage Loan Warranties may be modified as required to accommodate these New Mortgage Products, subject to the Rating Agencies confirming that such New Mortgage Product may be sold to the Issuer. The prior written consent of the Noteholders to the amendments will not be required.

#### **Further Advances**

Under the Mortgage Sale Agreement, the Issuer has agreed that the Seller may accept application for, or make offers to Borrowers of, Further Advances. The Seller is and will at all times remain solely responsible for offering and documenting any Further Advance or accepting any application for a Further Advance made to, or received from, a Borrower with respect to any relevant Mortgage Loan and for funding any relevant offer or accepted application for a Further Advance.

The Seller will deliver to the Issuer a notice (a "**Further Advances and/or Product Switches Notice**"), no later than the fifth Business Day following the last day of each Calculation Period in which any Further Advance was made, notifying the Issuer of the details of such Further Advances made in that Calculation Period, together with a statement whether the conditions referred to below have been met, and specifying the Initial Further Advance Purchase Price due and payable.

Subject to satisfaction of the conditions referred to below, the Issuer has agreed to purchase each Further Advance on the date on which that Further Advance is made by the Seller to the relevant Borrower (the "**Advance Date**").

In exchange for the sale of each Further Advance to the Issuer, the Seller will receive a combination of:

- (a) the Initial Further Advance Purchase Price, being a cash payment to be made by the Issuer from the proceeds of a further drawdown under the Class Z(S) VFN and/or from Available Principal Receipts in an amount equal to the Current Balance of that Further Advance, on the Payment Date immediately following the Calculation Period in which the relevant Advance Date occurred; and
- (b) the Deferred Consideration.

The obligation of the Issuer to purchase any Further Advances will be subject to satisfaction of the following conditions:

- (a) no Event of Default will have occurred and be continuing on the Payment Date on which payment is required to be made;

- (b) either:
- (i) there being sufficient Available Principal Receipts standing to the credit of the Transaction Accounts and available to be applied in accordance with the Pre-Enforcement Principal Priority of Payments to enable the Issuer to pay the Initial Further Advance Purchase Price on the Payment Date immediately following the end of the Calculation Period in which the relevant Advance Date occurred; and/or
  - (ii) the Class Z VFN Holder having notified the Issuer that it will advance further amounts under the Class Z(S) VFN to make up any shortfall in the amount of Available Principal Receipts standing to the credit of the Transaction Accounts and available to be applied in accordance with the Pre-Enforcement Principal Priority of Payments to enable the Issuer to pay the Initial Further Advance Purchase Price on the Payment Date immediately following the end of the Calculation Period in which the relevant Advance Date occurred;
- (c) as a result of the Further Advance, none of the Eligibility Criteria cease to be satisfied with respect to the Mortgage Loan subject to that Further Advance on the last day of the Calculation Period in which the relevant Advance Date occurred and none of the Portfolio Criteria cease to be satisfied, or the Mortgage Portfolio does not fail to meet the Portfolio Criteria by a wider margin, with respect to the Mortgage Portfolio including the Further Advance on the Calculation Date in relation to the Calculation Period in which the relevant Advance Date occurred;
- (d) the making of the Further Advance would not result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities and the Issuer would be required to be authorised under the FSMA to do so; and
- (e) there was no breach of the Mortgage Loan Warranties in respect of a Mortgage Loan subject to a Further Advance on the last day of the Calculation Period in which the relevant Advance Date occurred that could have a material adverse effect on that Mortgage Loan or its Related Security.

If:

- (a) the Seller confirms in the Further Advances and/or Product Switches Notice delivered to the Issuer in relation to a Mortgage Loan subject to a Further Advance that any of the conditions referred to above were not met on the relevant date; or
- (b) the Cash Manager determines that there were insufficient Available Principal Receipts to pay the Initial Further Advance Purchase Price on the relevant Payment Date and the Class Z VFN Holder does not advance sufficient funds under the Class Z(S) VFN to enable the Issuer to pay the Initial Further Advances Purchase Price on the relevant Payment Date,

then the Seller will, upon receipt of notice from the Issuer, be required to repurchase the entire Mortgage Loan and its Related Security (including the Further Advance) (and, at the discretion of the Seller, the Seller may also repurchase all of the other Mortgage Loans subject to a Further Advance in the same Calculation Period, in each case including the Further Advance and together with its Related Security and any other Mortgage Loan secured or intended to be secured by such Related Security or any part of it) from the Issuer on the third Business Day of the calendar month following the Payment Date after the end of the Calculation Period immediately following the Calculation Period in which the Issuer or Seller failed to satisfy the relevant conditions (or such other date as the Issuer may direct in that notice, **provided that** such date is no later than 30 days after receipt by the Seller of such notice).

### **Product Switches**

Under the Mortgage Sale Agreement, the Issuer has agreed that the Seller may accept applications for, or make offers to Borrowers of, Product Switches in respect of Mortgage Loans comprised in the Mortgage Portfolio. The Seller is and will at all times remain solely responsible for offering and documenting any Product Switch or accepting any application for a Product Switch made to, or received from, a Borrower with respect to any relevant Mortgage Loan.

The Seller will deliver to the Issuer a Further Advances and/or Product Switches Notice, no later than the fifth Business Day following the last day of each Calculation Period in which any Product Switch was made, notifying the Issuer of the details of the Product Switches made in that Calculation Period, together with a



statement whether the conditions referred to below have been met.

If the Seller confirms in the Further Advances and/or Product Switches Notice delivered to the Issuer in relation to a Mortgage Loan subject to a Product Switch that any of the following conditions were not met on the relevant date:

- (a) the Eligibility Criteria are satisfied with respect to the Mortgage Loan subject to that Product Switch on the relevant Switch Date and none of the Portfolio Criteria cease to be satisfied with respect to the Mortgage Portfolio including the Mortgage Loan subject to that Product Switch on the last day of the Calculation Period in which the relevant Switch Date occurred;
- (b) the Product Switch was a Permitted Product Switch;
- (c) the granting of the Product Switch would not result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities and the Issuer would be required to be authorised under the FSMA to do so; and
- (d) there was no breach of the Mortgage Loan Warranties in respect of the Mortgage Loan subject to that Product Switch on the last day of the Calculation Period in which the relevant Switch Date occurred that could have a material adverse effect on that Mortgage Loan or its Related Security,

then the Seller will, upon receipt of notice from the Issuer, be required to repurchase the entire Mortgage Loan and its Related Security (and, at the discretion of the Seller, the Seller may also repurchase all of the other Mortgage Loans subject to a Product Switch in the same Calculation Period, in each case together with its Related Security and any other Mortgage Loan secured or intended to be secured by such Related Security or any part of it) from the Issuer on the third Business Day of the calendar month following the Payment Date after the end of the Calculation Period immediately following the Calculation Period in which the Issuer or Seller failed to satisfy the relevant conditions (or such other date as the Issuer may direct in that notice, **provided that** such date is no later than 30 days after receipt by the Seller of such notice).

#### **Repurchase of the Mortgage Loans**

If:

- (a) a Mortgage Loan or its Related Security in the Mortgage Portfolio did not, as at the relevant Assignment Date:
  - (i) comply with the Mortgage Loan Warranties and such non-compliance has a material adverse effect on the relevant Mortgage Loan or its Related Security; or
  - (ii) comply with the Eligibility Criteria; or
- (b) as a result of the assignment of a Mortgage Loan on an Assignment Date, the Mortgage Portfolio does not comply with the Portfolio Criteria,

then the Seller will promptly notify the Issuer and the Servicer (with a copy to the Security Trustee) and, in the first instance, the Seller will be required to use all reasonable endeavours to remedy the breach (if capable of remedy) within 28 Business Days from and including the date on which the Seller was notified of or, if earlier, first became aware of the breach.

If the breach is not capable of remedy or, if capable of remedy, is not remedied within the 28 Business Day-period referred to above, then the Seller will be required to repurchase from the Issuer, on the third Business Day of the calendar month following the delivery of notice requiring such repurchase to the Seller (or such other date as the Issuer may direct in that notice, **provided that** such date is no later than 30 days after receipt by the Seller of such notice), in the case of (a) above, any such Mortgage Loan and its Related Security (and any other Mortgage Loan secured or intended to be secured by that Related Security or any part of it) or, in the case of (b) above, any Mortgage Loan and its Related Security the assignment of which would cause the Mortgage Portfolio not to comply with the Portfolio Criteria selected, if and to the extent applicable, on a random basis.

In addition to the foregoing circumstances, the Seller will also be required to repurchase a Mortgage Loan or Mortgage Loans and its or their Related Security sold by it to the Issuer in the circumstances described in "Further Advances" and "Product Switches" above.

### **Repurchase of Non-Compliant Mortgage Loans**

In addition, the Seller may, but will not be required to, by written notice to the Issuer and the Security Trustee, offer to repurchase from the Issuer any Mortgage Loan (including any Mortgage Loan subject to a Further Advance or Product Switch) sold to the Issuer pursuant to the Mortgage Sale Agreement which is:

- (a) not of a type described in Article 13 of the LCR Regulation;
- (b) not of a type described in the European Central Bank's guidelines on monetary policy instruments and procedures of the Eurosystem (ECB/2011/14);
- (c) not a type described as eligible collateral under the guidelines relating to the financing schemes promulgated by the Bank of England;
- (d) not of a type described in the Solvency II Regulation; or
- (e) not compliant with the Securitisation Regulation or Article 243 of the CRR (which will include any amending regulation (including the CRR Amending Regulation)),

(or if different, the equivalent provisions in any such enacted versions of such regulations) (and each such loan, a "**Non-Compliant Mortgage Loan**"), which offer the Issuer will be required to accept. Any selection of Mortgage Loans required to be repurchased will, where appropriate (with regard to, in particular, whether such non-compliance relates to the Mortgage Portfolio or a specific Mortgage Loan), be carried out on a random basis.

Any such repurchase is conditional on the Seller certifying to the Issuer and the Security Trustee that (a) the repurchase of such Non-Compliant Mortgage Loan is necessary in order for the remaining Mortgage Loans to comply with the requirements of the LCR Regulation, the ECB Criteria, the Solvency II Regulation, the Securitisation Regulation, or Article 243 of the CRR as the case may be, and (b) where applicable, that the selection of the Mortgage Loans required to be repurchased is carried out on a random basis.

### **Redress Payments**

In the event that any Redress is required to be made in respect of a Mortgage Loan, the Seller may, by written notice to the Issuer and the Security Trustee, offer to repurchase from the Issuer any Mortgage Loans which are subject to a Redress Payment, provided that the completion of such repurchase shall be effective by no later than the date on which such Redress Payment is required to be made, which offer the Issuer will be required to accept.

If a Mortgage Loan is subject to a Redress Payment and the Seller has not elected to repurchase such Mortgage Loan, then the Seller shall be obliged to pay an amount equal to such Redress Payment to the Issuer by no later than the date on which such Redress Payment is required to be made.

### **General ability to repurchase**

Prior to the occurrence of an Event of Default, on any Business Day, the Seller may, by written notice to the Issuer and the Security Trustee, offer to purchase any Mortgage Loan and its Related Security comprised in the Mortgage Portfolio, provided that immediately following such repurchase the Mortgage Portfolio shall be in compliance with the Portfolio Criteria, which offer the Issuer will be required to accept.

### **Repurchase price**

The repurchase price payable for each Mortgage Loan repurchased by the Seller in accordance with the Mortgage Sale Agreement is an amount equal to the aggregate of the Current Balance and all Arrears of Interest and Accrued Interest thereof and expenses payable relating thereto (excluding, if applicable the amount of any Further Advance which has not yet been paid for by the Issuer) as at the date of completion

of such repurchase. The repurchase proceeds received by the Issuer in respect of the Current Balance of a Mortgage Loan will be Principal Receipts and will be applied in accordance with the Pre-Enforcement Principal Priority of Payments or, in respect of Accrued Interest and Arrears of Interest of a Mortgage Loan, will be Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments (see "*Credit Structure and Cashflows*").

If, pursuant to the terms of the Mortgage Sale Agreement, the Seller assigns Mortgage Loans together with their Related Security to the Issuer on any date on which the Seller is obliged to repurchase any Mortgage Loan or Mortgage Loans, the Seller will be entitled to set off the amount of any Initial Purchase Price payable for any such Additional Mortgage Loans against the repurchase price payable by it and will pay or be paid a net amount.

#### **Failure to repurchase**

If the Seller fails to pay the consideration due for any repurchase or otherwise fails to complete such repurchase pursuant to the terms of the Mortgage Sale Agreement, then the Principal Amount Outstanding of the Class Z(S) VFN will be redeemed in an amount equal to that consideration, **provided that** the Principal Amount Outstanding of the Class Z(S) VFN will be at least the Required Retention Amount.

#### **Governing law**

The Mortgage Sale Agreement and all non-contractual obligations arising out of or in connection with it are governed by English law. The Mortgage Sale Agreement has been entered into by way of deed. Any terms of the Mortgage Sale Agreement which are particular to the laws of Scotland will be construed in accordance with Scots law or which are particular to the laws of Northern Ireland will be governed by and construed in accordance with Northern Irish law. Each Scottish Declaration of Trust to be entered into pursuant to the Mortgage Sale Agreement is governed by and will be construed in accordance with Scots law.

## THE SERVICER AND THE SERVICING AGREEMENT

The following section describes, in summary, the material terms of the Servicing Agreement. The description does not purport to be complete and is subject to the provisions of the Servicing Agreement.

### Servicing Agreement

Pursuant to the terms of the Servicing Agreement to be entered into on the Programme Date between the Issuer, the Seller, the Servicer and the Security Trustee, the Issuer will appoint the Servicer to administer the Mortgage Loans on its behalf and to provide certain administration and management services and to exercise the Issuer's rights, powers and discretions, and to perform the Issuer's duties, under and in relation to the Mortgage Loans and their Related Security.

The Servicer will continue to administer mortgage loans originated by the Seller which have not been sold to the Issuer. The Servicer agrees to administer the Mortgage Loans and their Related Security as if the same had not been sold to the Issuer but had remained on the books of the Seller and in accordance with the Seller's Policy as it applies to the Mortgage Loans from time to time. The Barclays Group's business has included the servicing of mortgage loans similar to the Mortgage Loans in the Mortgage Portfolio for at least five years. The Servicer is regulated by the PRA.

The Servicing Agreement provides that the duty of the Servicer is to provide the services set out in the Servicing Agreement, including to administer the Mortgage Loans in the Mortgage Portfolio, in accordance with the terms of the Servicing Agreement, the Servicing Procedures and the Mortgage Conditions from time to time in force.

The Servicer may sub-contract or delegate the performance of its duties under the Servicing Agreement **provided that** it meets conditions as set out in the Servicing Agreement.

### Undertakings of the Servicer

Pursuant to the terms of the Servicing Agreement, the Servicer undertakes, in relation to those Mortgage Loans and their Related Security that it is servicing, among other things:

- (a) if the Cash Manager notifies the Servicer of its determination that there will be a Revenue Shortfall, to determine the rates at which the Barclays Standard Variable Rate (and the other discretionary rates applicable to the Mortgage Loans in the Mortgage Portfolio) which would, in the Servicer's opinion, need to be set in relation to the Mortgage Loans in the Mortgage Portfolio in order for no Revenue Shortfall to arise, having regard to the obligations of the Issuer. If such rates determined by the Servicer are higher than the then prevailing Barclays Standard Variable Rate (and the then prevailing other discretionary rates applicable to the Mortgage Loans in the Mortgage Portfolio), then the Servicer may, in its discretion: (i) take all steps which are necessary, including publishing any notice required under the Mortgage Conditions, to effect the necessary increase in the Barclays Standard Variable Rate (and the other discretionary rates applicable to the Mortgage Loans in the Mortgage Portfolio) for the Mortgage Loans in the Mortgage Portfolio; and/or (b) notify the Seller that further Mortgage Loans and their Related Security should be sold by the Seller to the Issuer, following which the Seller will use commercially reasonable efforts to offer to sell New Mortgage Loans and their Related Security to the Issuer pursuant to the Mortgage Sale Agreement on or before the next Calculation Date which have a Barclays Standard Variable Rate and/or other discretionary rate or margin which would be sufficient such that there would not be an Revenue Shortfall on future Calculation Dates;
- (b) to maintain approvals, authorisations, permissions, consents and licences required in order to service the Mortgage Loans and their Related Security properly and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, consents and licences required in connection with the provision of services under the Servicing Agreement, and in particular any necessary registrations under Data Protection Legislation, licences under the CCA and permissions under the FSMA, to the extent applicable;
- (c) to keep records and accounts on behalf of the Issuer in relation to the Mortgage Loans;

- (d) to keep the Mortgage Loan Files relating to the Mortgage Portfolio in safe custody (including, where relevant, in de-materialised form), including any measures necessary to safeguard Mortgage Loan Files held in digital or electronic form, and to take all appropriate technical and organisational measures against the unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.
- (e) to maintain in an adequate form such records as are necessary to enforce each Mortgage comprised in the Mortgage Portfolio and, where relevant, any other Related Security;
- (f) to keep the Mortgage Loan Files in relation to the Mortgage Portfolio in such a way that they can be distinguished from information held by the Servicer for its own behalf as mortgagee or heritable creditor or for other third persons;
- (g) to keep the Title Deeds relating to the Mortgage Portfolio in safe custody (including, where relevant, in de-materialised form) and will not, without the prior written consent of the Issuer or, following the delivery of an Enforcement Notice, the Security Trustee, part with possession, custody or control of them otherwise than to a sub-contractor or delegate appointed pursuant the Servicing Agreement or to a solicitor, licensed or qualified conveyancer or authorised practitioner, subject to the usual undertaking to hold them to the order of the Seller (who in turn will hold them to the order of the Issuer) or to the Land Registry, or to the Land Registry of Northern Ireland or the Registry of Deeds for Northern Ireland, or to the Registers of Scotland, or, upon redemption of the relevant Mortgage Loan, to the order of the Borrower, or as otherwise may be required by any Applicable Law;
- (h) assist the Cash Manager (through provision of the Servicer Report) in the preparation of the Cash Manager Report in accordance with the Cash Management Agreement;
- (i) following a Perfection Trigger Event, not to set the Issuer Standard Variable Rate below that set out in the most recent Final Terms;
- (j) provide such other information to the Issuer and the Security Trustee as they may reasonably request;
- (k) not knowingly fail to comply with any material legal requirements in the performance of its obligations under the Servicing Agreement; and
- (l) to use reasonable commercial efforts to assess:
  - (i) on each Assignment Date, whether: (A) there is or has been an actual or alleged breach of any Mortgage Loan Warranty in relation to any Mortgage Loan to be sold to the Issuer on that Assignment Date that has a material adverse effect on that Mortgage Loan or its Related Security; (B) any of the Eligibility Criteria are not satisfied in relation to any Mortgage Loan to be sold to the Issuer on that Assignment Date; or (C) any of the Portfolio Criteria are not satisfied in respect of the Mortgage Loans in the Mortgage Portfolio immediately following the sale to the Issuer of Mortgage Loans on that Assignment Date; and
  - (ii) on the last day of each Calculation Period in which any Further Advance or Product Switch was made, whether: (A) there is or has been an actual or alleged breach of any Mortgage Loan Warranty in relation to any Mortgage Loan subject to a Further Advance or a Product Switch during that Calculation Period that has a material adverse effect on that Mortgage Loan or its Related Security; or (B) any of the Eligibility Criteria are not satisfied in relation to any Mortgage Loan subject to a Further Advance or a Product Switch during that Calculation Period; (C) any of the Portfolio Criteria are not satisfied in respect of the Mortgage Loans in the Mortgage Portfolio;

and, if it determines that there is or has been any such actual or alleged breach or any such failure to satisfy the Eligibility Criteria or the Portfolio Criteria, the Servicer is required to give written notice to the Issuer, the Seller and the Security Trustee as soon as reasonably practicable and, in any event, within 28 Business Days of discovery of the same, specifying the Mortgage Loan or Mortgage Loans to which the breach, alleged breach or failure to satisfy relates and the relevant facts.

### **Setting of Barclays Standard Variable Rate and other discretionary rates and margins**

Pursuant to the Servicing Agreement, the Servicer has been granted the full right, liberty and authority to determine and set the interest rates applicable to the Mortgage Loans which have been sold to the Issuer, except in the limited circumstances set out in the Servicing Agreement when the Issuer and, following the delivery of an Enforcement Notice, the Security Trustee will be entitled to do so or where the interest rate on a Mortgage Loan tracks independent reference rates (such as the Bank of England base rate). The Servicer may not at any time, without the prior written consent of the Issuer and, following the delivery of an Enforcement Notice, the Security Trustee, set or maintain the standard variable rate or the base rate (plus any applicable margin above such base rate) for Mortgage Loans which form part of the Mortgage Portfolio at a rate which is higher than the then prevailing Barclays Standard Variable Rate (plus any applicable margin above such base rate).

The Servicer has agreed to take all reasonable steps pursuant to the relevant Mortgage Conditions and Applicable Law (including, without limitation, any applicable guidelines issued by the FCA) to bring each change in the Barclays Standard Variable Rate and any other discretionary rate or margin applicable to the Mortgage Loans in the Mortgage Portfolio and any consequent changes in Monthly Payments to the attention of the relevant Borrowers and, as soon as reasonably practicable after any change in such rates, to provide details of such changes in writing to each of the Issuer and the Security Trustee and, upon receipt of a request from any of such parties, to notify such requesting party of any changes in the Monthly Payments in relation to the Mortgage Loans in the Mortgage Portfolio, the Servicer to bear the costs of any notification of such change.

The Issuer (with the prior consent of the Security Trustee) or, following the delivery of an Enforcement Notice, the Security Trustee may terminate the authority of the Servicer to determine the interest rates applicable to the Mortgage Loans on or after the occurrence of a Servicer Termination Event, in which case the Issuer has agreed to set the interest rates in respect of the Mortgage Loans from such date forth, in accordance with the terms of the Servicing Agreement.

### **Servicer Reports and Transparency Requirements**

The Servicer is required to make available to the Issuer and the Cash Manager, on or before each Servicer Reporting Date, a Servicer Report in relation to the Mortgage Loans in the Mortgage Portfolio as at the end of the immediately preceding Calculation Period.

The Servicer has undertaken, on behalf of the Seller, as the entity designated, pursuant to Article 7(2) of the Securitisation Regulation, as responsible for fulfilling the Transparency Requirements, to prepare and make available on the Securitisation Repository Website, or procure the making available on the Securitisation Repository Website of, the information required to be made available by the Seller pursuant to the Transparency Requirements, including:

- (a) on a monthly basis, a Loan Level Report;
- (b) all underlying documentation required to be made available pursuant to Article 7(1)(b) of the Securitisation Regulation;
- (c) any STS Notification required to be made available pursuant to Article 7(1)(d) of the Securitisation Regulation;
- (d) on a monthly basis, an Investor Report; and
- (e) without delay, any inside information required to be made available pursuant to Article 7(1)(f) of the Securitisation Regulation and information on any significant event required to be made available pursuant to Article 7(1)(g) of the Securitisation Regulation, provided that the Servicer's obligations in relation to this paragraph (e) will be conditional upon the Servicer becoming aware of such information and provided further that the Servicer will not be required to monitor the price at which Notes are trading at any time,

in each case in accordance with the requirements of the Securitisation Regulation including as to the form of such information and the time when such information is required to be made available, including, in relation to any Series and Class of STS Notes, Article 22(5) of the Securitisation Regulation.

## Collection of payments

The Servicer has undertaken to take all reasonable steps to collect and recover payments due under or in respect of the Mortgage Loans in the Mortgage Portfolio and the Related Security, including enforcing any Mortgage Loan which is in default in accordance with the Seller's Enforcement Procedures or, to the extent that such Enforcement Procedures are not applicable having regard to the nature of the default in question, with the usual procedures undertaken by a Prudent Mortgage Lender on behalf of the Issuer.

In relation to each Mortgage Loan where the relevant Borrower makes a Monthly Payment by way of Direct Debit, the Servicer will, unless otherwise agreed in writing with the Issuer and the Security Trustee (a) act as collecting agent for the Issuer under the Direct Debiting Scheme, (b) in its corporate capacity as the trustee of the relevant Collection Account Declaration of Trust, comply with the obligations on its part set out in such Collection Account Declaration of Trust, without limitation, the specific provisions relating to the collection of monies set out in the relevant Collection Account Declaration of Trust, (c) comply in all material respects with the requirements from time to time of the Direct Debiting Scheme, and (d) using its reasonable endeavours, credit any Monthly Payment made by a Borrower by way of Direct Debit (including by automated debit or standing order) to the relevant Collection Account by close of business on the Business Day which immediately follows the day on which such amounts are received (and in any event within three Business Days of receiving such amounts) into the relevant Collection Account.

The Servicer may agree with a Borrower that the Direct Debiting Scheme will not apply to Monthly Payments to be made by such Borrower and that such Monthly Payments may be made by way of standing order, cheque or other means, provided that alternative payment arrangements are made which are intended to ensure the timely making of Monthly Payments due from the Borrower to the Issuer and that the change in arrangements was made at the instigation of the Borrower or by the Servicer in accordance with the procedures which would be adopted by a Prudent Mortgage Lender and which are in line with the Seller's Policies.

In relation to each Mortgage Loan where the relevant Borrower makes a Monthly Payment under an alternative payment arrangement, the Servicer will use its reasonable endeavours to credit those Monthly Payments to the relevant Collection Account:

- (a) in the case of any payment by cash into a branch, by close of business on the third Business Day which immediately follows the day on which such amount is received or credited by the Servicer;
- (b) in the case of any payment by cheque where a reference to the relevant Borrower is provided, by close of business on the second Business Day which immediately follows the day on which such amount is received or credited by the Servicer in cleared funds;
- (c) in the case of any payment by cheque where a reference to the relevant Borrower is not provided, by close of business on the next Business Day after notification from the relevant Collection Account Bank of the identity of the Borrower;
- (d) in the case of any payment via standing order or funds transfer from another bank account, including if any such payments have been effected via internet banking, by close of business on the third Business Day immediately following the day on which such amount is received or credited by the Servicer;
- (e) in the case of any payment of cash, transfer payment from another account or cheque of the Seller where reference to the relevant Borrower is provided, by close of business on the Business Day which immediately follows the day on which such amount is received or credited by the Servicer; and
- (f) in the case of any payment by debit card (accepted in the case where a Mortgage Loan is in arrears), by close of business on the second Business Day immediately following the day on which such amount is received or credited by the Servicer.

Payments from Borrowers under mortgage loans originated by the Seller and Barclays Bank PLC which are not intended to be assigned to the Issuer are also paid into and flow through the Collection Accounts. Amounts paid into the Collection Accounts are held on trust by the Servicer for the relevant beneficiaries (which will include the Issuer). The trust in favour of the Issuer is in respect of all amounts credited to the

Collection Accounts which represent receipts in respect of Mortgage Loans which have been assigned to the Issuer and included in the Mortgage Portfolio.

Amounts standing to the credit of the Collection Accounts representing amounts identified as Monthly Payments, other interest received under and in respect of the Mortgage Loans and any costs or other amounts received under the Mortgage Loans (including in any such case amounts recovered on enforcement of rights against any Borrower or guarantor of the Borrower, any Mortgaged Property or any of the Borrower's or guarantor's other property or assets to the extent such proceeds are payable on the relevant Mortgage Loans) will be transferred from the relevant Collection Account into the Transaction Accounts on a monthly basis, provided that the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Seller have not been downgraded below A-1 by S&P, P-1 by Moody's and F1 by Fitch, whereupon such amounts will be transferred from the Collection Account into the Transaction Accounts on a daily basis in accordance with the provisions of the Cash Management Agreement.

The Servicer will be entitled to make the following payments out of the Collection Account (to the extent that withdrawal of the relevant amounts would not cause the balance of the Collection Account to become overdrawn) on any date:

- (a) if any amount has been received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to that Borrower or the Seller or the Issuer, payment of such amount when due to such third party or, in the case of the payment of an insurance premium, where such third party and the Servicer have agreed that payment of commission should be made by deduction from such insurance premium, payment of such amount minus such commissions when due to the relevant insurance company and to pay such commission to the Servicer;
- (b) payment to any person (including the Servicer) of any amounts due arising from any overpayment by such person;
- (c) payment when due (but subject to any right to refuse or withhold payment or any right of set-off that has arisen by reason of the Borrower's breach of the terms of the relevant Mortgage) of any amount payable to a Borrower under the Mortgage Conditions applicable to such Borrower;
- (d) payment when due and payable of any amounts due and payable by the Issuer to third parties and incurred and not provided for payment elsewhere in this paragraph including any premiums in respect of any insurance policy relating to any Mortgage Loan comprised in the Mortgage Portfolio; and
- (e) payment to refund any amounts due arising from the rejection of any payments in respect of a Mortgage Loan and any other amounts which have not been received by the Issuer as cleared funds.

### **Arrears and Recoveries**

Processes to support customers in financial difficulty have been in existence in the Servicer's business for many years. The Servicer's "Customer Home Assistance" team manages the portfolio of customers that do not maintain their contractual Monthly Payments, and also those customers who have self-identified themselves as being in financial difficulties and is dedicated to provide support to these customers.

The Servicer has a proactive 'pre-arrears' identification strategy that runs parallel with its collections and recoveries operations, and this is based upon an assessment of credit bureau data, the Servicer's account data such as current account overdraft limit usage and performance of other of the Servicer's products. This strategy identifies customers that are in or are at risk of entering financial difficulties based upon their credit bureau information. These customers are sent a letter encouraging them to discuss their financial situation with the Customer Home Assistance team and to understand what kind of support is available. This letter also provides contact details for other recognised debt charities.

### **Arrears practice in respect of the Mortgage Loans**

In accordance with standard market practice in the UK mortgage loan servicing business, the Servicer identifies a Mortgage Loan as being "in arrears" when, on the first day of the calendar month following any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full Monthly Payments. In making an arrears determination, the Servicer calculates as of the date of



determination the difference between (a) the sum of all Monthly Payments that were due and payable by a Borrower on any due date up to that date of determination; and (b) the sum of all payments actually made by that Borrower up to that date of determination. The Servicer will determine that a Mortgage Loan is in arrears if the result arrived at by dividing that difference (if any) by the amount of the required Monthly Payment equals or exceeds one. A Mortgage Loan will continue to be in arrears for each calendar month in which the result of the foregoing arrears calculation equals or exceeds one, which result means that the Borrower has missed payments that in the aggregate equal or exceed one Monthly Payment, and subsequent payments by that Borrower (if any) have not reduced the amount of missed payments to less than one Monthly Payment. As the Servicer determines its arrears classification based upon the number of full Monthly Payments that have been missed by a Borrower, a Borrower that has missed payments that in the aggregate equal or exceed one Monthly Payment (but for which the aggregate of missed payments is less than two Monthly Payments) would be classified by the Servicer as being between one month in arrears, and so on. A Mortgage Loan may still be classified as being in arrears notwithstanding the reduction of the aggregate of missed payments to below one. Mortgage Loans subject to payment holidays granted in accordance with FCA guidance in connection with the COVID-19 pandemic are not classified as being in arrears.

Accounts in arrears are reviewed monthly with numerous milestones throughout the process, and depending on their risk characteristics, may be subject to different collections strategies. Throughout the process, all customers are encouraged by the Servicer (both in writing and verbally) to seek free independent financial advice for their situation and to seek information about potential options available to them.

### **Settlement of Arrears**

Following assessment by the Servicer of the Borrower's circumstances, if the Borrower is able to clear the arrears in full, they are able to do so using payments via debit card, bank transfer, cash, standing order or direct debit. If it is not possible for the Borrower to clear the arrears in full, the maximum affordable amount will be collected using one of the methods specified above and an arrangement to clear the remainder of the arrears agreed between the Servicer and Borrower. If it is not possible for the Borrower to either settle arrears in full, an arrangement to clear the arrears shortfall can be agreed. The duration of any arrangement cannot exceed the current mortgage term, unless a parallel term extension is also agreed.

### **Forbearance Options**

Where it is evident that the Borrower is not in a position to clear any arrears and/or is not able to afford to make contractual Monthly Payments following the completion of a detailed income and expenditure breakdown, the Servicer must consider if any of the following forbearance options are appropriate:

- *Interest Rate Reduction*: available for existing Variable Rate Mortgage Loans, where the interest rate is reduced where possible to lower temporarily the Borrower's contractual Monthly Payment;
- *Concession*: where an agreement is set up for a defined period of time to allow the Borrower to make payments of less than the value of the contractual Monthly Payment;
- *Term Extension*: where the term of the Mortgage Loan is extended to reduce the contractual Monthly Payment (for Borrowers in long term difficulty); or
- *Voluntary House Sale*: this is not a forbearance option, but may occur where the Borrower opts to sell their property to alleviate their financial difficulty and may make use of a reduced payment tool to facilitate the sale. As part of this process, confirmation needs to be received by the Servicer that the Borrower has alternate accommodation arrangements in place.

The forbearance options available to the Servicer may change from time to time in accordance with the Seller's Policy and the practices of a Prudent Mortgage Lender.

### **Arrears capitalisation**

From time to time and only in rare cases after the suitability of other forbearance arrangements have been fully reviewed and discounted due to individual customer circumstances, the Servicer, in accordance with the Servicing Procedures, may capitalise any outstanding amounts in arrears of a Borrower. Capitalisation can be considered in the following cases, where; (a) the Borrower can afford to make the contractual Monthly Payments, (b) the Borrower is not currently in an arrangement to clear the arrears, (c) the Borrower

must have already proven their ability and willingness to maintain the repayments required after capitalisation, and (d) the Borrower is less than 180 days past due. In those circumstances, the relevant Mortgage Loan will no longer be considered to be in arrears, with the then outstanding balance on the Mortgage Loan being required to be repaid by the Borrower over the remaining term of such Mortgage Loan (however, such Mortgage Loan would remain categorised as high risk, and be subject to increased impairment rates, for a period of twelve months). Capitalisation may not be offered to Borrowers more than once in a 5-year period.

### **Litigation and Repossession**

Where it has not been possible to reach an acceptable arrangement with a Borrower for the clearance of their arrears shortfall and all options have been exhausted, then the Servicer's position must be protected through instructing solicitors to seek an order for possession of the Mortgaged Property. Prior to a referral to solicitors, a Borrower must have been sent all the information as required by current regulations and in accordance with the relevant Mortgage Conditions. Only solicitors from an approved panel may be instructed to act for the Servicer, and before taking any legal action, solicitors will undertake a review of the case in question to ensure that legal action is considered appropriate and effective.

### **Servicer's discretion in exceptional circumstances**

On a case by case basis, and within approved parameters detailed in the Seller's Policy, the Servicer may determine that, based upon compensating factors, the normal processes to deal with customers in arrears should not be applied to certain Borrowers. The Servicer may take into account compensating factors including, but not limited to, the ill health of one or more of the occupants, elderly residents, and sudden change in a Borrower's personal circumstances, for example accident, bereavement or separation from partner. In these exceptional circumstances, the account is referred to a forum in which there is senior representation from key areas across the mortgage business (including, but not limited to, credit risk, product and operations). The forum reviews all cases based upon their individual and prevailing factors to assess and agree upon the most appropriate course of action.

### **Servicer's liability**

The Servicer will indemnify the Issuer on demand on an after-tax basis for any loss, liability, claim, expense or damage suffered or incurred by the Issuer in respect of the gross negligence or wilful default of the Servicer in carrying out its functions as Servicer under the Servicing Agreement or the other Programme Documents or as a result of a breach by the Servicer of the terms and provisions of the Servicing Agreement or the other Programme Documents to which the Servicer is a party (in its capacity as such), and in relation to such functions.

However, the Servicer will not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the Issuer and/or any other person as a result of the proper performance of the services under the Servicing Agreement by the Servicer save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any gross negligence, bad faith or wilful default of the Servicer or as a result of a breach by the Servicer of the terms and provisions of the Servicing Agreement or the other Programme Documents to which the Servicer is a party (in its capacity as such), and in relation to such functions.

### **Servicing Fee**

The Issuer will pay to the Servicer, in arrear, on each Payment Date in consideration of the provision of the services under the Servicing Agreement to the Issuer, a servicing fee, which will be (a) calculated in relation to each Calculation Period on the basis of the number of days elapsed and a 365 day year (or, in the case of a Calculation Period ending in a leap year, a 366 day year) at the rate of 0.25 per cent. per annum on the aggregate amount of the Current Balance of the Mortgage Loans in the Mortgage Portfolio as determined at the Calculation Date in respect of the immediately preceding Calculation Period, and (b) paid to the Servicer, in arrear, on each Payment Date in the manner contemplated by and in accordance with applicable Priority of Payments. The servicing fee shall be inclusive of any VAT.

The Issuer will, on each Payment Date, as further consideration for the provision of the services under the Servicing Agreement to the Issuer, reimburse the Servicer for all out-of-pocket costs, expenses and charges

properly incurred by the Servicer in the performance of those services, including any such costs, expenses or charges not reimbursed to the Servicer on any previous Payment Date.

### **Removal or resignation of the Servicer**

If any of the following events (each, a "**Servicer Termination Event**") occurs:

- (a) the Servicer fails to pay any amount due and payable by it under the Servicing Agreement and such failure is not remedied for a period of 30 calendar days after the Servicer becoming aware of such failure;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and material obligations under the Servicing Agreement or any of the other Transaction Documents, which in the opinion of the Security Trustee, acting on the direction of the Note Trustee, is materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding, and such default continues unremedied for a period of 30 London Business Days after the Servicer becoming aware of such default, provided that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default will not constitute a Servicer Termination Event if, within such 30 London Business Day period, either:
  - (i) the relevant sub-contractor or delegate remedies the relevant default; or
  - (ii) the Servicer replaces the relevant sub-contractor or delegate with an entity capable of remedying such default (and ensures that such default is remedied by such entity) or alternatively indemnifies the Issuer against the consequences of such default;
- (c) the Servicer at any time fails to obtain or maintain the necessary licence or regulatory approval required by virtue of the UK mortgage regulatory regime and which is required in order to enable it to continue administering the Mortgage Loans, including, without limitation, the FCA Authorisations; or
- (d) the Servicer becomes subject to an Insolvency Event,

then the Issuer may (with the prior written consent of the Security Trustee) or, following the delivery of an Enforcement Notice, the Security Trustee may or the Issuer (if directed by the Security Trustee, acting on the instructions of the Note Trustee, acting on the instructions of the Most Senior Class) shall at once or at any time thereafter while such default continues, by notice in writing to the Servicer (with a copy to the Security Trustee and the Note Trustee), terminate its appointment as Servicer under the Servicing Agreement with effect from a date, not earlier than the date of the notice, specified in the notice.

Upon termination of the appointment of the Servicer following a Servicer Termination Event, the Issuer (or following the delivery of an Enforcement Notice, the Security Trustee) is required to use its reasonable endeavours to appoint, as soon as reasonably practicable, a replacement Servicer that satisfies the following conditions:

- (a) such replacement servicer has experience of administering Mortgage Loans secured on residential mortgaged properties in England, Wales, Scotland and Northern Ireland;
- (b) such replacement servicer enters into a deed on substantially the same terms as the relevant provisions of the Servicing Agreement with the Issuer, the Seller and the Security Trustee (and the Servicer will not be released from its obligations under the relevant provisions of the Servicing Agreement until such replacement servicer has entered into such new deed);
- (c) the then current ratings of the Class A Notes then outstanding are not adversely affected as a result of such termination, unless the termination is otherwise agreed by an Extraordinary Resolution of the holders of all Class A Notes then outstanding; and
- (d) such replacement Servicer is authorised and licensed to act as such under the FSMA.

The Issuer may also, by not less than 12 months' notice in writing to the Servicer, terminate all of its appointments with effect from a date (not being earlier than the date of the notice) specified in such notice.

In addition, the Servicer may resign all of its appointments under the Servicing Agreement at any time following the expiry of not less than 12 months' notice of resignation given by the Servicer to the Issuer and the Security Trustee, provided that the conditions referred to above are satisfied, the Issuer and the Security Trustee consent in writing to such termination, and a replacement servicer will be appointed (subject to the prior written consent of the Security Trustee), such appointment to be effective not later than the date of such termination (and the Servicer will notify the Rating Agencies in writing of the identity of such replacement servicer).

If the appointment of the Servicer is terminated, the Servicer must deliver (and in the meantime hold on trust for, and to the order of, the Security Trustee) to the Issuer or as it will direct the Mortgage Loan Files, the Title Deeds, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of, or belonging to, the Issuer and the Mortgage Loans in the Mortgage Portfolio and any other Related Security, (if practicable, on the date of receipt) any monies then held by the Servicer on behalf of the Issuer and any other assets of the Issuer.

The Servicing Agreement will terminate automatically when the Issuer has no further interest in any of the Mortgage Loans which have comprised the Mortgage Portfolio and the security constituted by the Deed of Charge has been released.

Neither the Note Trustee nor the Security Trustee is obliged to act as Servicer in any circumstances.

### **Governing law**

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

## CREDIT STRUCTURE AND CASHFLOWS

### GENERAL CREDIT STRUCTURE

The Notes will be the obligations of the Issuer only and will not be obligations of, or the responsibility of, or guaranteed by, any other party. However, the following are the main features of the Programme which will enhance the likelihood of timely receipt of payments to Noteholders:

- Available Revenue Receipts are expected to exceed interest and fees payable by the Issuer;
- a Revenue Shortfall may be met from Available Principal Receipts;
- payments on the Class Z(R) VFN and the Class Z(S) VFN will be subordinated to payments on the Class A Notes;
- the General Reserve Fund will be available to meet Revenue Shortfalls and Principal Shortfalls;
- the Issuer will be able to draw down under the Class Z(R) VFN from time to time to fund, among other things, any required increase to the General Reserve Fund and start-up expenses for any issuance of Notes (with any such further drawdowns to be at the discretion of the Class Z VFN Holder and subject to the conditions for further drawdowns set out in Condition 18 (*Increasing the Principal Amount Outstanding of the Class Z VFNs*)); and
- in the case of any Bullet Redemption Notes, Available Principal Receipts will be credited to the Cash Accumulation Ledger in priority to repayments of principal on the Class Z VFNs.

Each of these factors is considered more fully in the remainder of this section. Any changes to these features after the date of this Base Prospectus will be made in accordance with the provisions of the relevant Programme Documents.

#### **Credit support for the Notes provided by Available Revenue Receipts**

The interest rates charged on the Mortgage Loans vary according to product type. It is expected, however, that during the life of the Notes, Revenue Receipts received from Borrowers on the Mortgage Loans in the Mortgage Portfolio will be greater than the sum of the interest which the Issuer will be required to pay on the Class A Notes and its other senior costs and expenses under the Programme.

The actual amount of any Revenue Receipts will vary during the life of the Notes. The key factors determining such variation will be as follows:

- the weighted average interest rate on the Mortgage Loans in the Mortgage Portfolio; and
- the level of arrears experienced; and
- availability of any hedging.

On any Payment Date, any excess Available Revenue Receipts will be available to meet the other payments set out in the Pre-Enforcement Revenue Priority of Payments, and ultimately to pay any Deferred Consideration to the Seller.

#### **Interest Rate Swaps**

The Issuer has agreed to enter into an Interest Rate Swap Agreement with respect to the Fixed Rate Mortgage Loans that are sold into the Mortgage Portfolio from time to time, in order to hedge against the variances on the rates payable in respect of the Fixed Rate Mortgage Loans in the Mortgage Portfolio and interest payments due by the Issuer on the Floating Rate Notes. The notional amount under the Interest Rate Swap Agreement will be recalculated on a monthly basis. See "*The Swap Agreements*" for further information.

## Currency Swaps

The Issuer has agreed to enter into a Currency Swap Agreement with respect to any Series and Class of Non-Sterling Notes issued from time to time, in order to provide currency and/or interest rate hedging in respect of any Series of Notes with a Specified Currency other than Sterling. See "*The Swap Agreements*" for further information.

## General Reserve Fund

### *Application and purpose*

The General Reserve Fund will be established in the name of the Issuer on or before the First Closing Date to help meet:

- (a) any Revenue Shortfall, being a deficit in Available Revenue Receipts available for interest under the Class A Notes and other senior expenses due and payable by the Issuer on each Payment Date; and
- (b) any deficit in Available Principal Receipts available for the repayment of principal due and payable in respect of the Class A Notes on their respective Final Maturity Dates.

On each Payment Date, funds standing to the credit of the General Reserve Fund will be added to certain other funds of the Issuer in calculating Available Revenue Receipts and Available Principal Receipts. In making any withdrawals from the General Reserve Fund described above, the Issuer (or the Cash Manager on its behalf) will only be required to withdraw the amount actually needed for the purpose. To the extent that the General Reserve Fund is held in Authorised Investments, any portion of the General Reserve Fund not required for these purposes may remain invested in Authorised Investments. See "*Authorised Investments*" below.

### *Funding and Replenishment*

The General Reserve Fund is required to be maintained in an amount not less than the General Reserve Fund Required Amount. The General Reserve Fund will be funded and, as applicable, replenished from time to time from:

- an initial drawing under the Class Z(R) VFN on the First Closing Date and further drawdowns under the Class Z(R) VFN on subsequent Closing Dates if required;
- further advances under the Class Z(R) VFN at any time at the sole discretion of the Class Z VFN Holder;
- Available Revenue Receipts in accordance with item (vii) of the Pre-Enforcement Revenue Priority of Payments; and
- Available Principal Receipts, to the extent the General Reserve Fund was previously applied in making principal payments, in accordance with item (i) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments or item (i) of the Pre-Enforcement Post-Trigger Principal Priority of Payments.

### *Adjustment of General Reserve Fund Required Amount*

The Issuer may adjust, at any time, the General Reserve Fund Required Amount or the method of computing the General Reserve Fund Required Amount without the consent of any Noteholders, so long as:

- the Issuer has an opinion of counsel that for US federal income tax purposes (i) the change will not adversely affect the tax characterisation as debt of any outstanding Class A Notes that were characterised as debt for US tax purposes at the time of their issuance and (ii) such change will not cause or constitute an event in which gain or loss would be recognised by any holder of such Notes; and
- a Ratings Confirmation has been received.

If at any time the General Reserve Fund Required Amount is reduced, any amount in excess of the General Reserve Fund Required Amount may be applied directly in repayment of the Class Z(R) VFN and such repayment is not required to be subject to the relevant Priority of Payments. It is anticipated that the General Reserve Fund Required Amount will be amended on each Closing Date, with the amended amount notified in the applicable Final Terms. If the General Reserve Fund Required Amount changes on a date other than a Closing Date, any such change will be notified to investors in the monthly investor report.

Following the delivery of an Enforcement Notice, the General Reserve Fund may be utilised by the Issuer in payment of any of its other liabilities, subject to and in accordance with the relevant Priority of Payments and may be applied in making payments of principal due under all Classes of Notes.

The monies credited to the General Reserve Fund will be deposited into the Transaction Accounts. The Cash Manager may invest such funds in Authorised Investments from time to time in accordance with and pursuant to the terms of the Cash Management Agreement. The General Reserve Ledger is maintained by the Cash Manager in the name of the Issuer to record amounts standing to the credit of the General Reserve Fund from time to time and withdrawals from and deposits into the General Reserve Fund.

### **Principal Reserve Fund**

#### *Application and purpose*

The Principal Reserve Fund will be established in the name of the Issuer on or before the First Closing Date to help meet any deficit in Available Principal Receipts available for the repayment of principal in respect of the Notes on their respective Note Payment Date.

On each Payment Date, funds standing to the credit of the Principal Reserve Fund will be added to certain other funds of the Issuer in calculating Available Principal Receipts. In making any withdrawals from the Principal Reserve Fund described above, the Issuer (or the Cash Manager on its behalf) will only be required to withdraw the amount actually needed for the purpose.

Following the delivery of an Enforcement Notice, the Principal Reserve Fund may be utilised by the Issuer in payment of any of its other liabilities, subject to and in accordance with the relevant Priority of Payments and may be applied in making payments of principal due under all Classes of Notes.

The monies credited to the Principal Reserve Fund will be deposited into the Transaction Accounts. The Principal Reserve Ledger is maintained by the Cash Manager in the name of the Issuer to record amounts standing to the credit of the Principal Reserve Fund from time to time and withdrawals from and deposits into the Principal Reserve Fund.

#### *Funding and Replenishment*

The Principal Reserve Fund will be funded and, as applicable, replenished from time to time from Available Principal Receipts.

#### *Principal Reserve Fund Threshold Amount*

The Principal Reserve Fund Threshold Amount will be calculated by reference to the Principal Reserve Fund Threshold Percentage, which will be specified in each set of Final Terms. A Non-Asset Trigger Event will occur if the amount standing to the credit of the Principal Reserve Fund at any time exceeds the Principal Reserve Fund Threshold Amount.

#### *Principal Reserve Fund Retention Event*

A "**Principal Reserve Fund Retention Event**" will occur if, on the Calculation Date relating to the Payment Date falling in February 2022 or on the Calculation Date relating to each Payment Date thereafter (each, a "**Current Payment Date**"):

- (a) the amount (if any) of any increase in the amount standing to the credit of the Principal Reserve Ledger following the application of Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments on the Payment Date falling 15 Payment Dates prior to that Current Payment Date (the "**Prior Payment Date**"); exceeds

- (b) the aggregate of the amount of any reduction (that has not been taken into account in calculating the Principal Reserve Release Amount on a previous Payment Date) in the amount standing to the credit or, in the case of the Current Payment Date, that will be standing to the credit, of the Principal Reserve Ledger following the application of Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments on each Payment Date from, but excluding, the Prior Payment Date to, and including, that Current Payment Date.

A Non-Asset Trigger Event will occur if a Principal Reserve Fund Retention Event occurs.

### **Interest Provision Fund and Principal Provision Fund**

#### *Application and purpose*

The Interest Provision Fund and the Principal Provision Fund will be established in the name of the Issuer on or before the First Closing Date and maintained in the Transaction Accounts to help provide for the payment of interest and principal on the Notes in respect of which payments are not made on a monthly basis. The balance of the Interest Provision Fund and the Principal Provision Fund will be recorded on sub-ledgers in respect of the Class A Notes of each Series and, where applicable, each Sub-Class thereof that are not Monthly Notes.

On each Note Payment Date in respect of a Series and Class of Notes that are not Monthly Notes, funds standing to the credit of the Interest Provision Fund and the Principal Provision Fund in respect of that Series and Class of Notes will be added to certain other funds of the Issuer in calculating Available Revenue Receipts and Available Principal Receipts, respectively.

#### *Funding and Replenishment*

The Interest Provision Fund will be funded from time to time from Available Revenue Receipts in accordance with item (v)(b) of the Pre-Enforcement Revenue Priority of Payments.

The Principal Provision Fund will be funded from time to time from Available Principal Receipts in accordance with item (iv)(c) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments and the Reapplication Rule.

### **Subordinated Interest Provision Fund and Subordinated Principal Provision Fund**

#### *Application and purpose*

The Subordinated Interest Provision Fund and the Subordinated Principal Provision Fund will be established in the name of the Issuer on or before the First Closing Date and maintained in the Transaction Accounts to help provide for the payment of interest and principal on the Class Z VFNs in respect of which payments are not made on a monthly basis. The balance of the Subordinated Interest Provision Fund and the Subordinated Principal Provision Fund will be recorded on sub-ledgers in respect of the Class Z VFNs of each Series and, where applicable, each Sub-Class thereof that are not Monthly Notes.

On each Note Payment Date in respect of the Class Z VFNs of a Series that are not Monthly Notes, funds standing to the credit of the Subordinated Interest Provision Fund and the Subordinated Principal Provision Fund in respect of those Notes will be added to certain other funds of the Issuer in calculating Available Revenue Receipts and Available Principal Receipts, respectively.

#### *Funding and Replenishment*

The Subordinated Interest Provision Fund will be funded from time to time from Available Revenue Receipts in accordance with items (xi) and (xii) of the Pre-Enforcement Revenue Priority of Payments.

The Subordinated Principal Provision Fund will be funded from time to time from Available Principal Receipts in accordance with item (xiv) of the Pre-Enforcement Revenue Priority of Payments and item (vii) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments.



### **Use of Principal Receipts to pay Remaining Revenue Shortfall**

On the Calculation Date immediately preceding each Payment Date, the Cash Manager is required to calculate whether there will be a Remaining Revenue Shortfall, being a deficit of Available Revenue Receipts to pay interest on the Class A Notes and senior expenses in the Pre-Enforcement Revenue Priority of Payments following any application of the General Reserve Fund as described under "*General Reserve Fund – Application and purpose*" above.

If there is such a Remaining Revenue Shortfall, then the Cash Manager is required to pay or provide for that deficit by the application of Principal Receipts, if any, and, if any Principal Receipts are so applied, the Cash Manager will make a corresponding debit entry in the relevant Principal Deficiency Sub-Ledger, as described under "*Principal Deficiencies and the Principal Deficiency Ledgers*" below. In so doing, the Cash Manager will apply (a) *first*, amounts standing to the credit of the Principal Ledger, and (b) *second*, if the amounts standing to the credit of the Principal Ledger are insufficient, any amounts standing to the credit of the Cash Accumulation Ledger.

### **Principal Deficiencies and the Principal Deficiency Ledger**

The Principal Deficiency Ledger is maintained in the name of the Issuer to record:

- any Losses; and
- the application of Available Principal Receipts to meet any Remaining Revenue Shortfall as described under "*Use of Principal Receipts to pay Remaining Revenue Shortfall*" above; and
- the application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to reduce debit entries.

The Principal Deficiency Ledger comprises separate sub-ledgers corresponding to the Class A Notes and the Class Z(S) VFN.

Losses on the Mortgage Loans in the Mortgage Portfolio and the application of Principal Receipts in respect of any Remaining Revenue Shortfall are required to be recorded as follows:

- (a) *first*, as a debit to the Class Z(S) Principal Deficiency Sub-Ledger, until the balance of that sub-ledger is equal to the then Principal Amount Outstanding of the Class Z(S) VFN; and
- (b) *second*, as a debit to the Class A Principal Deficiency Sub-Ledger, at which point an Asset Trigger Event will occur.

Amounts recorded as debit entries on the Principal Deficiency Ledger may be reduced through the subsequent application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, with the debit entries being reduced in the following order:

- (a) *first*, on the Class A Principal Deficiency Sub-Ledger; and
- (b) *second*, on the Class Z(S) Principal Deficiency Sub-Ledger.

For these purposes, the Issuer may apply the proceeds of any further drawdowns under the Class Z(R) VFN as Available Revenue Receipts for the purposes of reducing any debit entries on any Principal Deficiency Sub-Ledger. Any such further drawdowns will be at the sole discretion of the Class Z VFN Holder and subject to satisfaction of the drawdown tests set out in Condition 18 (*Increasing the Principal Amount Outstanding of the Class Z VFNs*).

### **Priority of payments among the Class A Notes and the Class Z VFNs**

The order of payments of interest to be made on the Classes of Notes is prioritised so that, on any Payment Date:

- (a) interest payments due on the Class Z(S) VFN will be subordinated to interest payments due on the Class Z(R) VFN and the Class A Notes; and

- (b) interest payments due on the Class Z(R) VFN will be subordinated to interest payments on the Class A Notes,

in each case in accordance with the Pre-Enforcement Revenue Priority of Payments.

Prior to the delivery by the Note Trustee of an Enforcement Notice, the payment of interest due on any Note Payment Date in respect of the Class Z(R) VFN and the Class Z(S) VFN is also subordinated to the replenishment of the General Reserve Fund up to the General Reserve Fund Required Amount.

#### **Deferral of interest on the Class Z VFNs**

Any interest amounts due but unpaid in respect of any Sub-Class of Class Z VFNs on any Note Payment Date will be deferred until the immediately succeeding Note Payment Date on which such amounts fall due. On that Note Payment Date, the amount of interest due on the relevant Sub-Class of Class Z VFNs will be increased to take account of any deferred interest. If on that Note Payment Date there is still a shortfall in amounts available to pay interest due on that Sub-Class of Class Z VFNs, that interest will be deferred again in the same way.

The Issuer will not be able to defer payments of interest due on any Note Payment Date in respect of the Class A Notes. Failure to pay interest due on any Class A Notes on any Note Payment Date will (following the expiry of any grace period) be an Event of Default.

The Class A Notes and the Class Z VFNs will be constituted by the Trust Deed and will share the same Security pursuant to the Deed of Charge.

#### **Redemption of a Series and Class of Notes on or after their Step-Up Date**

The Issuer may redeem a Series and Class of Notes on or after their Step-Up Date in accordance with Condition 5.5 (*Optional redemption in full or in part*) by applying the proceeds of a further issuance of Notes or the repurchase of Mortgage Loans in accordance with the Seller's general right of repurchase (see further "*Assignment of the Mortgage Loans and Related Security – General ability to repurchase*"). Any such proceeds will be applied directly in the redemption of the relevant Series and Class of Notes and will not form part of Available Principal Receipts.

#### **Cashflows**

Under the Cash Management Agreement, the Cash Manager is responsible for distributing Available Revenue Receipts and Available Principal Receipts on behalf of the Issuer on each Payment Date in accordance with the orders of priorities described in the following section. For further information on the role of the Cash Manager, see "*Cash Management*".

#### **Transaction Accounts**

The Issuer holds Transaction Accounts with the First Account Bank and the Second Account Bank pursuant to the terms of the First Account Bank Agreement and the Second Account Bank Agreement respectively.

The Issuer is required to credit all Revenue Receipts and all Principal Receipts and all other amounts received by it in connection with the Mortgage Portfolio and the Transaction Documents into the Transaction Accounts, but subject to that it may credit such amounts to either Transaction Account at its discretion, subject to the limitation described under "*Amounts required to be held in the First Transaction Account*" below.

Similarly, in connection with any payment to be made by or on behalf of the Issuer from amounts standing to the credit of the Transaction Accounts, the Issuer may apply amounts standing to the credit of one or both of the Transaction Accounts at its discretion. In addition, subject to the limitation described under "*Amounts required to be held in the First Transaction Account*" below, the Issuer (or the Cash Manager on its behalf) may at any time and at its sole discretion transfer amounts between the First Transaction Account, the Second Transaction Account and any other Transaction Account established in the name of the Issuer in accordance with the Cash Management Agreement and the Deed of Charge.

*Amounts required to be held in a rated Transaction Account*

The Issuer will at all times be required to hold an amount equal to the Immediate Cash Requirement in a Transaction Account held with an Account Bank that satisfies the Account Bank Required Ratings.

On each Payment Date, the amounts required to meet the Issuer's obligations to its various creditors on such date are required to be applied from the Transaction Accounts by the Cash Manager in accordance with the relevant Priority of Payments.

Prior to such application from the Transaction Accounts by the Cash Manager, if the Cash Manager determines that there is a shortfall in the amounts required to meet the Issuer's obligations on such Payment Date after taking into account amounts already standing to the credit of the Transaction Accounts, an amount equal to such shortfall will be satisfied by the liquidation of any Authorised Investments in an amount equal to such shortfall and such amounts will be deposited into the Transaction Accounts to be applied in accordance with the relevant Priority of Payments.

**Authorised Investments**

Pursuant to the terms of the Cash Management Agreement, the Cash Manager, acting solely at the direction of the Issuer, may invest amounts in the Transaction Accounts, including the General Reserve Fund and amounts standing to the credit of the Cash Accumulation Ledger, in Authorised Investments. See "*General Reserve Fund – Application and Purpose*" above.

**Payments of interest and principal in relation to Non-Sterling Notes**

For the purposes of making payments of interest and repayments of principal in respect of any Series or Class of Non-Sterling Notes:

- (a) if there is a Currency Swap Agreement in place for those Notes, the Cash Manager will transfer to the relevant Currency Swap Counterparty an amount equal to the applicable share of Available Revenue Receipts (including any Swap Termination Payment following the return of any Swap Collateral Excluded Amounts, but excluding any Currency Swap Excluded Termination Amount) or Available Principal Receipts, as applicable, in accordance with the applicable Priority of Payments and the relevant Currency Swap Counterparty will transfer the corresponding floating rate amount in the Specified Currency of those Notes to the Principal Paying Agent for the account of the relevant Non-Sterling Noteholders; or
- (b) if there is no Currency Swap Agreement in place for those Notes (including, without limitation, as a result of the termination of the Original Currency Swap Agreement in relation to those Notes), the Cash Manager will use reasonable efforts to procure the conversion of an amount equal to the applicable share of Available Revenue Receipts or Available Principal Receipts, as applicable, in accordance with the applicable Priority of Payments, by an Account Bank or, if so directed by the Issuer, another person, into the Specified Currency of those Notes at the applicable Spot Rate (booked for conversion for value on the relevant Payment Date) and will transfer the amounts received following such conversion to the Principal Paying Agent for the account of the relevant Non-Sterling Noteholders.

**AVAILABLE REVENUE RECEIPTS**

Available Revenue Receipts in respect of any Payment Date are required to be calculated by the Cash Manager on the Calculation Date immediately preceding such Payment Date. When calculating the Available Revenue Receipts on any Calculation Date and applying such Available Revenue Receipts on any Payment Date, the Cash Manager will be required to withdraw from the General Reserve Fund only such amounts as are actually required to meet a relevant Revenue Shortfall as at such Payment Date and in calculating the amount available to be actually withdrawn from or the amount standing to the credit of the General Reserve Fund at any time, the Cash Manager will include (without double-counting) funds that have been withdrawn from the Transaction Accounts and invested in Authorised Investments at the discretion of the Cash Manager pursuant to and in accordance with the Cash Management Agreement.

### Pre-Enforcement Revenue Priority of Payments

Prior to the delivery by the Note Trustee of an Enforcement Notice, on each Payment Date (or, in respect of amounts due under items (i) to (ii) below, on each date that such amounts fall due), the Cash Manager (on behalf of the Issuer) is required to apply Available Revenue Receipts (other than Swap Collateral Excluded Amounts due to the Interest Rate Swap Counterparty or any Currency Swap Counterparty and any Swap Collateral Available Amounts to be applied by the Issuer towards the purchase of one or more replacement Swaps), in the following order of priority (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (i) *first*, in no order of priority among them but in proportion to the amounts due, in or towards the payment of amounts due to the Note Trustee and the Security Trustee and any of their respective Appointees and to provide for any amounts due or to become due prior to the next following Payment Date to the Note Trustee and the Security Trustee, under the Trust Deed and/or the Deed of Charge, as applicable;
- (ii) *second*, in no order of priority among them but in proportion to the respective amounts due:
  - (a) in or towards the payment of amounts due to the Agent Bank, the Paying Agents, the Exchange and Transfer Agent and/or the Registrar and to provide for any amounts due, or to become due prior to the next following Payment Date, to the Agent Bank, the Paying Agents, the Exchange and Transfer Agent and/or the Registrar, under the Agency Agreement; and
  - (b) in or towards the payment of amounts due to the Servicer under the Servicing Agreement, to the Class Z VFN Registrar under the Agency Agreement, to the Cash Manager under the Cash Management Agreement, to the Corporate Services Provider under the Corporate Services Agreement, to any Tender Agent under a Remarketing Agreement and to the Account Banks under the Account Bank Agreements and to provide for any amounts due, or to become due prior to the next following Payment Date, to the Servicer under the Servicing Agreement, to the Class Z VFN Registrar under the Agency Agreement, to the Cash Manager under the Cash Management Agreement, to the Corporate Services Provider under the Corporate Services Agreement, to any Tender Agent under a Remarketing Agreement and to the Account Banks under the Account Bank Agreements;
- (iii) *third*, in or towards the payment of amounts due to any third party creditors of the Issuer (other than those referred to elsewhere in this Pre-Enforcement Revenue Priority of Payments) of which the Cash Manager has notice prior to the relevant Payment Date, which amounts have been incurred without breach in any material respect by the Issuer of the terms of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any such amounts expected to become due and payable by the Issuer prior to the next following Payment Date and to pay or discharge any liability of the Issuer for corporation tax on the taxable profits of the Issuer;
- (iv) *fourth*, in or towards the payment of amounts (including such part of any Swap Termination Payment following the return of any Swap Collateral Excluded Amounts) due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement (excluding any Interest Rate Swap Excluded Termination Amount);
- (v) *fifth*, in no order of priority among them but in proportion to the respective amounts due:
  - (a) in or towards the payment of interest due and payable (if any) on the Class A Notes of each Series of Notes; and
  - (b) in respect of the Class A Notes of each Series of Notes in respect of which such Payment Date is not a Note Payment Date, in or towards the credit of the Interest Provision Fund in respect of such Notes in an amount equal to the Interest Provision Fund Required Amount;
- (vi) *sixth*, in or towards the elimination of any debit entry on the Class A Principal Deficiency Sub-Ledger;

- (vii) *seventh*, in or towards the credit of the General Reserve Fund up to the General Reserve Fund Required Amount;
- (viii) *eighth*, while a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, as Available Principal Receipts;
- (ix) *ninth*, in or towards the retention by the Issuer of an amount equal to the Issuer Profit Amount as profit;
- (x) *tenth*, in or towards the elimination of any debit entry on the Class Z(S) Principal Deficiency Sub-Ledger;
- (xi) *eleventh*, in or towards the payment of interest due and payable (if any) on the Class Z(R) VFNs or, if such Payment Date is not a Note Payment Date in respect of the Class Z(R) VFNs, the credit of the Subordinated Interest Provision Sub-Ledger in respect of such Notes in an amount equal to the Subordinated Interest Provision Fund Required Amount;
- (xii) *twelfth*, in or towards the payment of interest due and payable (if any) on the Class Z(S) VFNs or, if such Payment Date is not a Note Payment Date in respect of the Class Z(S) VFNs, the credit of the Subordinated Interest Provision Sub-Ledger in respect of such Notes in an amount equal to the Subordinated Interest Provision Fund Required Amount;
- (xiii) *thirteenth*, in no order of priority among them but in proportion to the respective amounts due in or towards the payment of Swap Excluded Termination Amounts to the Interest Rate Swap Counterparty or any Currency Swap Counterparties;
- (xiv) *fourteenth*, in or towards the payment of principal due and payable (if any) on the Class Z(R) VFNs or, if such Payment Date is not a Note Payment Date in respect of the Class Z(R) VFNs, the credit of the Subordinated Principal Provision Sub-Ledger in respect of such Notes in an amount equal to the Subordinated Principal Provision Fund Required Amount; and
- (xv) *fifteenth*, in payment of the remainder to the Seller as Deferred Consideration in respect of the sale of the Mortgage Loans under the Mortgage Sale Agreement.

#### AVAILABLE PRINCIPAL RECEIPTS

Available Principal Receipts in respect of a Payment Date will be calculated by the Cash Manager on behalf of the Issuer on the Calculation Date immediately preceding the relevant Payment Date. All Principal Receipts received by the Issuer will be deposited in the Transaction Accounts, will be credited by the Cash Manager to the Principal Ledger and will form part of the Available Principal Receipts.

The "**Pre-Enforcement Principal Priority of Payments**" means, as applicable, the priorities of payments set out in the sections entitled:

- "*Application of Available Principal Receipts while no Trigger Event is continuing and prior to the delivery of an Enforcement Notice*"; and
- "*Application of Available Principal Receipts while a Trigger Event is continuing or following the occurrence of a Stop Revolving Event but prior to the delivery of an Enforcement Notice*".

**Application of Available Principal Receipts while no Trigger Event is continuing and before the occurrence of a Stop Revolving Event or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, but before the delivery of an Enforcement Notice**

On each Payment Date while no Trigger Event is continuing and before the occurrence of a Stop Revolving Event or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, but before the delivery of an Enforcement Notice, subject to the rules for application of Available Principal Receipts set out in the section entitled "*Rules for application of Available Principal Receipts*" below, the Cash Manager (on behalf of the Issuer) is required to apply Available Principal

Receipts (other than, for the avoidance of doubt, Swap Collateral Excluded Amounts due to a Swap Counterparty and any Swap Collateral Available Amounts to be applied by the Issuer towards the purchase of one or more replacement Swaps) in the following order of priority (**provided that** amounts standing to the credit of the Cash Accumulation Ledger will be applied in or towards the payment of principal due and payable on the relevant Series of Bullet Redemption Notes only) (the "**Pre-Enforcement Pre-Trigger Principal Priority of Payments**"):

- (i) *first*, other than if there is a Principal Shortfall on that Payment Date, in or towards the credit of the General Reserve Fund up to the General Reserve Fund Required Amount in an amount equal to the amount that has previously been drawn from the General Reserve Fund to be applied as Available Principal Receipts, less any amount that has previously been credited to the General Reserve Fund in accordance with this item (i) or item (i) of the Pre-Enforcement Post-Trigger Principal Priority of Payments;
- (ii) *second*, in proportion to their respective aggregate Sterling Equivalent Principal Amount Outstanding, in or towards the payment of principal due and payable on the Class A Notes which are Bullet Redemption Notes in an amount up to the Bullet Redemption Amount;
- (iii) *third*, in or towards the credit of the Cash Accumulation Ledger until the balance of the Cash Accumulation Ledger is equal to the Cash Accumulation Requirement;
- (iv) *fourth*, in accordance with the Reapplication Rule:
  - (a) in or towards the payment of principal due and payable on the Class A Notes which are Controlled Amortisation Notes in an amount up to the Controlled Amortisation Amount on such Payment Date;
  - (b) in or towards the payment of principal due and payable on the Class A Notes which are Pass-Through Redemption Notes until their Sterling Equivalent Principal Amount Outstanding is zero; and
  - (c) in respect of the Class A Notes of each Series of Notes in respect of which such Payment Date is not a Note Payment Date, in or towards the credit of the Principal Provision Fund up to the Principal Provision Fund Required Amount;
- (v) *fifth*, if any Non-Sterling Notes remain outstanding following their Sterling Equivalent Redemption Date (after the application of any Principal Excess Amounts), in or towards the redemption of such Non-Sterling Notes until they have been redeemed in full;
- (vi) *sixth*:
  - (a) in or towards the purchase of any Additional Mortgage Portfolios; and
  - (b) in or towards the funding of any Flexible Feature Payments or Further Advances granted in respect of any of the Mortgage Loans in the Mortgage Portfolio, less any amount advanced by the Class Z VFN Holder under the Class Z(S) VFNs in respect of such Payment Date;
- (vii) *seventh*, in or towards the payment of principal due and payable (if any) on the Class Z(S) VFNs or, if such Payment Date is not a Note Payment Date in respect of the Class Z(S) VFNs, the credit of the Subordinated Principal Provision Sub-Ledger in respect of such Notes in an amount equal to the Subordinated Principal Provision Fund Required Amount; and
- (viii) *eighth*, in credit to the Principal Reserve Fund.

In the applicable circumstances, the rules set out under "*Rules for application of Available Principal Receipts*" will apply to the Priority of Payments described above.

#### **Calculation of the Cash Accumulation Requirement**

On each Calculation Date, the Cash Manager is required to determine whether the immediately following Payment Date is within a Cash Accumulation Period relating to any Bullet Redemption Notes. The "**Cash**

**Accumulation Period**" is, in relation to any Series of Bullet Redemption Notes (the "**Relevant Bullet Redemption Notes**"), the period beginning on the earlier to occur of:

- (a) the date determined after counting back in time from the Bullet Redemption Date for the Relevant Bullet Redemption Notes, the number of months calculated in respect of the Anticipated Cash Accumulation Period relating to the relevant Bullet Redemption Notes; and
- (b) six months prior to the Bullet Redemption Date of the Relevant Bullet Redemption Notes;

and ending when the Issuer has fully repaid the Sterling Equivalent Redemption Amount for the Relevant Bullet Redemption Notes.

The "**Anticipated Cash Accumulation Period**" will be calculated as at each Calculation Date and means, for any Relevant Bullet Redemption Notes, the anticipated number of months required to accumulate sufficient Principal Receipts to pay the Sterling Equivalent Redemption Amount for such Notes on the Bullet Redemption Date for the relevant Series, which will be equal to:

$$\frac{A + B - C}{D \times E \times F}$$

calculated in months and rounded up to the nearest whole number, where:

"A" is the Sterling Equivalent Redemption Amount for the Relevant Bullet Redemption Notes;

"B" is the aggregate, as at the Calculation Date, of the Sterling Equivalent Principal Amount Outstanding of each other Series of Bullet Redemption Notes, the Bullet Redemption Date of which falls on or before the Bullet Redemption Date of the Relevant Bullet Redemption Notes;

"C" is the amount standing to the credit of the Cash Accumulation Ledger at the relevant Calculation Date which is available to repay Bullet Redemption Amounts;

"D" is the sum of the Monthly CPR on the 12 most recent Calculation Dates which have occurred prior to that date, divided by 12 (or, if fewer than 12 Calculation Dates have occurred prior to such date, the number of Calculation Dates that have occurred);

"E" is 80 per cent.; and

"F" is the aggregate current principal balance of the Mortgage Loans in the Mortgage Portfolio at the beginning of the immediately preceding Calculation Period.

On each Calculation Date, the Cash Manager will additionally calculate the Cash Accumulation Requirement.

#### **Rules for application of Available Principal Receipts**

The Cash Management Agreement sets out certain Principal Repayment Rules for the application by the Issuer, or the Cash Manager on its behalf, of Available Principal Receipts on each Payment Date. These are as follows:

##### *Rule (1) – Cash Accumulation Shortfall*

The Cash Manager will not apply amounts in accordance with item (i) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments on a Payment Date if to do so would cause a Cash Accumulation Shortfall to occur following the application of the remaining Available Principal Receipts in accordance with the Pre-Enforcement Pre-Trigger Principal Priority of Payments on such Payment Date.

*Rule (2) – Payments in respect of Non-Sterling Notes following the termination of the Original Currency Swap Agreement*

If the Original Currency Swap Agreement relating to any Series or Class of Non-Sterling Notes has been terminated, then, on each Payment Date prior to the delivery of an Enforcement Notice:

- (a) if, on such Payment Date, the *pro rata* share of the Available Principal Receipts available under the Pre-Enforcement Principal Priority of Payments to repay principal of the Non-Sterling Notes in accordance with Condition 5.2 (*Mandatory redemption of the Notes in part*), following conversion into the Specified Currency at:
  - (i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by an Account Bank or, if so directed by the Issuer, another person); or
  - (ii) if a replacement Currency Swap Agreement is in force, the Replacement Exchange Rate, is less than the amount that would have been payable in the Specified Currency by the original Currency Swap Counterparty in respect of principal if the Original Currency Swap Agreement had not been terminated, the shortfall amounts (such amounts being "**Principal Shortfall Amounts**") will only be paid from any Principal Excess Amounts (as defined below);
- (b) if, on such Payment Date, the *pro rata* share of the Available Principal Receipts available under the Pre-Enforcement Principal Priority of Payments to pay principal of the Non-Sterling Notes in accordance with Condition 5.2 (*Mandatory redemption of the Notes in part*), following conversion into Specified Currency at:
  - (i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by an Account Bank or, if so directed by the Issuer, another person); or
  - (ii) if a replacement Currency Swap Agreement is in force, the Replacement Exchange Rate, is greater than the amount that would have been payable in the Specified Currency by the original Currency Swap Counterparty in respect of principal if the original Currency Swap Agreement had not been terminated, the excess amounts (such amounts being "**Principal Excess Amounts**") will be used to pay any Principal Shortfall Amounts, with any excess being transferred to the Swap Excess Reserve Account for application (subject to the terms of the Programme Documents) on subsequent Payment Dates to pay any future Principal Shortfall Amounts; and
- (c) if that Payment Date falls on or following the Sterling Equivalent Redemption Date for the relevant Series or Class of Non-Sterling Notes:
  - (i) if the relevant Series or Class of Non-Sterling Notes has not been redeemed in full, following application of any amounts held in the Swap Excess Reserve Account, any remaining Principal Amount Outstanding of the relevant Non-Sterling Notes will only be paid subject to and in accordance with item (v) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments or item (iii) of the Pre-Enforcement Post-Trigger Principal Priority of Payments, as applicable; or
  - (ii) if the relevant Series or Class of Non-Sterling Notes has been redeemed in full, any amounts held in the Swap Excess Reserve Account will be transferred to the Transaction Accounts (after conversion into Sterling, by an Account Bank or, if so directed by the Issuer, another person, at the applicable Spot Rate) and credited to the Revenue Ledger for application in accordance with the Pre-Enforcement Revenue Priority of Payments.

On or after the delivery of an Enforcement Notice, any amounts held in the Swap Excess Reserve Account will be transferred to the Transaction Accounts (after conversion into Sterling by an Account Bank or, if so directed by the Issuer, another person at the applicable Spot Rate) and applied in accordance with the Post-Enforcement Priority of Payments.



*Rule (3) – Repayment of Class Z VFNs only permitted to the extent that the Required Subordination Amount will be satisfied*

In respect of any payment of principal on the Class Z(S) VFNs on any Payment Date, the amount of principal due (or any part thereof) in respect of the Class Z(S) VFNs may only be repaid in accordance with the applicable Pre-Enforcement Principal Priority of Payments if, after giving effect to such payment and the payment to be made on such date in respect of the Class A Notes, the Actual Subordination Amount will be at least equal to the Required Subordination Amount and the Principal Amount Outstanding of the Class Z(S) VFNs will be at least equal to the Required Retention Amount.

*Rule (4) – Reapplication of principal amounts (the "Reapplication Rule")*

Payments in respect of item (iv) will be made in accordance with the following rules:

- (a) the Cash Manager will allocate the Available Principal Receipts available to be applied in accordance with item (iv) to each of the Controlled Amortisation Notes and Pass-Through Redemption Notes in proportion to the respective Sterling Equivalent Principal Amount Outstanding of such Controlled Amortisation Notes and Pass-Through Redemption Notes as at the Closing Date for such Notes (each, a "**Note Principal Allocation Amount**");
- (b) the Cash Manager will apply each Note Principal Allocation Amount:
  - (i) in or towards the payment of principal due and payable on such Payment Date on each of the Controlled Amortisation Notes in an amount up to the Controlled Amortisation Amount in respect of such Controlled Amortisation Notes on such Payment Date;
  - (ii) in or towards the payment of principal due and payable on such Payment Date on each of the Pass-Through Redemption Notes in an amount up to the Principal Amount Outstanding of such Pass-Through Redemption Notes; or
  - (iii) in respect of the Controlled Amortisation Notes and Pass-Through Redemption Notes of each Series of Notes in respect of which such Payment Date is not a Note Payment Date, in or towards the credit of the Principal Provision Fund up to the Principal Provision Fund Required Amount;
- (c) to the extent that any Note Principal Allocation Amount exceeds:
  - (i) the Controlled Amortisation Amount in respect of any Controlled Amortisation Note in respect of which principal is due and payable on such Payment Date;
  - (ii) the Principal Amount Outstanding in respect of any Pass-Through Redemption Notes in respect of which principal is due and payable on such Payment Date; or
  - (iii) the Principal Provision Fund Required Amount in respect of any Controlled Amortisation Note in respect of which such Payment Date is not a Note Payment Date,

(such excess, a "**Note Principal Allocation Excess**"), the Cash Manager will:

  - (A) allocate such Note Principal Allocation Excess to each of the Controlled Amortisation Notes in respect of which there is a shortfall between the Note Principal Allocation Amount in respect of such Notes and the Controlled Amortisation Amount in respect of such Controlled Amortisation Notes, in proportion to the respective Sterling Equivalent Principal Amount Outstanding of such Notes following the payments in accordance with paragraph (b) above; and
  - (B) apply such allocated Note Principal Allocation Excess as the Note Principal Allocation Amount in respect of such Notes in accordance with paragraph (b) above; and

- (d) if, after the application of any Note Principal Allocation Excess as the Note Principal Allocation Amount in accordance with paragraphs (b) and (c) above:
- (i) such Note Principal Allocation Amount exceeds the Controlled Amortisation Amount in respect of any Controlled Amortisation Note in respect of which principal is due and payable on such Payment Date; and
  - (ii) there remains a shortfall between the Note Principal Allocation Amount in respect of any Controlled Amortisation Notes and the Controlled Amortisation Amount in respect of such Controlled Amortisation Notes,

then the Cash Manager will apply such excess as the Note Principal Allocation Excess in accordance with paragraphs (b) and (c) again (ignoring, for this purpose, paragraphs (b)(ii) and (c)(ii)). The Cash Manager will repeat this paragraph (d) until there is no further Note Principal Allocation Excess, **provided that** if there is no further shortfall between the Note Principal Allocation Amount in respect of any Controlled Amortisation Notes and the Controlled Amortisation Amount in respect of such Controlled Amortisation Notes, then the Cash Manager will apply any remaining amount available to be applied in accordance with item (iv) towards the payment of principal due and payable on the Class A Notes that are Pass-Through Redemption Notes in proportion to their respective aggregate Sterling Equivalent Principal Amount Outstanding.

### Trigger Events and Stop Revolving Event

An "**Asset Trigger Event**" will occur if any amount is standing to the debit of the Class A Principal Deficiency Sub-Ledger after the application of Available Funds in accordance with applicable Priorities of Payments on a Payment Date.

Any of the following events is a "**Non-Asset Trigger Event**" (and, together with an Asset Trigger Event, a "**Trigger Event**"):

- (a) the occurrence of an Insolvency Event in relation to the Seller or the Servicer;
- (b) the appointment of the Servicer is terminated in accordance with the terms of the Servicing Agreement;
- (c) the Actual Subordination Amount is less than the Required Subordination Amount;
- (d) the amount standing to the credit of the Principal Reserve Fund is greater than Principal Reserve Fund Threshold Amount; or
- (e) the occurrence of a Principal Reserve Fund Retention Event.

A "**Stop Revolving Event**" will occur if an Asset Trigger Event, or an event referred to in paragraph (a) or (d) of the definition of "Non-Asset Trigger Event", occurs.

For as long as a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, the following will occur:

- the Controlled Amortisation Notes and Bullet Redemption Notes will become Pass-Through Redemption Notes;
- interest on all Class A Notes and Sub-Classes of Class A Notes in each Series will be determined and paid on a monthly basis; and
- on each Payment Date, the Issuer will be required to apply Available Principal Receipts in accordance with the Priority of Payments set out under "*Application of Available Principal Receipts while a Trigger Event is continuing but prior to the delivery of an Enforcement Notice*" below.

If, following the occurrence of a Trigger Event, a Trigger Event is no longer continuing:

- the Bullet Redemption Notes which became Pass-Through Redemption Notes while the Trigger Event was continuing will revert to being Bullet Redemption Notes;
- the Controlled Amortisation Notes which became Pass-Through Redemption Notes while the Trigger Event was continuing will revert to being Controlled Amortisation Notes, **provided that** on each subsequent Payment Date until such time as the Sterling Equivalent Principal Amount Outstanding of such Controlled Amortisation Notes immediately prior to such Payment Date is greater than or equal to the Target Balance on such Payment Date or, if no such Target Balance is specified in respect of such Payment Date, the next Controlled Amortisation Date for such Controlled Amortisation Notes, the Issuer will not apply any amounts in redemption of such Controlled Amortisation Notes on such Payment Date;
- interest on all Class A Notes and Sub-Classes of Class A Notes in each Series will be determined and paid in accordance with the terms of those Class A Notes or that Sub-Class of Class A Notes; and
- on each Payment Date, the Issuer will be required to apply Available Principal Receipts in accordance with the Priority of Payments set out under "*Application of Available Principal Receipts while no Trigger Event is continuing and prior to the delivery of an Enforcement Notice*" above.

**Application of Available Principal Receipts while a Trigger Event is continuing or following the occurrence of a Stop Revolving Event but before the delivery of an Enforcement Notice**

On each Payment Date while a Trigger Event is continuing, or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, but before the delivery of an Enforcement Notice, subject to the rules for application of Available Principal Receipts set out in the section entitled "*Rules for application of Available Principal Receipts*" below, the Cash Manager (on behalf of the Issuer) is required to apply Available Principal Receipts (other than, for the avoidance of doubt, Swap Collateral Excluded Amounts due to any Swap Counterparty and any Swap Collateral Available Amounts to be applied by the Issuer towards the purchase of one or more replacement Swaps) in the following order of priority (the "**Pre-Enforcement Post-Trigger Principal Priority of Payments**"):

- (i) *first*, in or towards the credit of the General Reserve Fund up to the General Reserve Fund Required Amount in an amount equal to the amount that has previously been drawn from the General Reserve Fund to be applied as Available Principal Receipts, less any amount that has previously been credited to the General Reserve Fund in accordance with this item (i) or item (i) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments;
- (ii) *second*:
  - (a) if an Asset Trigger Event has occurred and is continuing, in no order of priority among them but in proportion to the respective amounts due; or
  - (b) following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, or if a Non-Asset Trigger Event has occurred and is continuing, provided that an Asset Trigger Event has not occurred or is not continuing, in order of their Final Maturity Date, beginning with the earliest such date (and if two or more Series of Class A Notes have the same Final Maturity Date, in proportion to the respective amounts due),  
  
in or towards the payment of principal due and payable on each Series of Class A Notes until the Sterling Equivalent Principal Amount Outstanding of each such Series of Class A Notes is zero;
- (iii) *third*, if any Non-Sterling Notes remain outstanding following their Sterling Equivalent Redemption Date (after the application of any Principal Excess Amounts), in or towards the redemption of such Non-Sterling Notes until they have been redeemed in full;
- (iv) *fourth*, in or towards the payment of principal due and payable on the Class Z(S) VFNs; and
- (v) *fifth*, as Available Revenue Receipts.

## APPLICATION OF AVAILABLE FUNDS FOLLOWING THE DELIVERY OF AN ENFORCEMENT NOTICE

The Deed of Charge sets out the order of priority for the application by the Security Trustee (or the Cash Manager on its behalf), following the delivery by the Note Trustee of an Enforcement Notice to the Issuer, of amounts received or recovered by the Security Trustee or a Receiver appointed on its behalf.

On each Payment Date following the delivery of an Enforcement Notice, the Security Trustee (or the Cash Manager on its behalf) will be required to apply all amounts received or recovered by the Security Trustee (or a Receiver appointed on its behalf) (excluding Swap Collateral Excluded Amounts (if any) due to any Swap Counterparty by the Issuer under any Swap Agreement which will be paid directly to the relevant Swap Counterparty) in accordance with the following order of priority (the "**Post-Enforcement Priority of Payments**"):

- (i) *first*, in no order of priority among them but in proportion to the amounts due, in or towards the payment of amounts due to the Note Trustee, the Security Trustee and any Receiver appointed by the Security Trustee and any of their respective Appointees and to provide for any amounts then due or to become due and payable to the Note Trustee, the Security Trustee and the Receiver and any of their respective Appointees prior to the next following Payment Date pursuant to the terms of the Trust Deed and/or the Deed of Charge, as applicable;
- (ii) *second*, in no order of priority among them but in proportion to the respective amounts due:
  - (a) in or towards the payment of amounts due to the Agent Bank, the Paying Agents, the Exchange and Transfer Agent and/or the Registrar and to provide for any amounts then due or to become due prior to the next following Payment Date to the Agent Bank, the Paying Agents, the Exchange and Transfer Agent and/or the Registrar pursuant to the terms of the Agency Agreement;
  - (b) in no order of priority among them but in proportion to the respective amounts due, in or towards the payment of amounts due (or, as applicable, to provide for any amounts then due or to become due prior to the next following Payment Date) to the Servicer pursuant to the terms of the Servicing Agreement, to the Class Z VFN Registrar pursuant to the terms of the Agency Agreement, to the Account Banks pursuant to the terms of the Account Bank Agreements, to the Cash Manager pursuant to the terms of the Cash Management Agreement, to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement or to any Tender Agent under a Remarketing Agreement;
- (iii) *third*, in or towards the payment of amounts (including such part of any Swap Termination Payment following the return of any Swap Collateral Excluded Amounts) due to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement (excluding any Interest Rate Swap Excluded Termination Amount);
- (iv) *fourth*, in no order of priority among them but in proportion to the respective amounts due, in or towards the payment of interest and fees due or overdue on, and in or towards the repayment of principal on, the applicable Series of Class A Notes and in or towards the payment of any Swap Termination Payment due to the relevant Currency Swap Counterparty for the Class A Notes of each Series (but excluding any Currency Swap Excluded Termination Amount);
- (v) *fifth*, in no order of priority among them but in proportion to the respective amounts due, in or towards the payment of interest due or overdue on each Sub-Class of Class Z VFNs;
- (vi) *sixth*, in no order of priority among them but in proportion to the respective amounts due, in or towards the payment of any Swap Excluded Termination Amounts to the Interest Rate Swap Counterparty and any Currency Swap Counterparties;
- (vii) *seventh*, in or towards the retention by the Issuer of an amount equal to the Issuer Profit Amount as profit;
- (viii) *eighth*, in or towards the repayment of principal on the Class Z(R) VFN;
- (ix) *ninth*, in or towards the repayment of principal on the Class Z(S) VFN;

- (x) *tenth*, in or towards the payment of amounts due to any third party creditors of the Issuer (other than those referred to elsewhere in this Post-Enforcement Priority of Payments) of which the Cash Manager has notice prior to the relevant Payment Date, which amounts have been incurred without breach in any material respect by the Issuer of the terms of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere) and to provide for any such amounts expected to become due and payable by the Issuer prior to the next following Payment Date and to pay or discharge any liability of the Issuer for corporation tax on the taxable profits of the Issuer; and
- (xi) *eleventh*, in payment of the remainder to the Seller as Deferred Consideration in respect of the sale of the Mortgage Loans under the Mortgage Sale Agreement.

## THE CLASS Z VFNS

On or prior to the First Closing Date, the Issuer will issue the Class Z VFNs to the Class Z VFN Holder. The Class Z VFNs will consist of two separate Sub-Classes, namely the Class Z(R) VFN and the Class Z(S) VFN, each as explained below.

### Form and denomination

The Class Z VFNs will be issued in dematerialised registered form pursuant to the Trust Deed and no certificate evidencing entitlement to the Class Z VFNs will be issued. The Issuer will also maintain a Register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFNs will be registered in the name of the Class Z VFN Holders. Transfers of the Class Z VFNs may be made only through the Register maintained by the Issuer and are subject to the transfer restrictions set out in Condition 1.4 (*Transfers*).

### Ranking

The Class Z(R) VFN and the Class Z(S) VFN rank junior to the Class A Notes with respect to payments of interest and principal at all times.

### Variable funding notes

Each Sub-Class of Class Z VFN will be issued as a separate variable funding note, whose Principal Amount Outstanding may be increased through further drawdowns from time to time as described below, or may be decreased through:

- (a) in the case of the Class Z(R) VFN, being repaid from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments; or
- (b) in the case of the Class Z(S) VFN, being repaid from Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments (subject to certain conditions as set out in "*Credit Structure and Cashflows*" including, in particular, that the Required Subordination Amount for the Class A Notes is maintained at all times),

or otherwise in accordance with Condition 5 (*Redemption, Purchase and Cancellation*). Any further drawdown under any Sub-Class of Class Z VFN will be carried out in accordance with, and subject to the conditions set out in, Condition 18 (*Increasing the Principal Amount Outstanding of the Class Z VFNs*).

### Interest

Each Sub-Class of Class Z VFNs will bear interest on its Principal Amount Outstanding from time to time as described in Condition 4 (*Interest*). Interest on each Sub-Class of Class Z VFNs will be payable on each Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments.

### Repayment

Each Sub-Class of Class Z VFNs will be repaid:

- (a) in the case of the Class Z(R) VFN, from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments; or
- (b) in the case of the Class Z(S) VFN, from Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments (subject to certain conditions as set out in "*Credit Structure and Cashflows*" including, in particular, that the Required Subordination Amount for the Class A Notes is maintained at all times),

or may be redeemed in accordance with Condition 5 (*Redemption, Purchase and Cancellation*), subject always to the Principal Repayment Rules described in "*Credit Structure and Cashflows*" above.

### The Class Z(R) VFN

The Class Z(R) VFN will be issued to the Class Z VFN Holder on or prior to the First Closing Date.

*General Reserve Deficits*

If, on any Calculation Date, the Cash Manager determines that:

- (a) the amount standing to the credit of the General Reserve Fund on such Calculation Date is less than the General Reserve Fund Required Amount and there will be insufficient Available Revenue Receipts to be applied in accordance with item (vii) of the Pre-Enforcement Revenue Priority of Payments on the immediately succeeding Payment Date to credit the General Reserve Fund to the General Reserve Fund Required Amount; or
- (b) a Revenue Shortfall or a Principal Shortfall will occur on the immediately succeeding Payment Date,

then the Cash Manager shall notify the Issuer and the Class Z VFN Holder of the General Reserve Deficit.

Upon receipt of notice of a General Reserve Deficit:

- (a) if the relevant Payment Date is not a Closing Date, the Class Z VFN Holder may, at its sole discretion, make an offer to the Issuer to advance an amount under the Class Z(R) VFN up to an amount equal to the General Reserve Deficit; or
- (b) if the relevant Payment Date is a Closing Date, the Class Z VFN Holder shall make an offer to the Issuer to advance an amount under the Class Z(R) VFN equal to the General Reserve Deficit.

The Issuer is required to accept any such offer, and the Class Z VFN Holder will advance an amount equal to the relevant Class Z(R) Increase to the Issuer on the relevant Payment Date to be applied by the Issuer as Available Revenue Receipts.

*Principal Deficiencies*

If, on any Calculation Date, the Cash Manager determines that, after the application of Available Funds in accordance with the relevant Priority of Payments on the immediately succeeding Payment Date, the Principal Deficiency Ledger will be in debit, then the Cash Manager shall notify the Issuer who in turn shall notify the Class Z VFN Holder of the Principal Deficiency Deficit.

Upon receipt of notice of a Principal Deficiency Deficit, the Class Z VFN Holder may, at its sole discretion, make an offer to the Issuer to advance an amount under the Class Z(R) VFN up to an amount equal to the Principal Deficiency.

The Issuer is required to accept any such offer, and the Class Z VFN Holder will advance an amount equal to the relevant Class Z(R) Increase to the Issuer on the relevant Payment Date.

**The Class Z(S) VFN**

The Class Z(S) VFN will be issued to the Class Z VFN Holder on or prior to the First Closing Date.

*Flexible Feature Payments*

If, during any Calculation Period, the Seller makes an offer to a Borrower of a Further Advance in accordance with the Mortgage Sale Agreement then, on the immediately succeeding Calculation Date, the Servicer will notify the Class Z VFN Holder of the Further Advance Amount and the Available Further Advance Principal Amount.

Upon receipt of notice of a Further Advance Amount:

- (a) if the Available Further Advance Principal Amount is less than such Further Advance Amount, then the Class Z VFN Holder will make an offer to the Issuer to advance an amount under the Class Z(S) VFN no less than:
  - (i) the Further Advance Amount; less
  - (ii) the Available Further Advance Principal Amount; and

- (b) if the Available Further Advance Principal Amount is equal to or greater than such Further Advance Amount, then the Class Z VFN Holder may, at its sole discretion, make an offer to the Issuer to advance an amount under the Class Z(S) VFN up to an amount equal to the Further Advance Amount.

The Issuer is required to accept any such offer, and the Class Z VFN Holder will advance an amount equal to the relevant Class Z(S) Increase to the Issuer on the relevant Payment Date, to be applied by the Issuer on such Payment Date in payment to the Seller of the Initial Purchase Price payable for each Further Advance made during the immediately preceding Calculation Period.

*Required Subordinated Amount*

The overall Required Subordination Amount for the Programme and each Series of outstanding Class A Notes from time to time will be achieved through the retention by the Class Z VFN Holder of the Class Z(S) VFN. The Principal Amount Outstanding under the Class Z(S) VFN at any time is required to be an amount equal to the greater of:

- (a) the Required Subordination Amount; and
- (b) the Required Retention Amount.

If, on any Calculation Date, the Cash Manager determines that the Actual Subordination Amount, after the application of Available Principal Receipts in accordance with the relevant Priority of Payments on the immediately succeeding Payment Date, will be less than the greater of the Required Subordination Amount and the Required Retention Amount, then the Cash Manager shall notify the Issuer who in turn shall notify the Class Z VFN Holder of the Subordination Deficit.

Upon receipt of notice of a Subordination Deficit, the Class Z VFN Holder shall make an offer to the Issuer to advance an amount under the Class Z(S) VFN equal to the Subordination Deficit. The Issuer is required to accept any such offer, and the Class Z VFN Holder will advance an amount equal to the relevant Class Z(S) Increase to the Issuer on the relevant Payment Date, to be applied by the Issuer on such Payment Date either in payment to the Seller of the Initial Purchase Price payable for Additional Mortgage Portfolios on such Payment Date or as Available Principal Receipts.

If, on any Calculation Date, the Cash Manager determines that the Actual Subordination Amount is (or will be following the application of Available Revenue Receipts and Available Principal Receipts on such Payment Date) in excess of the Required Subordination Amount the relevant Sub-Classes of Class Z VFNs may, in accordance with the Pre-Enforcement Principal Priority of Payments and subject to the requirements of Article 6 of the Securitisation Regulation, be repaid to an amount such that the Actual Subordination Amount is equal to the Required Subordination Amount.



## CASH MANAGEMENT

The material terms of the Cash Management Agreement and the Account Bank Agreements are summarised in this section. The summary does not purport to be complete and it is subject to the provisions of the Cash Management Agreement and the Account Bank Agreements.

### Cash Management Agreement

Pursuant to the terms of the Cash Management Agreement, the Cash Manager has been appointed to provide cash management services to the Issuer.

#### *Cash Management Services*

The Cash Manager's duties include, but are not limited to:

- (a) operating the Issuer Accounts and ensuring that payments are made into and from such accounts in accordance with the Cash Management Agreement, the Deed of Charge, the Account Bank Agreements and any other applicable Transaction Document;
- (b) on behalf of the Issuer, paying all the out-of-pocket expenses of the Issuer incurred by, or on behalf of, the Issuer including, without limitation:
  - (i) all Taxes which may be due or payable by the Issuer;
  - (ii) all registration, transfer, filing and other fees and charges payable in order to comply with regulatory requirements, including those in respect of the sale by the Seller of the Mortgage Portfolio to the Issuer;
  - (iii) all fees payable to the London Stock Exchange plc and the Financial Conduct Authority;
  - (iv) all legal and audit fees and other professional advisory fees; and
  - (v) all communication expenses including postage, courier and telephone charges;
- (c) making withdrawals (when necessary) from the relevant Issuer Account to pay any amounts which properly belong to third parties;
- (d) maintaining the following ledgers on behalf of the Issuer:
  - (i) the Principal Ledger, which will record Principal Receipts received by the Issuer;
  - (ii) the Revenue Ledger, which will record Revenue Receipts received by the Issuer;
  - (iii) the General Reserve Ledger, which shall record the balance, from time to time, of the General Reserve Fund, and withdrawals from and deposits to the General Reserve Fund;
  - (iv) the Principal Reserve Ledger, which record amounts standing to the credit of the Principal Reserve Fund from time to time and withdrawals from and deposits into the Principal Reserve Fund;
  - (v) the Issuer Profit Ledger, which will record all amounts retained by the Issuer as profit;
  - (vi) the Cash Accumulation Ledger, which will record Principal Receipts accumulated by the Issuer to pay any outstanding Series of Bullet Redemption Notes or, for so long as no Series of Bullet Redemption Notes is outstanding, to be applied as Available Principal Receipts;
  - (vii) the Principal Deficiency Ledger, comprising sub-ledgers in respect of each of the Class A Notes and the Class Z(S) VFNs, which will record deficiencies arising from Losses on the Mortgage Portfolio allocated against each Class of Notes and corresponding drawings from or debits to the General Reserve Fund used to cover a Revenue Shortfall and the application of Available Revenue Receipts applied in accordance with the relevant Priority of Payments to reduce debit balances;

- (viii) the Interest Provision Ledger, comprising sub-ledgers in respect of the Class A Notes of each Series and, where applicable, each Sub-Class thereof, which will record the balance, from time to time, of the Interest Provision Fund allocated to each such Class and Sub-Class, and withdrawals from and deposits to the Interest Provision Fund;
- (ix) the Principal Provision Ledger, comprising sub-ledgers in respect of the Class A Notes of each Series and, where applicable, each Sub-Class thereof, which will record the balance, from time to time, of the Principal Provision Fund allocated to each such Class and Sub-Class, and withdrawals from and deposits to the Principal Provision Fund;
- (x) the Subordinated Interest Provision Ledger, comprising sub-ledgers in respect of the Class Z VFNs of each Series and, where applicable, each Sub-Class thereof, which will record the balance, from time to time, of the Subordinated Interest Provision Fund allocated to each such Class and Sub-Class, and withdrawals from and deposits to the Subordinated Interest Provision Fund;
- (xi) the Subordinated Principal Provision Ledger, comprising sub-ledgers in respect of the Class Z VFNs of each Series and, where applicable, each Sub-Class thereof, which will record the balance, from time to time, of the Subordinated Principal Provision Fund allocated to each such Class and Sub-Class, and withdrawals from and deposits to the Subordinated Principal Provision Fund; and
- (xii) the Swap Collateral Ledger (which shall comprise of such sub-ledgers as the Cash Manager considers appropriate), to record all payments, transfers and receipts in connection with Swap Collateral relating to the Swap Agreements, including, without limitation:
  - (A) the delivery of any Swap Collateral to the Issuer from a Swap Counterparty;
  - (B) the receipt of any income or distributions in respect of such Swap Collateral and the payment of such income or distribution to the relevant Swap Counterparties;
  - (C) the return of all, or any part of, such Swap Collateral to the relevant Swap Counterparty; and
  - (D) the payment or transfer of all, or any part of, such Swap Collateral to the Transaction Accounts;
- (e) making the following determinations on each Calculation Date, subject to the Cash Manager having received the Servicer Report by the Servicer Reporting Date:
  - (i) the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the relevant Payment Date;
  - (ii) the Principal Amount Outstanding of each Series and Class of Notes;
  - (iii) the amounts to be applied in accordance with each Priority of Payments on the relevant Payment Date;
  - (iv) the amount to be applied as a Principal Reserve Fund Release Amount on the relevant Payment Date;
  - (v) the Interest Provision Fund Required Amount and the Principal Provision Fund Required Amount;
  - (vi) whether any Series of Bullet Redemption Notes is in a Cash Accumulation Period, along with the Cash Accumulation Requirement, the Pass-Through Redemption Requirement and the Controlled Amortisation Requirement;
  - (vii) the Actual Subordination Amount and the Required Subordination Amount and any amounts that may be repaid in respect of the Sub-Classes of Class Z VFNs;

- (viii) whether:
  - (A) the amount standing to the credit of the Principal Reserve Fund exceeds the Principal Reserve Fund Threshold Amount; or
  - (B) a Principal Reserve Fund Retention Event has occurred;
- (ix) the General Reserve Fund Required Amount;
- (x) whether a Revenue Shortfall, a Remaining Revenue Shortfall or a Principal Shortfall will exist on the relevant Payment Date; and
- (xi) the Further Advance Amount and the Available Further Advance Principal Amount;
- (f) investing sums standing to the credit of the Transaction Accounts, solely at the direction of the Issuer, in Authorised Investments as described in "*Credit Structure and Cashflows – General Credit Structure – Authorised Investments*";
- (g) making withdrawals from the General Reserve Fund as and when required;
- (h) applying Available Revenue Receipts and Available Principal Receipts in accordance with the relevant Priority of Payments and (if requested, on behalf of the Security Trustee) Post-Enforcement Amounts in accordance with the Post-Enforcement Priority of Payments;
- (i) procuring that the determination and notifications required by Conditions 4 (*Interest*) and 5 (*Redemption, Purchase and Cancellation*) are made; and
- (j) administering further advances under the Class Z VFNs in accordance with the Cash Management Agreement.

For details of the cashflows applicable to the Programme, see "*Credit Structure and Cashflows*".

#### *Reporting*

The Cash Manager will, provided that it receives the relevant Servicer Report no later than the Servicer Reporting Date, make available electronically to the Issuer, the Note Trustee, the Security Trustee and the Rating Agencies through its website at <https://pivot.usbank.com>, and provide to the Servicer, each Cash Manager Report by no later than each Payment Date.

#### *Compensation of Cash Manager*

The Cash Manager is paid an annual fee for its services which is required to be paid in equal instalments monthly in arrear on a Payment Date. In addition, the Cash Manager is entitled to be indemnified for any expenses or other amounts properly incurred by it in carrying out its duties. The fees, expenses and other amounts are required to be paid by the Issuer in accordance with and subject to the terms of the relevant Priority of Payments, prior to the payment of amounts due in respect of the Notes.

#### *Resignation of Cash Manager*

The Cash Manager is entitled to resign only on giving 90 days' prior written notice to the Issuer and the Security Trustee, provided that:

- a substitute cash manager is appointed, such appointment to be effective not later than the date of such resignation;
- such substitute cash manager has cash management experience of managing cashflows reasonably similar to the cashflows administered under the Cash Management Agreement and is approved by the Issuer and the Security Trustee;
- the substitute cash manager enters into an agreement substantially on the same terms as the relevant provisions of the Cash Management Agreement (or on such terms as are satisfactory to the Issuer and the Security Trustee) and the Cash Manager shall not be released from its obligations under the relevant provisions of the Cash Management Agreement until such substitute cash manager has

entered into such new agreement and the rights of the Issuer under such agreement are assigned by way of security in favour of the Security Trustee or are otherwise charged in favour of the Security Trustee on terms satisfactory to the Security Trustee; and

- the Issuer receives a Ratings Confirmation in respect of such substitute cash manager,

provided further that, if the Issuer fails to appoint a substitute cash manager within a period of 30 days from the date on which notice of the Cash Manager's resignation was given, the Cash Manager shall be permitted to appoint a separate substitute cash manager that has cash management experience of managing cashflows reasonably similar to the cashflows administered under the Cash Management Agreement and is approved by the Issuer and the Security Trustee to carry out the cash management services.

#### *Termination of appointment of Cash Manager*

The Issuer (with the prior written consent of the Security Trustee) or (following delivery of an Enforcement Notice) the Security Trustee is entitled, upon written notice to the Cash Manager, to terminate its appointment as Cash Manager with effect from a date (not earlier than the date of the notice) specified in the notice at once on, or at any time after, the occurrence of any of the following events (each, a "**Cash Manager Termination Event**"):

- (a) default is made by the Cash Manager in the payment on the due date of any payment to be made by it under the Cash Management Agreement (subject to funds being available for the same) or in the performance of its obligations under Part A (*Payments, Determination and Investments*) of Schedule 1 (*Programme Cash Management Services*) to the Cash Management Agreement and such default, unless waived by the Issuer (with the prior written consent of the Security Trustee), continues unremedied for a period of five Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied;
- (b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, other than such obligations set out in (a) above, and such default is not waived by the Issuer (with the prior written consent of the Security Trustee), which in the opinion of the Security Trustee (acting in accordance with the direction of the Note Trustee) is materially prejudicial to the interests of the holders of the Most Senior Class of Notes and such default continues unremedied for a period of twenty (20) Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied; or
- (c) an Insolvency Event occurs in respect of the Cash Manager.

Upon termination of the appointment of the Cash Manager, the Issuer is required to use its reasonable endeavours to procure the appointment of a substitute cash manager. Any such substitute cash manager will be required to enter into an agreement substantially on the same terms as the relevant provisions of the Cash Management Agreement or on such terms as are satisfactory to the Issuer and the Security Trustee and will be subject to the prior written approval of the Security Trustee and any appointment is conditional upon receipt of a Ratings Confirmation.

If the appointment of the Cash Manager is terminated or it resigns, the Cash Manager is required, as soon as reasonably practicable, to deliver to the Issuer or as the Issuer shall direct or, following the delivery of an Enforcement Notice, to the Security Trustee or as the Security Trustee shall direct, to the extent it is permissible for the Cash Manager to deliver such information under Applicable Law and Regulation, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belongings of the Issuer or the Security Trustee, as the case may be, and any monies then held by the Cash Manager on behalf of the Issuer or the Security Trustee and any other assets of the Issuer and the Security Trustee, in each case, in connection with the Mortgage Loans comprised in the Mortgage Portfolio.

The Cash Management Agreement will terminate automatically at such time as all amounts outstanding under the Notes have been repaid or otherwise discharged and the security constituted by or granted pursuant to the Deed of Charge has been released.

*Governing law*

The Cash Management Agreement is and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

**Account Bank Agreements and Issuer Accounts**

Pursuant to the terms of the Account Bank Agreements the Issuer will maintain the Issuer Accounts.

*Transaction Accounts*

The Issuer holds Transaction Accounts with the First Account Bank and the Second Account Bank pursuant to the terms of the First Account Bank Agreement and the Second Account Bank Agreement respectively.

The Issuer is required to credit all Revenue Receipts and all Principal Receipts and all other amounts received by it in connection with the Mortgage Portfolio and the Transaction Documents into either Transaction Account, at its discretion, subject to the limitation described under "*Amounts required to be held in the First Transaction Account*" below.

In connection with any payment to be made by or on behalf of the Issuer from amounts standing to the credit of the Transaction Accounts, the Issuer may apply amounts standing to the credit of one or both of the Transaction Accounts at its discretion. In addition, subject to the limitation described under "*Amounts required to be held in the First Transaction Account*" below, the Issuer (or the Cash Manager on its behalf) may at any time and at its discretion transfer amounts between the First Transaction Account, the Second Transaction Account and any other Transaction Account established in the name of the Issuer in accordance with the Cash Management Agreement and the Deed of Charge.

*Amounts required to be held in the Transaction Account*

The Issuer will be required to hold an amount equal to the Immediate Cash Requirement in a Transaction Account held with an Account Bank that satisfies the Account Bank Required Ratings.

On each Payment Date, the amounts required to meet the Issuer's obligations to its various creditors on such date are required to be applied from the Transaction Accounts by the Cash Manager in accordance with the relevant Priority of Payments.

Prior to such application from the Transaction Accounts by the Cash Manager, if the Cash Manager determines that there is a shortfall in the amounts required to meet the Issuer's obligations on such Payment Date after taking into account amounts already standing to the credit of the Transaction Accounts, an amount equal to such shortfall will be satisfied by the liquidation by the Issuer of any Authorised Investments in an amount equal to such shortfall and such amounts will be deposited into the Transaction Accounts to be applied in accordance with the relevant Priority of Payments.

The Cash Manager is required to direct and monitor the deposits and withdrawals to and from the Transaction Accounts.

*Downgrade and replacement of the First Account Bank*

If the First Account Bank ceases to hold the Account Bank Required Ratings then, within 60 calendar days, the First Account Bank will be required, at no cost to the Issuer (and, should any costs arise, they shall be at the expense of the First Account Bank), to transfer the credit balance of the First Transaction Account, together with all interest accrued on such balance up to but not including the date of transfer, to, and the Issuer will be required to credit all Revenue Receipts and all Principal Receipts and all other amounts received by it in connection with the Mortgage Portfolio and the Transaction Documents into, the Second Transaction Account or, if the Second Account Bank is not a Qualified Institution, to a Transaction Account held with a Qualified Institution.

If the First Account Bank takes such action as may be required to allow the Issuer to retain all such amounts, other than an amount equal to the Immediate Cash Requirement, in the First Transaction Account while ensuring that the rating of the Class A Notes immediately prior to the failure to hold the Account Bank Required Rating is not adversely affected by such failure (which may include, without limitation, posting collateral in support of its obligations under the First Account Bank Agreement, procuring that the Required Subordination Percentage is increased, or taking no action) and a Ratings Confirmation is obtained, then the Issuer may credit into the First Transaction Account all such amounts, other than an amount equal to the Immediate Cash Requirement, which the Issuer shall maintain in the Second Transaction Account or, if the Second Account Bank is not a Qualified Institution, in a Transaction Account held with a Qualified Institution.

Pursuant to the terms of the First Account Bank Agreement, the Issuer Accounts held with the First Account Bank will be required to be transferred from the First Account Bank to another bank where the First Account Bank fails to satisfy the First Account Bank Minimum Ratings.

*Downgrade and replacement of the Second Account Bank*

Pursuant to the terms of the Second Account Bank Agreement, the Issuer Accounts held with the Second Account Bank will be required to be transferred from the Second Account Bank to another bank where the Second Account Bank fails to satisfy the Account Bank Required Ratings.

*Account Bank Ratings*

The "**Account Bank Required Ratings**" will be the short-term and long-term rating requirements of the Relevant Rating Agencies specified in the table below, or such other ratings that are consistent with the then published criteria of the relevant Relevant Rating Agencies as being the minimum ratings that are required to support the then rating of the Class A Notes:

<b>Rating</b>	<b>S&amp;P</b>	<b>Fitch</b>	<b>Moody's</b>
<b>Long-term</b> .....	A	A	A2
<b>Short-term</b> .....	A-1	F1	P-1

The "**First Account Bank Minimum Ratings**" will be the short-term and long-term rating requirements of the Relevant Rating Agencies specified in the table below, or such other ratings that are consistent with the then published criteria of the relevant Relevant Rating Agencies as being the minimum ratings that are required to support the then rating of the Class A Notes:

<b>Rating</b>	<b>S&amp;P</b>	<b>Fitch</b>	<b>Moody's</b>
<b>Long-term</b> .....	N/A	BBB-	N/A
<b>Short-term</b> .....	N/A	N/A	N/A

*Governing law*

The Account Bank Agreements and all non-contractual obligations arising out of or in connection with them are governed by and construed in accordance with English law.

## THE SWAP AGREEMENTS

The following section describes, in summary, the material terms of the Interest Rate Swap Agreement and the Currency Swap Agreements and each Swap. The description does not purport to be complete and is subject to the provisions of each of the Swap Agreements. Except for the purpose of hedging interest rate or currency risk, the Issuer will not enter into derivative contracts.

### The Interest Rate Swap Agreement

The Issuer will be required to enter into an Interest Rate Swap Agreement with respect to the Fixed Rate Mortgage Loans sold to the Issuer under the Mortgage Sale Agreement. Fixed Rate Mortgage Loans will pay a fixed rate of interest for a period of time. The purpose of the Interest Rate Swap is to mitigate the Issuer's interest rate risk with respect to the Fixed Rate Mortgage Loans and to provide for the Issuer to receive from the Interest Rate Swap Counterparty amounts which will enable it to meet interest payments due on the Notes. In return for such amounts, the Issuer will pay to the Interest Rate Swap Counterparty amounts based on the rates of interest on the relevant portfolio of Fixed Rate Mortgage Loans in the Mortgage Portfolio.

If a payment is to be made by the Interest Rate Swap Counterparty pursuant to the terms of the Interest Rate Swap Agreement, that payment will be included by the Issuer in the Available Revenue Receipts on its receipt from the Interest Rate Swap Counterparty and will be applied on the relevant Payment Date according to the relevant Priority of Payments. If a payment is to be made by the Issuer pursuant to the terms of the Interest Rate Swap Agreement, it will be made according to the relevant Priority of Payments.

In the event that the Interest Rate Swap terminates prior to the delivery by the Note Trustee of an Enforcement Notice to the Issuer or the latest occurring Final Maturity Date of any Note, the Issuer will be required to use its reasonable efforts to enter into a replacement Swap specified in the Interest Rate Swap Agreement.

Pursuant to the terms of the Interest Rate Swap Agreement, in the event that the rating of the Interest Rate Swap Counterparty (or any guarantor of the Interest Rate Swap Counterparty) is downgraded by a Relevant Rating Agency below the rating(s) specified in the Interest Rate Swap Agreement (in accordance with the requirements of the Relevant Rating Agencies) and, where applicable, the then-current ratings of the Notes by the Relevant Rating Agencies would or may, as applicable, be adversely affected as a result of the downgrade, the Interest Rate Swap Counterparty will, as a result of the downgrade, be required to take certain remedial measures. Such measures may include providing collateral for its obligations under the Interest Rate Swap, arranging for its rights and obligations under the Interest Rate Swap Agreement to be transferred to an entity with the ratings required by the Relevant Rating Agencies, procuring another entity with the ratings required by the Relevant Rating Agencies to become a co-obligor in respect of, or guarantor of, its obligations under the Interest Rate Swap Agreement or taking such other action as it may agree with the Relevant Rating Agencies. A failure to take such steps will allow the Issuer to terminate the Interest Rate Swap, **provided that** in connection with certain termination events where the Issuer is entitled to designate an Early Termination Date (as defined in the Interest Rate Swap Agreement) and there is a payment due to the Interest Rate Swap Counterparty, the Issuer may only designate such an Early Termination Date if it has found a replacement Interest Rate Swap Counterparty.

### The Currency Swaps

To protect the Issuer against certain interest rate and/or currency risks in respect of amounts received by the Issuer in respect of the Mortgage Portfolio and amounts payable by the Issuer under each Series and Class of Notes, the Issuer will, on the Closing Date for a Series and Class of Notes (and where it is required to hedge such risks) enter into a Currency Swap Agreement with the relevant Currency Swap Counterparty.

Pursuant to the terms of a Currency Swap Agreement entered into in respect of a Series and Class of Notes:

- (a) the Issuer will be scheduled to pay to the relevant Currency Swap Counterparty:
  - (i) where such Notes have been issued in a Specified Currency other than Sterling:
    - on the applicable Closing Date, an amount in the Specified Currency equal to the proceeds of the issue of such Notes; and

- on each Note Payment Date in respect of such Notes, an amount equal to the Sterling Equivalent of the principal payment (in the Specified Currency) to be made on such Series and Class of Notes on that Note Payment Date, such amount to be calculated by reference to the relevant Specified Currency Exchange Rate; and/or
  - (ii) on each Note Payment Date in respect of such Notes, an amount in Sterling calculated by applying a Compounded Daily SONIA rate to the Principal Amount Outstanding of such Notes (or, as applicable, its Sterling Equivalent); and
- (b) the relevant Currency Swap Counterparty will be scheduled to pay to the Issuer:
- (i) where such Notes have been issued in a Specified Currency other than Sterling:
    - on the applicable Closing Date, an amount equal to the Sterling Equivalent of the proceeds of the issue of such Notes, converted from the Specified Currency into Sterling at the Specified Currency Exchange Rate;
    - on each Note Payment Date in respect of such Notes, an amount in the Specified Currency equal to the principal payments to be made on the relevant Series and Class of Notes on that Note Payment Date; and/or
  - (ii) on each Note Payment Date in respect of such Notes, an amount in the Specified Currency equal to the interest to be paid in the Specified Currency on such Notes on that Note Payment Date.

Pursuant to the terms of the Currency Swap Agreements, the Currency Swap Counterparties have been directed by the Cash Manager to make all payments of interest and principal due and payable in respect of the Notes on each Note Payment Date directly to the Principal Paying Agent until instructed otherwise.

In order to allow for the effective currency amount of each Currency Swap to amortise at the same rate as the relevant Series and Class of Notes, each Currency Swap Agreement will provide that, as and when the Notes amortise, a corresponding portion of the currency amount of the relevant Currency Swap will amortise. Pursuant to each Currency Swap Agreement, any portion of Currency Swap so amortised will be swapped from Sterling into the relevant Specified Currency at the relevant Specified Currency Exchange Rate.

For so long as a Trigger Event has occurred and is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, the Currency Swap Agreement in respect of such Notes will be adjusted to provide for payments under the Currency Swap Agreement to be made monthly in order to reflect the monthly payments of interest on such Notes.

In the event that a Currency Swap is terminated prior to the delivery by the Note Trustee of an Enforcement Notice to the Issuer or the Final Maturity Date in respect of the applicable Series and Class of Notes (and where such Notes have not been repaid in full), the Issuer will be required to use its reasonable efforts to enter into a replacement Currency Swap Agreement in respect of such Notes. Any replacement Currency Swap Agreement must be entered into on terms specified in the relevant Currency Swap Agreement.

Pursuant to the terms of each Currency Swap Agreement, in the event that the relevant rating of the relevant Currency Swap Counterparty (or any guarantor of that Currency Swap Counterparty) is downgraded by a Relevant Rating Agency below the rating(s) specified in the relevant Currency Swap Agreement (in accordance with the requirements of the Rating Agencies) and, where applicable, the then-current ratings of the Notes would or may, as applicable, be adversely affected as a result of the downgrade, such Currency Swap Counterparty will be required to take certain remedial measures. Such measures may include providing collateral for its rights and obligations under the relevant Currency Swap Agreement, arranging for its obligations under the relevant Currency Swap Agreement to be transferred to an entity with the ratings required by the Relevant Rating Agencies, procuring another entity with the ratings required by the Relevant Rating Agencies to become a co-obligor in respect of, or guarantor of, its obligations under the relevant Currency Swap Agreement or taking such other action as it may agree with the Relevant Rating Agencies. A failure to take such steps will allow the Issuer to terminate the relevant Currency Swap, **provided that** in connection with certain termination events where the Issuer is entitled to designate an



Early Termination Date (as defined in the relevant Currency Swap Agreement) and there is a payment due to the relevant Currency Swap Counterparty, the Issuer may only designate such an early termination date if it has found a replacement Swap Counterparty.

### Termination of the Swaps

A Swap may also be terminated on the occurrence of certain other Swap Early Termination Events which may include, but will not be limited to, the following:

- at the option of one party to the Swap, if there is a failure by the other party to pay any amounts due and payable pursuant to the terms of the Swap Agreement. Certain amounts may be due but not payable pursuant to the terms of the Swap Agreement as described below under "*Limited recourse and swap payment obligation*";
- delivery of an Enforcement Notice;
- if withholding taxes are imposed on payments under the relevant agreement due to a change in law; and
- upon the occurrence of certain insolvency events in relation to any of the parties to a Swap Agreement (or, in the case of the Swap Counterparty, its credit support provider, if applicable) or the merger of a party (or its credit support provider, if applicable) without an assumption of the obligations under the Swaps or the relevant credit support document (as the case may be), or changes in law resulting in the obligations of one of the parties to a Swap Agreement (or, in the case of the Swap Counterparty, its credit support provider, if applicable) becoming illegal.

Upon the occurrence of a Swap Early Termination Event pursuant to the terms of the Interest Rate Swap Agreement, the Issuer or the relevant Swap Counterparty may be liable to make a Swap Termination Payment to the other. This Swap Termination Payment will be calculated and made in Sterling. The amount of any Swap Termination Payment is expected to be based on the market value of the terminated swap based on market quotations of the cost of entering into a swap with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained). Any such Swap Termination Payment could be substantial.

Following termination of any Swap Agreement as a result of a Swap Counterparty default with respect to the relevant Swap Counterparty, where a Swap Termination Payment becomes due from the Issuer to the relevant Swap Counterparty, such payment will be made by the Issuer only after paying interest amounts due on the Notes and replenishing the Principal Deficiency Ledger.

However, following termination of any Swap Agreement as a result of a default by the Issuer with respect to the relevant Swap Counterparty:

- (a) any Swap Termination Payment due by the Issuer under the Interest Rate Swap Agreement will rank in priority to payments due on the Notes. Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Swap Agreement (including any extra costs incurred (for example, from entering into other hedging transactions) if the Issuer cannot immediately enter into a replacement swap), will also rank in priority to payments due on the Notes; and
- (b) any Swap Termination Payment due by the Issuer under a Currency Swap will rank equally with payments due on the Class A Notes. Any additional amounts required to be paid by the Issuer following termination of the relevant Currency Swap Agreement (including any extra costs incurred (for example, from entering into other hedging transactions) if the Issuer cannot immediately enter into a replacement swap), will also rank equally with payments due on the Notes.

The payment by the Issuer of Swap Termination Payments due to the relevant Swap Counterparty may affect the funds available to pay amounts due to Noteholders (see "*Risk factors – Swap Termination Payments may adversely affect the funds available to make payments on the Notes*").

The Issuer will be required to use commercially reasonable endeavours to find a replacement Swap Counterparty. If the Issuer receives a Swap Termination Payment from a Swap Counterparty, then the Issuer

may be required to use those funds towards meeting its costs in effecting applicable hedging transactions until a replacement Swap is entered into and/or to acquire a replacement Swap. Noteholders will not receive extra amounts (over and above interest and principal payable on the Notes) as a result of the Issuer receiving a Swap Termination Payment.

**Taxation**

The Issuer will not be obliged under any of the Swaps to gross up payments made by the Issuer if withholding taxes are imposed on payments to be made pursuant to the Swap Agreements. The Interest Rate Swap Counterparty will be obliged under the Interest Rate Swap Agreement to gross up payments made by the Interest Rate Swap Counterparty if withholding taxes are imposed on payments to be made pursuant to the Interest Rate Swap Agreement. If withholding taxes are imposed on payments made under the Interest Rate Swap Agreement, the Interest Rate Swap Counterparty may have the right to terminate the Swap.

The relevant Currency Swap Counterparty will always be obliged to gross up payments made by it to the Issuer (as applicable) if withholding taxes are imposed on payments made under the applicable Swap. If withholding taxes are imposed on payments made under the Currency Swap Agreement, the relevant Currency Swap Counterparty party thereto may have the right to terminate the applicable Swap.

**Limited recourse and swap payment obligation**

On any scheduled payment date in respect of a Currency Swap, the Issuer will only be obliged to pay an amount to the relevant Swap Counterparty in respect of a Swap Agreement to the extent that it has sufficient funds available subject to and in accordance with the relevant Priority of Payments, and the relevant Swap Counterparty will only be obliged to pay to the Issuer an amount that is proportionate to the amount of the related payment(s) that it has received from the Issuer on or prior to that scheduled payment date.

## SECURITY FOR THE ISSUER'S OBLIGATIONS

### Deed of Charge

To provide security for its obligations under the Notes and the other Programme Documents, the Issuer will enter into the Deed of Charge with the Security Trustee and the Secured Creditors. A summary of the material terms of the Deed of Charge is set out below. The summary does not purport to be complete and is subject to the provisions of the Deed of Charge.

### *Security*

The Issuer will grant the following security to be held by the Security Trustee for itself and on trust for the benefit of the Secured Creditors (which definition includes the Noteholders):

- an assignment by way of first fixed security of all of the Issuer's right, title, interest and benefit, present and future, in, to and under the Mortgage Portfolio in respect of the English Mortgage Loans, Northern Irish Mortgage Loans and their Related Security;
- an assignment by way of first fixed security of all of the Issuer's right, title interest and benefit, present and future in and to the benefit of any right to apply for or receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of any of the Mortgaged Properties;
- an assignment by way of first fixed security of all of the Issuer's right, title, benefit and interest, present and future, in, to and under each of the Transaction Documents to which it is a party (other than the Deed of Charge, any Scottish Declaration of Trust and any Scottish Supplemental Charge (and, in respect of the Swap Agreements, after giving effect to all applicable netting and set-off provisions therein));
- an assignment by way of first fixed security of all of the Issuer's right, title, benefit and interest, present and future, in, to and under each of the Insurance Policies;
- a first fixed charge over all of the Issuer's right, title, benefit and interest, present and future, in, to and under each Issuer Account; any Swap Collateral Account; and each other account (if any) in which the Issuer may at any time have or acquire any right, title, benefit or interest, and all monies now or at any time hereafter standing to the credit thereof and the debts represented by them together with all rights and claims relating or attached thereto including, without limitation, the right to interest and the proceeds of any of the foregoing;
- a first fixed charge over all of the Issuer's right, title, benefit and interest, present and future in, to and under any Authorised Investment purchased using monies standing to the credit of any Issuer Account; (including all interest and other income or distributions paid or payable on such investments), and any Swap Collateral in the form of securities for the time being owned by it, and all rights in respect of or ancillary to such Authorised Investments and such Swap Collateral, including the right to income, distributions and the proceeds of any of the foregoing;
- a first floating charge over all of the Issuer's rights in respect of the benefit of all authorisations (statutory or otherwise) held in connections with its use of the Charged Property, and compensation which may be payable to it in respect of those authorisations;
- a first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights, whatsoever and wheresoever, both present and future, including without limitation the Issuer's uncalled capital, other than any property or assets for the time being the subject of a fixed charge or effectively assigned pursuant to the Deed of Charge and/or any Deed of Accession (but excluding from the foregoing exception all undertaking, property, assets, rights and interests of the Issuer, present and future, situated in Scotland or the rights to which are governed by the laws of Scotland, all of which are charged by the floating charge); and
- an assignation in security in respect of the Issuer's whole right, title, interest and benefit, present and future, in and to the Scottish Trust Property and in and to each Scottish Declaration of Trust.

Security which is expressed to be fixed in nature may take effect as floating security depending on the degree of control which the secured party is given over the relevant assets and the degree to which such secured party exercises such control. See further "*Risk Factors – Fixed charges may take effect under English law as floating charges*".

Scots law does not recognise any equivalent concept of fixed charges taking effect as floating charges, as described above in relation to English law.

In relation to each Scottish Declaration of Trust entered into after the First Closing Date in respect of any Scottish Mortgage Loans and their Related Security comprised in an Additional Mortgage Portfolio, the Issuer will grant a Scottish Supplemental Charge in favour of the Security Trustee.

#### *Secured Creditors*

Each Secured Creditor will agree that, on each occasion that the Issuer issues a Series and Class of Notes, it will execute any deed of accession and any other additional agreement that may be required in relation to such issuance and take such other action as may be necessary or required by the Rating Agencies or otherwise to take into account the terms of that Series and Class of Notes.

As a condition precedent to any Series of Notes issued under the Programme, any person that is to become party to any Transaction Document in connection with that Series of Notes and that is not otherwise, or would not otherwise be, bound by the Common Terms will be required to accede to the Common Terms by executing a deed of accession in the form or substantially in the form scheduled to the Incorporated Terms Memorandum.

Upon:

- (a) the issuance of any Series and Class of Notes, any new Currency Swap Counterparties, where relevant; or
- (b) the Issuer entering into a new or replacement Interest Rate Swap Agreement with a new or replacement Interest Rate Swap Counterparty, the new or replacement Interest Rate Swap Counterparty,

may be required to enter into deeds of accession or supplemental deeds in relation to the Deed of Charge.

Each Secured Creditor (other than the Security Trustee) agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Deed of Charge, shall be received and held by it as trustee (except in the case of the Agents and the Account Banks which will hold such funds as banker and to the order of the Security Trustee) for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge.

#### *Enforcement*

The Security will become enforceable following the delivery by the Note Trustee of an Enforcement Notice to the Issuer. No provision of the Deed of Charge requires automatic liquidation upon default.

#### *Conflicts*

The Deed of Charge contains provisions which require the Security Trustee, whilst any Notes issued by the Issuer are outstanding, to act only at the direction of the Note Trustee. If, in the sole opinion of the Note Trustee, there may be a conflict as among Noteholders, the Note Trustee is required to have regard to the interests of the Class of Noteholders with the highest-ranking Notes only. If there is a conflict between the interests of the Class A Noteholders of one Series, Class or Sub-Class of Class A Notes and the Class A Noteholders of another Series, Class or Sub-Class of Class A Notes, or, in the case of the Class Z VFN Holders, a conflict between the Class Z VFN Holders of the different Sub-Classes of Class Z VFNs then a resolution directing the Note Trustee to take any action shall be deemed to have been duly passed only if passed at separate meetings of the holders of each Series of the Class A Notes or, as applicable, each Sub-Class of the Class Z VFNs subject to the conflict.

If there is a conflict of interest between the interests of the Noteholders of one Sub-Class of Notes of a Series and the Noteholders of another Sub-Class of Notes of the same Class and Series, then a resolution directing the Note Trustee to take any action will be deemed to have been duly passed only if passed at separate meetings of the holders of such Sub-Classes of Notes.

In all cases, the Security Trustee will only be obliged to act if it is indemnified and/or secured and/or prefunded to its satisfaction.

For more information on how conflicts between Noteholders are resolved, see Condition 11 (*Meetings of Noteholders, modifications and waiver*).

#### *No enforcement by Secured Creditors*

Pursuant to the terms of the Deed of Charge, each of the Secured Creditors (other than the Security Trustee and the Note Trustee acting on behalf of the Noteholders) has agreed that (i) only the Security Trustee may enforce the security created by or granted pursuant to the Deed of Charge, and (ii) it will not take steps directly against the Issuer to recover amounts owing to it by the Issuer unless the Security Trustee has become bound to enforce the Security but has failed to do so within a reasonable period of becoming so bound.

#### *Fees, expenses and indemnity*

The Issuer is required to:

- pay to the Security Trustee a fee of such amount and on such dates as will be agreed from time to time by the Security Trustee and the Issuer;
- reimburse the Security Trustee for all costs and expenses properly incurred by it in acting as Security Trustee; and
- indemnify the Security Trustee and its directors, officers, agents and employees in respect of all Liabilities to which it (or any person appointed by it under or pursuant to the Deed of Charge) may be or become liable or which may be properly incurred by it (or any such person as aforesaid) in the execution or purported execution of any of its trusts, powers, authorities and discretions under or pursuant to the Deed of Charge or its functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to the Deed of Charge and any of the other Transaction Documents to which the Security Trustee is a party save where the same arises as a result of the fraud, gross negligence or wilful default of the Security Trustee.

#### *Retirement and removal*

Subject to the appointment of a successor Security Trustee, the Security Trustee may retire after giving three months' notice in writing to the Issuer, without giving any reason and without being responsible for any liabilities resulting therefrom. If within 60 days of having given notice of its intention to retire, the Issuer has failed to appoint a replacement Security Trustee, the outgoing Security Trustee will be entitled to appoint a successor (**provided that** such successor is acceptable to the Rating Agencies and agrees to be bound by the terms of the Deed of Charge). The Issuer may remove the Security Trustee or appoint a new Security Trustee at any time **provided that** it has the approval, which must not be unreasonably withheld or delayed, of the Note Trustee and the Secured Creditors. If the Note Trustee retires or is removed, then the Security Trustee will be required to retire in accordance with the Deed of Charge. In such case, the successor Security Trustee is required to be the same person as the Note Trustee. In addition, the Security Trustee may, subject to the conditions specified in the Deed of Charge, appoint a co-trustee to act jointly with it.

#### *Additional provisions of the Deed of Charge*

The Deed of Charge contains a range of provisions regulating the scope of the Security Trustee's duties and liabilities. These include the following:

- the Security Trustee is not responsible for the legality, admissibility in evidence, adequacy or enforceability of the Deed of Charge or any other Programme Document;

- the Security Trustee may assume that no Event of Default has occurred unless the Security Trustee has received express written notice from a Secured Creditor stating that an Event of Default has occurred and describing that Event of Default;
- the Security Trustee is not required to monitor or supervise the functions of the Account Banks or of any other person under any Programme Document;
- the Security Trustee has the power to determine all questions arising in relation to the Deed of Charge or other Programme Document entered into by the Issuer and every determination made will bind the Noteholders and all of the other Secured Creditors;
- each Noteholder and each other Secured Creditor must make its own independent appraisal, without reliance on the Security Trustee, as to the financial condition and affairs of the Issuer;
- the Security Trustee will not be liable for any Liabilities which may be caused by anything done or not done by it under the Deed of Charge or any other Programme Document unless caused by the Security Trustee's fraud, gross negligence or wilful default;
- the Security Trustee may accept such title as the Issuer has to the Charged Property and will not be required to investigate or make inquiry into the Issuer's title to such property;
- the Security Trustee will not be responsible for any shortfall which may arise because it is liable to tax in respect of the Charged Property or the proceeds of such property; and
- the Security Trustee is not required to take steps or action in connection with the Programme Documents (including enforcing the Security) unless (1) whilst the Notes are outstanding, it has been directed or instructed to do so by the Note Trustee acting in accordance with the instructions of the Noteholders in accordance with Condition 10 (*Enforcement of Notes*) and Condition 11 (*Meetings of Noteholders, modifications and waiver*) or (2) following the redemption of the Notes, it has been directed or instructed to do so by any other Secured Creditor, **provided that**, in each case, it has been indemnified and/or secured and/or prefunded to its satisfaction against all costs, liabilities and claims which it may incur or in respect of which it may become liable.

#### *Governing law*

The Deed of Charge and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law, **provided that** certain provisions particular to the Issuer's assets in Scotland are governed by and will be construed in accordance with Scots law and certain provisions particular to the Issuer's assets in Northern Ireland are governed by and will be construed in accordance with Northern Irish law. Each Scottish Supplemental Charge will be governed by and construed in accordance with Scots law.

## DESCRIPTION OF THE TRUST DEED AND THE NOTES

The principal agreement governing the Notes is the Trust Deed. A summary of the material terms of the Trust Deed and the Global Note Certificates is set out below. The summary does not purport to be complete and it is subject to the provisions of the Trust Deed.

The Trust Deed sets out the forms of the Global Note Certificates and the Individual Note Certificates. It also sets out the conditions for the issue of Individual Note Certificates and/or the cancellation of any Notes. The Agency Agreement contains the detailed provisions as to the appointment of the Paying Agents and other agents and will regulate how payments will be made on the Notes and how determinations and notifications will be made.

The Trust Deed also contains covenants to be made by the Issuer in favour of the Note Trustee and the Noteholders. The main covenants are that the Issuer will pay interest on, and repay the principal of, each of the Notes when due. Some of the covenants also appear in the Conditions.

The Issuer also covenants that it will (i) do all things necessary to maintain the listing of the Notes issued by it on the Official List and to maintain trading of such Notes on the market, (ii) keep in place a Common Depositary, a Common Safekeeper, Paying Agents and an Agent Bank, and (iii) comply with and perform and observe all its obligations in the Trust Deed. The Trust Deed provides for delivery to the Note Trustee of a certificate, annually and within 14 days of request by the Note Trustee, signed by two directors of the Issuer to the effect that no Event of Default exists or has existed since the date of the previous annual statement and that the Issuer has complied with all its obligations under the Transaction Documents (to which it is a party) throughout the preceding financial year, except to the extent specified in such statement.

The Trust Deed provides that the interests of the Class A Noteholders will take precedence for so long as Class A Notes of any Series are outstanding and thereafter the interests of the Class Z VFN Holders take precedence. Certain basic terms of each Class of Notes will not be able to be amended without the consent of the majority of the holders of that Class of Note and the consent of the majority of the holders of the other classes of affected Notes outstanding (see Condition 11 (*Meetings of Noteholders, Modifications and Waiver*)).

The Trust Deed also sets out the terms under which the Note Trustee is appointed, the indemnification of the Note Trustee, the payments it will be entitled to receive and the extent of the Note Trustee's authority to act beyond its statutory powers under English law. The Note Trustee is also given the ability to appoint a delegate or agent in the execution of any of its duties under the Trust Deed. The Trust Deed also sets out the circumstances in which the Note Trustee may resign or retire.

Finally, the Trust Deed provides that until the Notes have been paid in full, holders of any Series and Class of Notes are entitled to the benefit of and be bound by the terms and conditions of the Trust Deed. The Trust Deed will be discharged with respect to the collateral securing the Notes upon the delivery to the Note Trustee for cancellation of all the Notes or, with certain limitations, upon deposit with the Note Trustee of funds sufficient for the payment in full of all the Notes.

### **The Notes**

Each issuance of Notes by the Issuer will be authorised by a resolution of the board of directors of the Issuer prior to the relevant Closing Date. Each issue of Notes will be constituted by a deed or deeds supplemental to the Trust Deed between the Issuer and the Note Trustee. The Trust Deed includes provisions which enable it to be modified or supplemented and any reference to the Trust Deed will be a reference also to the Trust Deed as modified or supplemented in accordance with its terms.

### **Form of the Notes**

The Class A Notes sold in reliance on Regulation S will be represented on issue by one or more Regulation S Global Note Certificates, which will be deposited on behalf of the beneficial owners of those Notes with a Common Depositary or Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of a Common Depositary for Euroclear and Clearstream, Luxembourg or in the name of a nominee of a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Note Certificate may be held only through Euroclear or Clearstream, Luxembourg or their participants at any time. On confirmation from the Common Depositary or, as applicable, the Common Safekeeper that it holds the Regulation S Global Note

Certificates, Euroclear or Clearstream, Luxembourg, as applicable, will record book-entry interests in the beneficial owner's account or the participant account through which the beneficial owner holds its interests in the Regulation S Notes. These book-entry interests will represent the beneficial owner's beneficial interest in the relevant Regulation S Global Note Certificates.

The Class A Notes sold in reliance on Rule 144A will be represented on issue by one or more Rule 144A Global Note Certificates. Rule 144A Global Note Certificates representing Rule 144A Notes denominated in a currency other than US Dollars will be deposited with a Common Depositary or Common Safekeeper for Euroclear and Clearstream, Luxembourg. Rule 144A Global Note Certificates representing Rule 144A Notes denominated in US Dollars will be deposited with Citibank, N.A., London Branch, as custodian for, and registered in the name of, Cede & Co., as nominee of DTC. Beneficial interests in a Rule 144A Global Note Certificate may only be held through Euroclear, Clearstream, Luxembourg (in the case of Rule 144A Notes denominated in a currency other than US Dollars) or DTC (in the case of Rule 144A Notes denominated in US Dollars) or their participants at any time. Beneficial interests in a Rule 144A Global Note Certificate may only be held by persons who are QIBs holding their interests for their own account or for the account of one or more QIBs. By acquisition of a beneficial interest in a Rule 144A Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Note Certificates (see "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*"). On confirmation from the Common Depositary or, as applicable, Common Safekeeper that it holds the Rule 144A Global Note Certificates (in the case of Rule 144A Notes denominated in a currency other than US Dollars) or the DTC Custodian that it holds the Rule 144A Global Note Certificates (in the case of Rule 144A Notes denominated in US Dollars), Euroclear, Clearstream, Luxembourg or DTC, as the case may be, will record book-entry interests in the beneficial owner's account or the participant account through which the beneficial owner holds its interests in the Notes. These book-entry interests will represent the beneficial owner's beneficial interest in the relevant Rule 144A Global Note Certificates.

Beneficial interests in a Regulation S Note may be exchanged for beneficial interests in a Rule 144A Note only if such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A and, prior to the first business day that is 40 calendar days after the later of the commencement of the offering and the Closing Date (the "**Release Date**"), the transferring Noteholder first delivers to the Exchange and Transfer Agent and the Registrar (i) instructions given in accordance with the procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, directing the Exchange and Transfer Agent and the Registrar to credit or cause to be credited a beneficial interest in the Rule 144A Note in an amount equal to the beneficial interest in the Regulation S Note to be exchanged or transferred, (ii) a written order given in accordance with the procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, containing information regarding the account to be credited with such increase and the name of such account and (iii) a written certificate in the form required by the Trust Deed to the effect that the transfer is being made to a person who the transferor reasonably believes is a QIB, purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the US and other jurisdictions.

Beneficial interests in a Rule 144A Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Note, whether before or after the Release Date, only if the transferring Noteholder first delivers to the Exchange and Transfer Agent and the Registrar (i) instructions given in accordance with the procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, from or on behalf of a beneficial owner of the Rule 144A Note, directing the Exchange and Transfer Agent and Registrar to credit or cause to be credited a beneficial interest in the Regulation S Note in an amount equal to the beneficial interest in the Rule 144A Note to be exchanged or transferred, (ii) a written order given in accordance with the procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, containing information regarding the account to be credited with such increase and the name of such account and (iii) a written certificate in the form required by the Trust Deed to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S.

Transfers involving an exchange of a beneficial interest in a Regulation S Note for a beneficial interest in a Rule 144A Note denominated in US Dollars or *vice versa* will be effected in DTC by means of an instruction originated by the Exchange and Transfer Agent and Registrar through the facilities of DTC, Euroclear or Clearstream, Luxembourg (as applicable). Any beneficial interest in one of the Global Note Certificates that is transferred to a person who takes delivery in the form of an interest in the other Global Note Certificates will, upon transfer, cease to be an interest in such Global Note Certificate and will become



an interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Note Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The amount of Notes represented by each Global Note Certificate will be evidenced by the Register maintained for that purpose by the Registrar. Together, the Notes represented by the Global Note Certificates and any outstanding Individual Note Certificates will equal the aggregate principal amount of the Notes outstanding at any time. Except in the limited circumstances described under "*Individual note certificates*" below, owners of beneficial interests in Global Note Certificates will not be entitled to receive physical delivery of certificated Notes. The Notes are not issued in bearer form.

Beneficial owners may hold their interests in the Global Note Certificates only through DTC, Clearstream, Luxembourg or Euroclear, as applicable, or indirectly through organisations that are participants in any of those systems. Ownership of these beneficial interests in a Global Note Certificate will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC, Clearstream, Luxembourg or Euroclear (with respect to interests of their participants) and the records of their participants (with respect to interests of persons other than their participants). By contrast, ownership of direct interests in a Global Note Certificate will be shown on, and the transfer of that ownership will be effected through, the register maintained by the Registrar. Because of this holding structure of the Notes, beneficial owners of Notes may look only to DTC, Clearstream, Luxembourg or Euroclear, as applicable, or their respective participants for their beneficial entitlement to those Notes. The Issuer expects that DTC, Clearstream, Luxembourg or Euroclear will take any action permitted to be taken by a beneficial owner of Notes only at the direction of one or more participants to whose account the interests in a Global Note Certificate is credited and only in respect of that portion of the aggregate principal amount of Notes as to which that participant or those participants has or have given that direction. See "*Book-entry clearance procedures*" for more information about DTC, Clearstream, Luxembourg and Euroclear.

Beneficial owners will be entitled to the benefit of, will be bound by and will be deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement. Beneficial owners can see copies of these agreements at the principal office for the time being of the Note Trustee, which is, as of the date of this document, Citigroup Centre, Canada Square, London, E14 5LB and at the specified office for the time being of each of the Paying Agents.

### **Individual Note Certificates**

Owners of beneficial interests in Global Note Certificates will only be entitled to receive Individual Note Certificates under the following limited circumstances:

- if, as a result of any amendment to or change in the laws or regulations of the United Kingdom (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the relevant Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment on the Notes that would not be required if the Notes were represented by Individual Note Certificates;
- if, in relation to Rule 144A Notes denominated in US Dollars, DTC notifies the Issuer that it is unwilling or unable to hold the Rule 144A Global Note Certificates or is unwilling or unable to continue as, or has ceased to be, a clearing agency registered under the Exchange Act and, in each case, the Issuer cannot appoint a successor to DTC within 90 days of such notification; or
- if, in relation to Rule 144A Notes denominated in a currency other than US Dollars and Regulation S Notes, Clearstream, Luxembourg and Euroclear are closed for business for a continuous period of 14 days or more (other than by reason of legal holidays) or announce an intention to cease business permanently or do in fact do so and no alternative Clearing System satisfactory to the Note Trustee is available.

In no event will Individual Note Certificates in bearer form be issued. Any Individual Note Certificate will be issued in registered form in minimum denominations as specified for such Notes in the applicable Final Terms. With respect to any note which is lodged in a Clearing System, any Individual Note Certificates

will be registered in that name or those names as the Registrar will be instructed by DTC, Clearstream, Luxembourg and Euroclear, as applicable. It is expected that these instructions will be based upon directions received by DTC, Clearstream, Luxembourg and Euroclear from their participants reflecting the ownership of book-entry interests. To the extent permitted by law, the Issuer, the Note Trustee and any Paying Agent will be entitled to treat the person in whose names any Individual Note Certificate is registered as the absolute owner thereof. The Agency Agreement contains provisions relating to the maintenance by a Registrar of a register reflecting ownership of the Notes and other provisions customary for a registered debt security.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates relating to a Series and Class of Notes, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the relevant Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the relevant Global Note Certificate, Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the relevant Global Note Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, will be effected without charge to any holder or the Note Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Any person receiving Individual Note Certificates will not be obligated to pay or otherwise bear the cost of any tax or governmental charge or any cost or expense relating to insurance, postage, transportation or any similar charge, which will be solely the responsibility of the Issuer. No service charge will be made for any registration of transfer or exchange of any Individual Note Certificates.

#### **Modification and waiver**

The Note Trustee, the Security Trustee, acting in accordance with the direction of the Note Trustee, and the Issuer, may from time to time, without the consent or sanction of the Noteholders of any Series or any other Secured Creditor (other than any Secured Creditor who is party to the relevant Transaction Document):

- concur with the Issuer or any other person, or direct the Security Trustee to concur with the Issuer or any other person, in making any modification of the Notes of one or more Series (including the Conditions applicable thereto) or of any Programme Document (except for a Basic Terms Modification) **provided that** the Note Trustee is of the opinion that such modification will not be materially prejudicial to the interests of any of the Noteholders of any Series, is made to correct a manifest error, is of a formal, minor or technical nature or is made to comply with mandatory provisions of law; or
- without prejudice to its rights in respect of any subsequent breach, (a) waive or authorise any breach or proposed breach by the Issuer or any other party of any of the covenants or provisions contained in any Programme Document if, in the opinion of the Note Trustee, such waiver or authorisation will not be materially prejudicial to the interests of the Class A Noteholders, as applicable or (b) in relation to the Note Trustee only, determine that any Event of Default in respect of any of the Noteholders of any Series will not be treated as such if in the opinion of the Note Trustee, such waiver or authorisation will not be materially prejudicial to the Class A Noteholders **provided always that** the Note Trustee will not exercise any powers conferred on it in contravention of any express direction given by an Extraordinary Resolution, or of a request in writing made by the holders of not less than one quarter in aggregate principal amount of the relevant Class of Notes then outstanding, in accordance with the Conditions (but so that no such direction or request will affect any waiver, authorisation or determination previously given or made). Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Note Trustee may determine,

but the Note Trustee and/or Security Trustee will not be obliged to agree to any modification or waiver which, in the sole opinion of the Note Trustee and/or the Security Trustee would have the effect of (A) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (B) increasing the obligations, liabilities

or duties, or decreasing the rights or protection, of the Note Trustee and/or the Security Trustee in the Programme Documents and/or the Conditions.

Any such modification will be binding on the Noteholders and the Secured Creditors.

As a result of the operation of the provisions of the Deed of Charge, when formulating its opinion and/or when exercising the rights, benefits, trusts, authorities, directions and obligations under the Programme Documents to which it is a party, the Security Trustee will, whilst any of the Notes are outstanding, act only at the request or direction of the Note Trustee.

### **Governing law**

The Trust Deed and any non-contractual obligations arising out of or in connection with it are, and the Notes will be, governed by and construed in accordance with English law.

### **Money Market Notes**

The Issuer may, from time to time, issue Money Market Notes. However, the determination as to whether any applicable Series and Class of Notes will qualify as "eligible securities" under Rule 2a-7 will involve investment determinations and interpretive questions that, as with qualification and compliance with other aspects of Rule 2a-7, will be solely the responsibility of each money market fund and its investment adviser. None of the Issuer, the Seller, the Note Trustee, the Security Trustee, the Cash Manager, each Remarketing Agent, each Tender Agent, each Paying Agent, the Agent Bank, the Registrar, the Exchange and Transfer Agent, each Conditional Note Purchaser or any other party to the Programme Documents will make any representation as to the suitability of such Notes as "Money Market Notes" for investment by money market funds subject to Rule 2a-7.

The Final Maturity Date of any Money Market Notes will always be less than 397 days from the Closing Date on which such Notes were issued, unless the Money Market Notes are issued subject to the following remarketing arrangements.

#### *Remarketing arrangements*

If specified in relation to a Series and Class of Money Market Notes as being applicable to such Notes in the applicable Final Terms, such Notes will be issued subject to the mandatory transfer arrangements referred to in Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*), the Remarketing Agreement and the Conditional Note Purchase Agreement entered into in relation to such Notes, and the Trust Deed (the "**Money Market Note Mandatory Transfer**") under which:

- the applicable Remarketing Agent will agree, pursuant to the terms of the Remarketing Agreement, to seek purchasers of such Money Market Notes on the Payment Dates specified for such purpose in relation to such Notes in the applicable Final Terms, prior to the occurrence of a remarketing termination event (each such date a "**Money Market Note Mandatory Transfer Date**") until the Final Maturity Date or earlier redemption in full of such Notes; and
- the applicable Conditional Note Purchaser will agree, pursuant to the terms of the Conditional Note Purchase Agreement, to purchase some or all of such Money Market Notes on the Money Market Note Mandatory Transfer Date for such Notes to the extent that purchasers for such Notes have not been found, **provided that** certain events have not then occurred.

Noteholders should note, in particular, that the Money Market Note Mandatory Transfer would be likely to be deemed to be a "conditional demand feature" (as such term is defined in Rule 2a-7). One of the conditions of determination by the board of directors of the relevant money market fund of the eligibility of a Money Market Note for investment by such money market fund will be the determination that, where such note is issued with a Final Maturity Date that is more than 397 days from the Closing Date on which such Notes were issued, there is minimal risk that the circumstances would occur that would result in such Money Market Note not being able to be transferred on a Money Market Note Mandatory Transfer Date for such Note. Each Series and Class of Money Market Notes, to which the Money Market Note Mandatory Transfer arrangements are expressed to be applicable, will be sold subject to Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*), which will provide for mandatory transfer of such Notes on each Money Market Note Mandatory Transfer Date for such Notes. However, failure by the Issuer to make or procure any payment required by Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*)

by reason of any failure on the part of any Remarketing Agent or any Conditional Note Purchaser to perform its respective obligations under the Transaction Documents will not constitute an Event of Default.

In relation to a Series and Class of Money Market Notes, to which the Money Market Note Mandatory Transfer arrangements are expressed to be applicable, Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*) will provide for the applicable Remarketing Agent to have the ability, in order to effect the remarketing, to increase or decrease the margin on such Notes from that payable as at the Closing Date for such Notes or the previous Money Market Note Mandatory Transfer Date (as appropriate) in accordance with the applicable Remarketing Agreement and, in each case, subject to the maximum reset margin for such Notes. Pursuant to the terms of the applicable Conditional Note Purchase Agreement, on each Money Market Note Mandatory Transfer Date for such Notes, the applicable Conditional Note Purchaser will be obliged to purchase, at the maximum reset margin for such Notes, some or all of such Notes to the extent not purchased by investors and, in the event of the occurrence of an optional remarketing termination event in relation to such Notes (and, following which, the termination by the Remarketing Agent of its appointment under the Remarketing Agreement) all of such Notes. If some or all of such Notes are purchased by the Conditional Note Purchaser, the relevant margin in respect of the next interest period for all such Notes that are outstanding will be the applicable maximum reset margin for such Notes.

For the avoidance of doubt, all Notes comprising a Series and Class of Money Market Notes, to which the Money Market Note Mandatory Transfer arrangements are expressed to be applicable, will be transferred on the Money Market Note Mandatory Transfer Date for such Notes. However, existing holders of such Notes may, prior to their Final Maturity Date or earlier redemption in full, repurchase such Notes on each Money Market Note Mandatory Transfer Date for such Notes.

#### *Remarketing agreements*

Under the terms of the Remarketing Agreement to be entered into in relation to a Series and Class of Money Market Notes, the Issuer will appoint the applicable Remarketing Agent to act as its agent and use all reasonable endeavours to identify investors for such Notes on each Money Market Note Mandatory Transfer Date prior to the occurrence of either an optional remarketing termination event in relation to such Notes (and, following which, the termination by the Remarketing Agent of its appointment under the Remarketing Agreement) or an Automatic Remarketing Termination Event in relation to such Notes, (each, a "**Remarketing Termination Event**").

Subject to there being no Remarketing Termination Event then outstanding in relation to a Series and Class of Money Market Notes, the applicable Remarketing Agent will be required to approach potential investors with a view to procuring investors for such Notes on the Money Market Note Mandatory Transfer Date for such Notes.

The Remarketing Agent for a Series and Class of Money Market Notes will be required to seek bids from investors for the margin to apply to such Notes as from the Money Market Note Mandatory Transfer Date. If there are one or more investors willing to purchase in aggregate all of such Notes, the margin on all of such Notes will be reset to an amount (not greater than the maximum reset margin for such Notes) being the lowest margin at which all of such Notes will be purchased at par by investors, as determined by the Remarketing Agent. If all of such Notes cannot be placed with investors, the applicable Conditional Note Purchaser will be required to purchase the unplaced Notes pursuant to the terms of the applicable Conditional Note Purchase Agreement and the margin on all the such Notes that are outstanding will be reset to the maximum reset margin for such Notes.

The Remarketing Agent for a Series and Class of Money Market Notes will be required to notify details of the money market note reset margin applicable to such Notes to the Principal Paying Agent no later than three business days prior to each Money Market Note Mandatory Transfer Date for such Notes.

The Remarketing Agent for a Series and Class of Money Market Notes will be required to procure the payment of the Money Market Note Mandatory Transfer Price for such Notes in respect of the investors' firm bids for such Notes, so as to enable settlement of such Notes on the Money Market Note Mandatory Transfer Date for such Notes. (See "*Book-entry clearance procedures – Transfer and settlement of Money Market Notes under Remarketing Agreements and Conditional Note Purchase Agreements*"). The Remarketing Agent will be required to hold any amounts paid to the applicable Remarketing Agent by any investor or the applicable Conditional Note Purchaser for such Notes as part of the relevant money market

note mandatory transfer as fiduciary for the relevant purchaser or the Conditional Note Purchaser, as applicable.

To the extent that, no later than three business days prior to the Money Market Note Mandatory Transfer Date for a Series and Class of Money Market Notes, the applicable Remarketing Agent is unable to obtain firm bids for all of the outstanding Notes, and to procure the payment of the related purchase funds to enable settlement of all of such Notes, the Remarketing Agent (failing whom, the Issuer or the Cash Manager on its behalf) will be required to serve on the applicable Conditional Note Purchaser a notice in respect of the unplaced Notes in the manner set out in the applicable Conditional Note Purchase Agreement. Such notice will be required to specify the interests in such Notes that are to be purchased by the Conditional Note Purchaser on the Money Market Note Mandatory Transfer Date; the amount representing the Money Market Note Mandatory Transfer Price payable (if any) to the relevant Noteholders; and either (i) the Principal Amount Outstanding of such Notes which cannot be placed with investors pursuant to the applicable Remarketing Agreement, or (ii) that an optional remarketing termination event in relation to such Notes has occurred on or before the Money Market Note Mandatory Transfer Date.

Under the terms of a Remarketing Agreement for a Series and Class of Money Market Notes, the Issuer will be permitted to terminate the appointment of the applicable Remarketing Agent broadly where: (a) the Remarketing Agent becomes insolvent; (b) the Remarketing Agent no longer has the requisite authority or ability to act in accordance with the terms of the Remarketing Agreement; or (c) the Remarketing Agent is in material breach of any warranty or covenant given by it pursuant to the terms of the Remarketing Agreement. Following the termination of the appointment of the Remarketing Agent, the Issuer may require the Remarketing Agent to use all reasonable endeavours to appoint an alternative remarketing bank.

An optional remarketing termination event in relation to a Series and Class of Money Market Notes will occur, broadly, where: (a) an event has occurred which is beyond the control of the applicable Remarketing Agent or the Issuer and, as a consequence of which, the Remarketing Agent will be unable to perform its obligations under the applicable Remarketing Agreement or which in the Remarketing Agent's reasonable opinion represents a material market change affecting such Notes; (b) the Remarketing Agent reasonably determines, following consultation with the applicable Conditional Note Purchaser that the enactment or amendment of any law or regulation or any form of banking, fiscal, monetary or regulatory control which is mandatory or customarily adopted in the banking, securities or broker/dealer industries would cause the Remarketing Agent to incur increased costs in carrying out its remarketing obligations or make it unlawful or impossible to carry out those obligations; or (c) the Issuer is in material breach of any representations and warranties given by it in the applicable Conditional Note Purchase Agreement as at the Closing Date for such Notes. Following the occurrence of an optional remarketing termination event in relation to such Notes, the Remarketing Agent will have the option to terminate its remarketing obligations under the Remarketing Agreement. Following termination of its remarketing obligations, in the absence of an Automatic Remarketing Termination Event in relation to such Notes, the Remarketing Agent will still be obliged under the Remarketing Agreement, if required by the Issuer, to facilitate the transfer and settlement of such Notes. For the avoidance of doubt, the occurrence of an optional remarketing termination event in relation to such Notes will not affect the obligations of the Conditional Note Purchaser under the terms of the Conditional Note Purchase Agreement.

An Automatic Remarketing Termination Event in relation to a Series and Class of Money Market Notes will occur, broadly, where: (a) an Event of Default has occurred which has not been remedied or waived; (b) the applicable Conditional Note Purchaser has purchased all such Notes which are outstanding and a notice to this effect has been delivered by the applicable Remarketing Agent or the applicable tender agent to the Issuer and the Principal Paying Agent; or (c) upon redemption in full of the such Notes. Following the occurrence of an Automatic Remarketing Termination Event in relation to a such Notes, the appointment of the Remarketing Agent will automatically terminate and the Remarketing Agent will have no further obligations in respect of such Notes. For the avoidance of doubt, following the occurrence of an Automatic Remarketing Termination Event in relation to a Series and Class of Money Market Notes, the Conditional Note Purchaser will have no obligation to purchase such Notes.

Each Remarketing Agent will be required to make the representations required of Dealers as described in "*Subscription and sale*".

### *Conditional Note Purchase Agreements*

Under the terms of the Conditional Note Purchase Agreement to be entered into in relation to a Series and Class of Money Market Notes, **provided that** an Event of Default has not occurred, the applicable Conditional Note Purchaser will be obliged, on any Money Market Note Mandatory Transfer Date for such Notes prior to the occurrence of an Automatic Remarketing Termination Event in relation to such Notes, to purchase at the maximum reset margin for such Notes the outstanding Notes which the applicable Remarketing Agent is unable to place with investors pursuant to the applicable Remarketing Agreement.

Under the terms of the Conditional Note Purchase Agreement to be entered into in relation to a Series and Class of Money Market Notes if, on or before a Money Market Note Mandatory Transfer Date for such Notes, the applicable Remarketing Agent terminates its appointment following an optional remarketing termination event in relation to such Notes, the applicable Conditional Note Purchaser will, pursuant to the terms of the Conditional Note Purchase Agreement, be obliged to purchase on such Money Market Note Mandatory Transfer Date all of the Notes at the maximum reset margin for such Notes. If an Automatic Remarketing Termination Event occurs in relation to such Notes, the Issuer will not be obliged to procure any subsequent purchase of such Notes, the Remarketing Agent will not be obliged to remarket any of such Notes and the Conditional Note Purchaser will not be obliged to purchase any of such Notes. For the avoidance of doubt, following the occurrence of an Event of Default, the margin payable on a Series and Class of Money Market Notes will be the margin applicable immediately prior to such Event of Default.

In the event of a downgrade of the short-term unsecured, unsubordinated and unguaranteed credit rating of the Conditional Note Purchaser for a Series and Class of Money Market Notes to a level which is below that sufficient to support the then current short-term rating applicable to such Notes, the Issuer will, subject to certain conditions, have the right to terminate the appointment of such Conditional Note Purchaser **provided that** it is able, prior to any such termination, taking effect to appoint a successor Conditional Note Purchaser for such Notes which has a short-term rating at least equal to that sufficient to support the short-term ratings that were applicable to such Notes immediately prior to the downgrade of the Conditional Note Purchaser.

The Remarketing Agent and the Conditional Note Purchaser for a Series and Class of Money Market Notes will not have any recourse to the Issuer in respect of such arrangements.

No assurance can be given that any Remarketing Agent or Conditional Note Purchaser for a Series and Class of Money Market Notes will comply with and perform their respective obligations under the remarketing arrangements. In addition, if you purchase such Notes, you will have no recourse against the Issuer, the Conditional Note Purchaser or the Remarketing Agent for any default or failure to purchase by the Conditional Note Purchaser under the terms of the applicable Conditional Note Purchase Agreement or default or failure to remarket by the Remarketing Agent under the terms of the applicable Remarketing Agreement. Although the other parties to these agreements may be able to enforce their respective terms, they will not be under any obligation to do so.

### **Eurosystem Eligibility**

Where the Global Note Certificates issued in respect of any Class are intended to be held under the NSS, the Issuer will also notify the ICSDs upon the issue whether such Global Note Certificates are intended, or are not intended, to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Note Certificates are to be so held does not necessarily mean that the Notes of any Class will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

## BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from Euroclear, Clearstream, Luxembourg and DTC (each with respect to itself), and the Issuer believes that such sources are reliable. However, prospective investors are advised to make their own enquiries as to the procedures described below. The Issuer accepts responsibility for the accurate reproduction of such information from publicly available information. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or DTC currently in effect and investors wishing to use the facilities of any of Euroclear, Clearstream, Luxembourg or DTC are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Seller, the Arranger, the Dealers, the Note Trustee, the Security Trustee, any Swap Counterparty, the Paying Agents, the Agent Bank, any of their respective affiliates or any other party to the Programme Documents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg and DTC or their respective direct and indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

### **Euroclear, Clearstream, Luxembourg and DTC**

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg and DTC to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*Initial settlement*" and "*Secondary trading*" below.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each hold securities for their participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of those participants, thereby eliminating the need for physical movement of securities. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships.

Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Transactions may be settled in Euroclear and Clearstream, Luxembourg in any of numerous currencies, including Sterling, US Dollars and Euro. Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg participants are financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, and clearing corporations. Indirect access to Clearstream, Luxembourg is also available to others, including banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant, either directly or indirectly.

The Euroclear system was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment. The Euroclear system is operated by Euroclear Bank S.A./N.V. (the "**Euroclear Operator**"). All operations are conducted by the Euroclear Operator. All Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear participants include banks – including central banks – securities brokers and dealers and other professional financial intermediaries. Indirect access to the Euroclear system is also available to other firms that maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of the Euroclear system. These terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawal of securities and cash from the Euroclear system, and receipts of payments for securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under these terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

## DTC

DTC has advised the Issuer that it intends to follow the following procedures:

DTC will act as securities depository for the Rule 144A Global Note Certificates representing Rule 144A Notes denominated in US Dollars. These Rule 144A Global Note Certificates will be issued as securities registered in the name of Cede & Co. as DTC's nominee.

DTC has advised the Issuer that it is:

- a limited-purpose trust company organised under New York Banking Law;
- a "banking organisation" within the meaning of New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under the provisions of Section 17A of the US Securities and Exchange Act of 1934, as amended (the "**Exchange Act**").

DTC holds securities for its participants and facilitates the clearance and settlement among its participants of securities transactions, including transfers and pledges, in deposited securities through electronic book-entry changes in its participants' accounts. This eliminates the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organisations. Indirect access to the DTC system is also available to others including securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Transfers between participants on the DTC system will occur under DTC rules. Transfers between participants on the Clearstream, Luxembourg system and participants in the Euroclear system will occur under their rules and operating procedures.

Purchases of Notes under the DTC system must be made by or through DTC participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual beneficial owner is in turn to be recorded on the DTC participants' and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. However, beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC participant or indirect participant through which the beneficial owner entered into the transaction. Transfer of ownership interests in the Rule 144A Notes deposited with DTC are to be accomplished by entries made on the books of DTC participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in Notes unless use of the book-entry system for the Notes described in this section is discontinued.

To facilitate subsequent transfers, all offered Global Note Certificates deposited with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of these offered Global Note Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the ultimate beneficial owners of the Notes. DTC's records reflect only the identity of the DTC participants to whose accounts the beneficial interests are credited, which may or may not be the actual beneficial owners of the Notes. The DTC participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC participants, by DTC participants to indirect participants, and by DTC participants and indirect participants to beneficial owners will be governed by arrangements among them and by any statutory or regulatory requirements in effect from time to time.

Redemption notices for the Rule 144A Notes represented by Rule 144A Global Note Certificates deposited with DTC will be sent to DTC. If less than all of those Notes are being redeemed by investors, DTC's practice is to determine by lot the amount of the interest of each participant in those Notes to be redeemed.



Neither DTC nor Cede & Co. will consent or vote on behalf of the Rule 144A Noteholders. Under its usual procedures, DTC will mail an omnibus proxy to the Issuer as soon as possible after the record date, which assigns the consenting or voting rights of Cede & Co. to those DTC participants to whose accounts the book-entry interests are credited on the record date, identified in a list attached to the proxy.

The Issuer understands that under existing industry practices, when the Issuer requests any action of Noteholders or when a beneficial owner desires to give or take any action which a Noteholder is entitled to give or take under the Trust Deed, DTC generally will give or take that action, or authorise the relevant participants to give or take that action, and those participants would authorise beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners through them.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

### **Book-entry ownership**

Each Regulation S Global Note Certificate will have an ISIN and a Common Code and will be delivered at initial settlement to a Common Depository or Common Safekeeper, as specified in the applicable Final Terms, for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of a Common Depository for Euroclear and Clearstream, Luxembourg or in the name of a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.

Each Rule 144A Global Note Certificate representing Rule 144A Notes denominated in a currency other than US Dollars will have an ISIN and a Common Code and will be delivered at initial settlement to a Common Depository on behalf of Euroclear and Clearstream, Luxembourg or to a Common Safekeeper on behalf of Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms.

Each Rule 144A Global Note Certificate representing Rule 144A Notes denominated in US Dollars will have a CUSIP number and will be deposited with Citibank, N.A., London Branch, as custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The DTC Custodian and DTC will electronically record the principal amount of the Rule 144A Notes held within the DTC system.

As the holders of book-entry interests, beneficial owners will not have the right under the Trust Deed to act on solicitations by the Issuer for action by Noteholders. Beneficial owners will only be able to act to the extent they receive the appropriate proxies to do so from DTC, Clearstream, Luxembourg or Euroclear or, if applicable, their respective participants. No assurances are made about these procedures or their adequacy for ensuring timely exercise of remedies under the Trust Deed.

No beneficial owner of an interest in a note represented by a Global Note Certificate will be able to transfer that interest except in accordance with applicable procedures, in addition to those provided for under the Trust Deed, of DTC, Clearstream, Luxembourg and Euroclear, as applicable.

### **Payment and relationship of participants with Clearing Systems**

Principal and interest payments on the Rule 144A Notes accepted for clearance through DTC will be made via the Paying Agents to DTC or its nominee, as the registered holder of the Rule 144A Global Note Certificates. DTC's practice is to credit its participants' accounts on the applicable Note Payment Date according to their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that Note Payment Date.

Principal and interest payments on the Regulation S Notes and Rule 144A Notes accepted for clearance through Euroclear and/or Clearstream, Luxembourg will be made to the Principal Paying Agent and then credited by the Principal Paying Agent to the cash accounts of Euroclear, Clearstream, Luxembourg or (in the case of Notes represented by a Global Note Certificate) the Common Depository by whom such note is held or a nominee in whose name it is registered or, in the case of Regulation S Global Note Certificates to be held under the NSS, the Common Safekeeper by whom such note is held or a nominee in whose name it is registered. After receipt of any payment from the Principal Paying Agent to the Common Depository or, as applicable, Common Safekeeper (or, in either case, its nominee), Euroclear and Clearstream, Luxembourg, as the case may be, will credit their respective participants' accounts in proportion to those participants' holdings as shown on the records of Euroclear and Clearstream, Luxembourg, respectively.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a note represented by a Global Note Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such global note and in relation to all other rights arising under the Global Note Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Note Certificate, the Common Depositary or Common Safekeeper, as the case may be, by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global note as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by direct participants in any Clearing System to owners of beneficial interests in any global note held through such direct participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons will have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note Certificates and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such global note in respect of each amount so paid. None of the Issuer, the Note Trustee, the Arranger, any Dealer nor any Paying Agent will have any responsibility or liability for any aspect of the records of DTC, Clearstream, Luxembourg or Euroclear relating to or payments made by DTC, Clearstream, Luxembourg or Euroclear on account of beneficial interests in the Global Note Certificates or for maintaining, supervising or reviewing any records of DTC, Clearstream, Luxembourg or Euroclear relating to those beneficial interests.

#### **Initial settlement**

The Global Note Certificates for each Series and Class of Notes will be delivered on the relevant Closing Date to Citibank, N.A., London Branch, as custodian for DTC, and to the Common Depositary or, as applicable, Common Safekeeper for Euroclear and Clearstream, Luxembourg, as applicable. Customary settlement procedures will be followed for participants of each system on that Closing Date. Notes will be credited to investors' securities accounts on the relevant Closing Date against payment in same-day funds.

#### **Secondary trading**

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through direct participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each beneficial owner of each such note will in turn be recorded on the participant's records. Beneficial owners will not receive written confirmation from any Clearing System of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which they entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a Clearing System are exchanged for Individual Note Certificates.

No Clearing System has knowledge of the actual beneficial owners of the Notes held within such Clearing System and their records will reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to direct participants by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions (including some states of the US) require that certain purchasers of securities take physical delivery of those securities in definitive form. These laws may impair the ability to transfer beneficial interests in a note represented by a Global Note Certificate. DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants, so the ability of a person having an interest in a global note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest. See "*Risk factors – Noteholders will not receive physical Notes, which may cause delays in distributions and hamper your ability to pledge or resell the Notes*".

### **Trading between Euroclear and/or Clearstream, Luxembourg participants**

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and US Dollar denominated bonds.

### **Trading between DTC participants**

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to US corporate debt obligations in DTC's same-day funds settlement system in same-day funds, if payment is effected in US Dollars, or free of payment, if payment is not effected in US Dollars. Where payment is not effected in US Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

### **Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser**

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Global Note Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in that global note (subject to the certification procedures provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Global Note Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co., and evidenced by the relevant Global Note Certificate and (ii) increase the amount of Notes registered in the name of the nominee of the Common Depositary or, as applicable, Common Safekeeper for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Global Note Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

### **Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser**

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Global Note Certificate (subject to the certification procedures provided in the Trust Deed and any Trust Deed supplement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the Common Depositary or the common service provider, as the case may be, for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the Common Depositary or, as applicable, the common service provider for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Global Note Certificate who will in turn deliver evidence of such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the Common Depositary or, as applicable, the Common Safekeeper for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Global Note Certificate and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the relevant Global Note Certificate.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Note Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the directors of the Issuer, the Seller, the Arranger, any Dealer, the Note Trustee, the Security Trustee, the Interest Rate Swap Counterparty, any Currency Swap Counterparty, the Paying Agents or the

Agent Bank will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants of their respective obligations under the rules and procedures governing their operations.

### **Pre-issue trades settlement**

It is expected that delivery of each Series of Notes will be made against payment therefor on the Closing Date for such Series of Notes, which could be more than three business days following the date of pricing for such Series of Notes. Under Rule 15c6-1 under the Exchange Act, trades in the US secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the US on the date of pricing or the next succeeding business days until three days prior to the Closing Date of a Series of Notes will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date for such Series of Notes should consult their own adviser.

### **Transfer and settlement of Money Market Notes under the Remarketing Agreements and Conditional Note Purchase Agreements**

A Series and Class of Money Market Notes will initially be represented by a Regulation S Global Note Certificate and/or a Rule 144A Global Note Certificate. Each Global Note Certificate will in turn be exchangeable for certificates in individual certificated form only in the circumstances described under "*Description of the Trust Deed and the Notes – The Notes – Individual note certificates*".

Three business days before the Money Market Note Mandatory Transfer Date for a Series and Class of Money Market Notes, the applicable Remarketing Agent will be required to deliver to Euroclear and/or Clearstream, Luxembourg a written notice (a "**Euroclear/Clearstream Money Market Note Call Notice**") in respect of such Notes which are represented by a registered Regulation S Global Note Certificate (the "**Euroclear/Clearstream Money Market Notes**", and holders thereof, the "**Euroclear/Clearstream Money Market Noteholders**") that will specify, among other things, the applicable Remarketing Agent's account details with Euroclear or Clearstream, Luxembourg (as the case may be) and the Principal Amount Outstanding in respect of such Notes on such Money Market Note Mandatory Transfer Date (after giving effect to the payment of any Note Principal Payments (or any part thereof) that will be made on such date in respect of such Notes) (the "**Euroclear/Clearstream Money Market Note Mandatory Transfer Price**").

Prior to the Money Market Note Mandatory Transfer Date for a Series and Class of Money Market Notes, the applicable Remarketing Agent will be required to deliver to Euroclear and/or Clearstream, Luxembourg a second written notice (a "**Euroclear/Clearstream Money Market Note Transfer Notice**") in respect of the Euroclear/Clearstream Money Market Notes, which will specify, among other things, the account details with Euroclear and/or Clearstream, Luxembourg (as the case may be) of any purchaser of the Euroclear/Clearstream Money Market Notes, on such Money Market Note Mandatory Transfer Date (which will include the applicable Conditional Note Purchaser in respect of such Euroclear/Clearstream Money Market Notes if the Remarketing Agent is unable to identify investors for some or all of such Notes pursuant to the terms of the applicable Remarketing Agreement) (each such purchaser of the Euroclear/Clearstream Money Market Notes being an "**Incoming Euroclear/Clearstream Money Market Noteholder**") and the Euroclear/Clearstream Money Market Note Mandatory Transfer Price payable on such Money Market Note Mandatory Transfer Date.

No further action will be required of the Euroclear/Clearstream Money Market Noteholders in connection with the transfer of the Euroclear/Clearstream Money Market Notes to the applicable Remarketing Agent (as contemplated by the Euroclear/Clearstream Money Market Note Call Notice) or the transfer from the Remarketing Agent to the Incoming Euroclear/Clearstream Money Market Noteholders (as contemplated by the Euroclear/Clearstream Money Market Note Transfer Notice).

To facilitate the transfer of interests in a Series and Class of Money Market Notes held through DTC (the "**DTC Money Market Notes**", and holders thereof, the "**DTC Money Market Noteholders**") as part of the money market note mandatory transfer arrangements, the tender agent appointed in respect of such Series and Class of Notes will be required to arrange delivery and payment by and to the DTC Money

Market Noteholders on the Money Market Note Mandatory Transfer Date for such Notes. The Remarketing Agent appointed in respect of such Series and Class of Notes will be required to provide a suitable securities account to be used for the purposes of settlement of the DTC Money Market Notes on each Money Market Note Mandatory Transfer Date for such Notes.

The Remarketing Agent for a Series and Class of Money Market Notes will be required (to the extent that any DTC Money Market Notes are held in global form) to notify DTC no later than three business days prior to a Money Market Note Mandatory Transfer Date for such Notes of (i) the Principal Amount Outstanding on such Money Market Note Mandatory Transfer Date (after giving effect to the payment of any Note Principal Payments (or any part thereof) that will be made on such date in respect of such Notes), being the amount payable by the investors wishing to purchase the DTC Money Market Notes (the "**DTC Money Market Note Mandatory Transfer Price**"), (ii) the account details with DTC of any purchaser of the DTC Money Market Notes, on such Money Market Note Mandatory Transfer Date (which will include the related applicable Conditional Note Purchaser in respect of such DTC Money Market Notes if the Remarketing Agent is unable to identify investors for some or all of such Notes pursuant to the terms of the applicable Remarketing Agreement) (each such purchaser of the DTC Money Market Notes being an "**incoming DTC Money Market Noteholder**"), the money market note reset margin applicable to such Notes after that Money Market Note Mandatory Transfer Date, and (iii) the next Reset Period (which will be defined in the applicable Remarketing Agreement or the applicable Conditional Note Purchase Agreement) in respect of such Notes. The applicable Remarketing Agent will arrange delivery of the relevant DTC Money Market Notes to the incoming DTC Money Market Noteholders on each Money Market Note Mandatory Transfer Date for such Notes (including, without limitation, specifying details of the accounts of such incoming DTC Money Market Noteholders to DTC).

No further action will be required of the incoming DTC Money Market Noteholders for the transfer of DTC Money Market Notes to or for the account of a Remarketing Agent.

Upon payment on the Money Market Note Mandatory Transfer Date of the DTC Money Market Note Mandatory Transfer Price by the incoming DTC Money Market Noteholders for a Series and Class of Money Market Notes, all rights in respect of the DTC Money Market Notes will be transferred to or for the account of the applicable Remarketing Agent and then will be transferred that same day to the incoming DTC Money Market Noteholders.

If an existing holder of Money Market Notes wishes to repurchase such Notes on the Money Market Note Mandatory Transfer Date for such Notes, the transfer and settlement process is as described above except that there will be no cash payment of the applicable DTC Money Market Note Mandatory Transfer Price to or from such holder.

## TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions (the "**Conditions**", and any reference to a "**Condition**" will be construed accordingly) of the Notes in the form (subject to amendment) which will be incorporated by reference into each Global Note Certificate and each Individual Note Certificate, and in the latter case with respect to the Notes, only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Individual Note Certificate will have endorsed thereon or attached thereto such Conditions. The Final Terms in relation to each Series and Class of Notes may specify other terms and conditions which will, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) for Notes will be endorsed upon, or attached to, each Global Note Certificate and Individual Note Certificate.

The Notes are constituted by a deed or deeds supplemental to the Trust Deed. The Security for the Notes is created pursuant to, and on the terms set out in, the Deed of Charge. By the Agency Agreement, provision is made for, among other things, the payment of principal and interest in respect of the Notes.

References herein to the "**Notes**" will, unless the context otherwise requires, be references to all the Notes issued by the Issuer and constituted by the Trust Deed and will mean:

- (a) in relation to any Notes of a Series and Class represented by a Global Note Certificate, units of the lowest Specified Denomination in the Specified Currency in each case of such Series and Class;
- (b) any Global Note Certificates;
- (c) any Individual Note Certificates issued in exchange for a Global Note Certificate; and
- (d) the Class Z VFNs issued in dematerialised form.

Notes constituted by the Trust Deed are issued in series (each a "**Series**") and each Series comprises one or more Classes (each a "**Class**") of Notes. Each Class of Notes of any Series may comprise one or more Sub-Classes of Notes (each a "**Sub-Class**"). Each Series of Notes is subject to Final Terms. The Final Terms in relation to each Series and Class of Notes (or the relevant provisions thereof) will be endorsed upon, or attached to, such Notes and will supplement these Conditions in respect of such Notes and may specify other terms and conditions which will, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of such Notes. References to the "**applicable Final Terms**" are, in relation to a Series and Class of Notes, to the Final Terms, pricing supplement or drawdown prospectus (or the relevant provisions thereof) attached to or endorsed on such Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the Agency Agreement.

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement and each of the other Programme Documents are available for inspection during normal business hours at the registered office of the Issuer, being 10th Floor, 5 Churchill Place, London E14 5HU, the specified office for the time being of the Principal Paying Agent, being at Citigroup Centre, Canada Square, London, E14 5LB, and the specified office for the time being of the US Paying Agent, being at Citigroup Centre, Canada Square, London, E14 5LB. Copies of the Final Terms of each Series of Notes are obtainable by Noteholders during normal business hours at the registered office of the Issuer, the specified office for the time being of the Principal Paying Agent and the specified office for the time being of the US Paying Agent and any Noteholder must produce evidence satisfactory to the Issuer, the Principal Paying Agent or the US Paying Agent (as the case may be) as to its holding of Notes and its identity.

The holders of any Series and Class of Notes are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of, and definitions contained or incorporated in, the Trust Deed, the Deed of Charge, the Agency Agreement, each of the other Programme Documents and the applicable Final Terms and to have notice of each other Final Terms relating to each other Series and Class of Notes.

References herein to the "**Class A Noteholders**" and the "**Class Z VFN Holders**" will, in each case and unless specified otherwise, be references to the holders of the Class A Notes and Class Z VFNs of all Series of the applicable Class and of all Sub-Classes of the Class A Notes and Class Z VFNs.

References herein to the "**Class A Notes**" and the "**Class Z VFNs**" will, in each case and unless specified otherwise, be references to the Class A Notes and the Class Z VFNs of all Series of the applicable Class and of all Sub-Classes of the Class A Notes and Class Z VFNs.

The Class Z VFNs will be issued in dematerialised registered form and no certificate evidencing entitlement to the Class Z VFNs will be issued. The Issuer will also maintain a Register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFNs will be registered in the name of the Class Z VFN Holders. Transfers of the Class Z VFNs may be made only through the Register maintained by the Issuer and are subject to the transfer restrictions set out in Condition 1.4 (*Transfers*).

The Notes are not issuable in bearer form.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions will bear the meanings given to them in the applicable Final Terms and/or the Master Definitions Schedule set out in Schedule 1 (*Master Definitions Schedule*) to the Incorporated Terms Memorandum made between the parties to the Programme Documents on or about the Programme Date (as modified and/or supplemented and/or restated from time to time, the "**Master Definitions Schedule**"), a copy of each of which may be obtained as described above.

## 1. **FORM, DENOMINATION, REGISTER, TITLE AND TRANSFERS**

### 1.1 **Form and denomination**

The Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered and sold within the US or to, or for the account or benefit of, US persons, except to "qualified institutional buyers" (within the meaning of Rule 144A under the Securities Act) in reliance on the exemption from registration provided by Rule 144A under the Securities Act.

The Regulation S Notes will initially be offered and sold outside the US to non US persons pursuant to Regulation S.

Each Series and Class of Class A Notes will be issued in registered form and denominated in the Specified Currency and in the Specified Denomination. Each Series and Class of Class A Notes which are Rule 144A Notes will be initially represented by a Rule 144A Global Note Certificate, which, in the aggregate, will represent the Principal Amount Outstanding from time to time of such Series and Class of Rule 144A Notes. Each Series and Class of Class A Notes which are Regulation S Notes will be initially represented by a Regulation S Global Note Certificate which, in the aggregate, will represent the Principal Amount Outstanding from time to time of such Series and Class of the Regulation S Notes.

Each Series and Class of Notes may be Fixed Rate Notes or Floating Rate Notes or a combination of the foregoing, depending upon the interest basis specified for such Notes in the applicable Final Terms.

Each Series and Class of Class A Notes may be Bullet Redemption Notes, Controlled Amortisation Notes, Pass-Through Redemption Notes or a combination of any of the foregoing, depending upon the redemption/payment basis specified for such Notes in the applicable Final Terms.

Global Note Certificates will be exchanged for Individual Note Certificates in definitive registered form only under certain limited circumstances (as described in the relevant Global Note Certificate). If Individual Note Certificates are issued, they will be serially numbered and issued in an aggregate principal amount equal to the Principal Amount Outstanding of the relevant Global Note Certificates and in registered form only.

In the case of a Series and Class of Notes with more than one Specified Denomination, Notes of one Specified Denomination may not be exchanged for Notes of such Series and Class of another Specified Denomination.

## 1.2 Register

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

The Class Z VFN Registrar will maintain the Class Z VFN Register in respect of the Class Z VFNs in accordance with the provisions of the Trust Deed. In these Conditions, the "**Holder**" of a Class Z VFN means the person in whose name such Class Z VFN is for the time being registered in the Class Z VFN Register.

## 1.3 Title

The Holder of each Note will (except as otherwise required by law) be treated by the Issuer, the Note Trustee, the Security Trustee, the Agent Bank and any Agent as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person will be liable for so treating such holder.

## 1.4 Transfers

Subject as provided otherwise in this Condition 1.4, a Class A Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or the Exchange and Transfer Agent, together with such evidence as the Registrar or (as the case may be) the Exchange and Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer, **provided, however, that** a Class A Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are each in the Minimum Specified Denomination. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

Within five Business Days of such surrender of a Note Certificate, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant holder at its specified office or (as the case may be) the specified office of the Exchange and Transfer Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (and by airmail if the holder is overseas) to the address specified for such purpose by such relevant holder.

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

Noteholders may not require transfers of Notes to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

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

Title to a Class Z VFN will only pass by and upon registration of the transfer in the Class Z VFN Register **provided that** no transferee will be registered as a new Class Z VFN Holder unless such transferee has confirmed to the Issuer that it is a qualifying Noteholder.



## 2. STATUS, PRIORITY AND SECURITY

### 2.1 Status

The Notes of each Series and Class are direct, secured and, subject to the limited recourse provisions in Condition 10.3, unconditional obligations of the Issuer.

Subject to the provisions of Conditions 4 and 5 and subject to the other payment conditions set out in the applicable Final Terms and the other Programme Documents:

- (a) the Class A Notes of each Series will rank *pari passu* and *pro rata* without any preference or priority among the Class A Notes of each Series but in priority to the Class Z(R) VFNs and the Class Z(S) VFNs;
- (b) the Class Z(R) VFNs will rank *pari passu* and *pro rata* without any preference or priority among themselves but in priority to the Class Z(S) VFNs; and
- (c) the Class Z(S) VFNs will rank *pari passu* and *pro rata* without any preference or priority among themselves.

### 2.2 Conflict between the Classes of Notes

The Trust Deed contains provisions:

- (a) requiring the Note Trustee to have regard to the interests of the Class A Noteholders and the Class Z VFN Holders equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee under these Conditions or any of the Programme Documents (except where expressly provided otherwise), but requiring the Note Trustee to have regard (except as expressly provided otherwise), for so long as there are any Class A Notes outstanding (of any Series), only to the interests of the Class A Noteholders if, in the opinion of the Note Trustee, there is or may be a conflict between the interests of the Class A Noteholders and the interests of the Class Z VFN Holders. If there is a conflict between the interests of one Class of Noteholders of one Series and the same Class of Noteholders of another Series, then a resolution directing the Note Trustee to take any action must be passed at separate meetings of the holders of each Series of the relevant Class of Notes; and
- (b) limiting the powers of the Class Z VFN Holders (in each case, of any Series), among other things, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders (of that Series or of any other series). Except in certain circumstances described in Condition 11, the Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which will be binding on the Class Z VFN Holders irrespective of the effect thereof on their interests.

The Note Trustee, in determining whether the exercise by it of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Programme Documents will not be materially prejudicial to the interests of the Noteholders (or any Series and Class thereof), will have regard to Ratings Confirmations (if issued) that the then current ratings of the applicable Series and Class of Notes would not be reduced, withdrawn or qualified by such exercise and any other confirmation which it considers, in its sole and absolute discretion, is appropriate.

### 2.3 Security

As security for, among other things, the payment of all monies payable in respect of the Notes, the Issuer has entered into the Deed of Charge and will enter into the initial Scottish Supplemental Charge creating the Security in favour of the Security Trustee for itself and on trust for, *inter alios*, the Note Trustee and the Noteholders.

3. **COVENANTS**

Save with the prior written consent of the Note Trustee or unless provided in or contemplated under these Conditions or any of the Programme Documents to which the Issuer is a party, the Issuer will not, so long as any note remains outstanding:

3.1 **Negative pledge**

create or permit to subsist any mortgage, standard security, pledge, lien, charge or other security interest whatsoever (unless arising by operation of law), upon the whole or any part of its assets (including any uncalled capital) or its undertakings, present or future;

3.2 **Disposal of assets**

sell, assign, transfer, lease or otherwise dispose of, or deal with, or grant any trust, option or present or future right to acquire all or any of its properties, assets, or undertakings or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do any of the foregoing;

3.3 **Equitable interest**

permit any person other than itself and the Security Trustee (as to itself and on behalf of the Secured Creditors) to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;

3.4 **Bank accounts**

have an interest in any bank account, other than an Issuer Account;

3.5 **Restrictions on activities**

carry on any business other than as described in the Base Prospectus (as revised, supplemented and/or amended from time to time) relating to the issue of the Notes and the related activities described therein or as contemplated in the Programme Documents relating to the issue of the Notes;

3.6 **Borrowings**

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or obligation of any person other than as contemplated in the Programme Documents;

3.7 **Merger**

consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;

3.8 **Waiver or consent**

permit the validity or effectiveness of any of the Trust Deed or the Deed of Charge or the priority of the security interests created thereby to be amended, terminated, postponed, waived or discharged, or permit any other person whose obligations form part of the Security to be released from such obligations;

3.9 **Employees or premises**

have any employees or premises or subsidiaries;

3.10 **Dividends and distributions**

pay any dividend or make any other distribution to its shareholders or issue any further shares or alter any rights attaching to its shares as at the date of the Deed of Charge;

3.11 **Purchase Notes**

purchase or otherwise acquire any Note or Notes;

3.12 **US activities**

engage in any activities in the US (directly or through agents), or derive any income from US sources as determined under US income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the US as determined under US income tax principles; or

3.13 **Class Z VFNs**

allow the Principal Amount Outstanding of any Sub-Class of the Class Z VFNs to be less than £10,000 unless such Sub-Class of the Class Z VFNs is to be redeemed in full.

4. **INTEREST**

4.1 **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the rate(s) of interest payable, subject as provided in these Conditions, in arrear on the Note Payment Date(s) in each year specified for such Note in the applicable Final Terms up to (and including) the Final Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable in respect of any Fixed Rate Note on each Note Payment Date for a fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Note Payment Date will, if so specified for such Note in the applicable Final Terms, amount to the Broken Amount so specified.

If interest is required to be calculated in respect of any Fixed Rate Note for a period other than a Fixed Interest Period, such interest will be calculated by applying the Rate of Interest specified for such Note in the applicable Final Terms to the Principal Amount Outstanding on such Note, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

4.2 **Interest on Floating Rate Notes**

(a) **Note Payment Dates**

Each Floating Rate Note bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on the Note Payment Date(s) in each year specified for such Note in the applicable Final Terms. Such interest will be payable in respect of each Floating Interest Period.

If a Business Day Convention is specified for a Floating Rate Note in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Note Payment Date should occur or (y) if any Note Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day convention specified is:

- (i) the "**Following Business Day Convention**", the Note Payment Date for such Note will be postponed to the next day which is a Business Day; or
- (ii) the "**Modified Following Business Day Convention**", the Note Payment Date for such Note will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Note Payment Date will be brought forward to the immediately preceding Business Day; or

(iii) the "**Preceding Business Day Convention**", the Note Payment Date for such Note will be brought forward to the immediately preceding Business Day.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of a Floating Rate Note will be determined in the manner specified for such Note in the applicable Final Terms.

(c) **ISDA determination for Floating Rate Notes**

Where "**ISDA Determination**" is specified for such Note in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated for such Note in the applicable Final Terms) the margin (if any). For the purposes of this sub-paragraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the floating rate that would be determined by the Agent Bank or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent Bank or that other person were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option is as specified for such Note in the applicable Final Terms;
- (ii) the Designated Maturity is the period specified for such Note in the applicable Final Terms; and
- (iii) the relevant Reset Date is either (A) if the applicable Floating Rate Option is based on EURIBOR for a currency, the first day of that Interest Period, or (B) in any other case, as specified for such Note in the applicable Final Terms.

For the purposes of this Condition 4.2(c), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(d) **Screen Rate Determination for Floating Rate Notes which do not reference SONIA, SOFR or €STR**

Where "**Screen Rate Determination**" is specified for a Floating Rate Note in the applicable Final Terms as the manner in which the Rate of Interest is to be determined for such Note and the Reference Rate specified in the applicable Final Terms is not SONIA, SOFR or €STR, the Rate of Interest for each Interest Period will be determined by the Agent Bank on the following basis:

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

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

- (iii) in any other case, the Agent Bank will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date; and
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Agent Bank will determine the arithmetic mean of the rates quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined, **provided that**, if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, then the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(e) **Screen Rate Determination for Floating Rate Notes which reference SONIA, SOFR or €STR**

- (i) Where "**Screen Rate Determination**" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being "**SONIA**", "**SOFR**" or "**€STR**":
  - (A) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Final Terms as being "**Compounded Daily**", the Rate of Interest applicable to the Notes for each Interest Period will (subject as provided below) be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin, all as determined by the Agent Bank on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; and
  - (B) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Final Terms as being "**Weighted Average**", the Rate of Interest applicable to the Notes for each Interest Period will (subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin, all as determined by the Agent Bank on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.
- (ii) Where "**SONIA**" is specified as the Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Agent Bank determines that the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:
  - (A) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day; plus
  - (ii) the mean of the spread of the SONIA rate to the Bank Rate over the

previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

- (B) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and, in each case, "r" shall be interpreted accordingly.

Notwithstanding the paragraph above, in the event of the Bank of England publishing guidance as to (1) how the SONIA rate is to be determined or (2) any rate that is to replace the SONIA rate, the Agent Bank (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) acting in accordance with the instructions of the Issuer and, to the extent that it is reasonably practicable, shall follow such guidance in order to determine the SONIA rate, for the purposes of the relevant Series of Notes, for so long as the SONIA rate is not available or has not been published by the authorised distributors.

- (iii) Where "**SOFR**" is specified as the Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Agent Bank determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the Relevant Screen Page, and "r" shall be interpreted accordingly.
- (iv) Where "**€STR**" is specified as the Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Agent Bank determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Business Day on which the €STR was published on the Relevant Screen Page, and "r" shall be interpreted accordingly.
- (v) In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest for such Interest Period shall be:
  - (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Final Terms) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period); or
  - (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).
- (vi) If the relevant Series of Notes become due and payable in accordance with Condition 9 (*Events of default*), the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable

and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(vii) For the purposes of this Condition 4.2(e):

**"Applicable Period"** means:

- (A) where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, Interest Period; and
- (B) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, Observation Period;

**"Business Day"** or **"BD"** means:

- (A) where "SONIA" is specified as the Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;
- (B) where "SOFR" is specified as the Reference Rate, any day which is a US Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed; and
- (C) where "€STR" is specified as the Reference Rate, a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET 2) System is open;

**"Compounded Daily Reference Rate"** means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{r_{i-pBD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

**"D"** is the number specified in the applicable Final Terms;

**"d"** means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

**"d<sub>0</sub>"** means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

**"€STR"** means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate for such euro Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank, in each case, on or before 9:00 a.m. (Central European Time) on the euro Business Day immediately following such Business Day;

**"i"** means, for the relevant Applicable Period, a series of whole numbers from one to do, each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

**"Lock-out Period"** means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Payment Date;

"**ni**", for any Business Day "i" in the Applicable Period, means the number of calendar days from, and including, such Business Day "i" up to but excluding the following Business Day;

"**New York Federal Reserve's Website**" means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

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

"**p**" means, for any Interest Period:

- (A) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of Business Days included in the Observation Look-back Period specified in the applicable Final Terms (or, if no such number is specified five Business Days);
- (B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero; and
- (C) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of Business Days included in the Observation Look-back Period specified in the applicable Final Terms (or, if no such number is specified, two Business Days);

"**r**" means:

- (A) where in the applicable Final Terms "SONIA" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;
- (B) where in the applicable Final Terms "SOFR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;
- (C) where in the applicable Final Terms "€STR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (D) where in the applicable Final Terms "SONIA" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
  - (1) in respect of any Business Day "i" that is a Reference Day, the SONIA rate in respect of the Business Day immediately preceding such Reference Day; and
  - (2) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);



- (E) where in the applicable Final Terms "SOFR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
- (1) in respect of any Business Day "i" that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day; and
  - (2) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date); and
- (F) where in the applicable Final Terms "€STR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
- (1) in respect of any Business Day "i" that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day; and
  - (2) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date).

**"Reference Day"** means each Business Day in the relevant Interest Period, other than any Business Day in the Lock-out Period;

**" $r_{i-pBD}$ "** means the applicable Reference Rate as set out in the definition of "r" above for:

- (A) where, in the applicable Final Terms, "Lag" is specified as the Observation Method, the Business Day (being a Business Day falling in the relevant Observation Period) falling "p" Business Days prior to the relevant Business Day "i"; or
- (B) otherwise, the relevant Business Day "i";

**"SOFR"** means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve's Website, in each case on or about 5.00 p.m. (New York City Time) on the Business Day immediately following such Business Day;

**"SONIA"** means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day;

**"US Government Securities Business Day"** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US government securities;

**"Weighted Average Reference Rate"** means:

- (A) where "Lag" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and
- (B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, **provided that** for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.

(f) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for a Floating Rate Note for any Interest Period, then, in the event that the Rate of Interest for such Note in respect of such Interest Period determined in accordance with the provisions of Condition 4.2(b) (*Rate of Interest*) is less than such minimum Rate of Interest, the Rate of Interest for such Note for such floating Interest Period will be such minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for such Note for any Interest Period, then, in the event that the Rate of Interest for such Note in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such maximum Rate of Interest, the Rate of Interest for such Note for such Interest Period will be such maximum Rate of Interest.

(g) **Determination of Rate of Interest and calculation of Floating Interest Amounts**

The Agent Bank will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent Bank will calculate the amount of interest payable on the Floating Rate Notes in respect of each Specified Denomination (each a "**Floating Interest Amount**") for the relevant Interest Period. Each Floating Interest Amount will be calculated by applying the Rate of Interest to the Principal Amount Outstanding of each Note, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 4:

- (i) if "**Actual/Actual - ISDA**", "**Actual/Actual**" or "**Actual/365**" is specified in the applicable Final Terms, the actual number of days in the relevant period from (and including) the most recent Payment Date (or, if none, the Interest

Commencement Date) to (but excluding) the relevant Payment Date (the "**Accrual Period**") divided by 365 (or, if any portion of that Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365);

- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Accrual Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Accrual Period divided by 365 or, in the case that the last day of the Accrual Period falls in a leap year, 366;
- (iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Accrual Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Accrual Period 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 Accrual 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 Accrual Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Accrual 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 Accrual Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Accrual 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 Accrual Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Accrual Period 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 Accrual 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 Accrual Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Accrual 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 Accrual Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Accrual Period, unless such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if "**Sterling/FRN**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of a Payment Date falling in a leap year, 366; and
- (viii) if "**Actual/Actual - ICMA**" is specified in the applicable Final Terms:
  - (A) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (B) if the Accrual Period is longer than one Determination Period, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in one year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in one year,

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

(h) **Notification of Rate of Interest and Floating Interest Amounts**

The Agent Bank will cause the Rate of Interest and each Floating Interest Amount for each Interest Period and the relevant Note Payment Date to be notified to the Note Trustee, the Security Trustee, the Cash Manager, the Paying Agents, the Registrar and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Notes are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be published in accordance with Condition 14 (*Notice to Noteholders*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Floating Interest Amount and Note Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Note Trustee and the London Stock Exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

(i) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Agent Bank or the calculation agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Cash Manager, the Principal Paying Agent, the other Paying Agents, the Note Trustee and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders will attach to the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 **Accrual of interest**

Interest (if any) will cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event, interest will continue to accrue as provided in the Trust Deed.

4.4 **Deferred interest**

To the extent that, subject to and in accordance with the relevant Priority of Payments, the funds available to the Issuer to pay interest on any Series and Class of Notes (other than the Class A Notes) on a Note Payment Date (after discharging the Issuer's liabilities of a higher priority and subject to and in accordance with the relevant Priority of Payments) are insufficient to pay the full amount of such interest, payment of the shortfall attributable to such Series and Class of Notes ("**Deferred Interest**") will not then fall due but will instead be deferred until the first Note Payment Date for such Notes thereafter on which sufficient funds are available (after allowing for the Issuer's liabilities of a higher priority and subject to and in accordance with the relevant Priority of Payments) to fund the payment of such Deferred Interest to the extent of such Available Funds.

Such Deferred Interest will accrue interest ("**Additional Interest**") at the Rate of Interest applicable from time to time to the applicable Series and Class of Notes and payment of any Additional Interest will also be deferred until the first Note Payment Date for such Notes thereafter on which funds are available (after allowing for the Issuer's liabilities of a higher priority subject to and in accordance with the relevant Priority of Payments) to the Issuer to pay such Additional Interest to the extent of such Available Funds.

Amounts of Deferred Interest and Additional Interest will not be deferred beyond the Final Maturity Date of the applicable Series and Class of Notes, when such amounts will become due and payable.

Payments of interest due on a Note Payment Date in respect of the Class A Notes of any Series will not be deferred. In the event of the delivery of an Enforcement Notice (as described in Condition 9 (*Events of default*)), the amount of interest in respect of such Notes that was due but not paid on such Note Payment Date will itself bear interest at the Rate of Interest applicable from time to time to such Notes until both the unpaid interest and the interest on that interest are paid as provided in the Trust Deed.

5. **REDEMPTION, PURCHASE AND CANCELLATION**

5.1 **Final redemption**

Unless previously redeemed in full as provided in this Condition 5, the Issuer will redeem a Series and Class of Notes at their then Principal Amount Outstanding together with all accrued interest on the Final Maturity Date in respect of such Notes.

The Issuer may not redeem such Notes in whole or in part prior to their Final Maturity Date except as provided in Conditions 5.2 (*Mandatory redemption of the Notes in part*), 5.5 (*Optional redemption in full or in part*) or 5.6 (*Optional redemption for tax and other reasons*), but without prejudice to Condition 9 (*Events of default*).

## 5.2 **Mandatory redemption of the Notes in part**

On each Note Payment Date, other than a Note Payment Date on which a Series and Class of Notes are to be redeemed under Conditions 5.1 (*Final redemption*), 5.5 (*Optional redemption in full or in part*) or 5.6 (*Optional redemption for tax and other reasons*), the Issuer will repay principal in respect of such Notes in an amount determined in accordance with the mechanics, rules and priorities as set out in the applicable Priority of Payments and the Principal Repayment Rules.

## 5.3 **Termination of the applicable Original Currency Swap Agreement**

If the Original Currency Swap Agreement relating to any Series and Class of Non-Sterling Notes has been terminated, then, on each Note Payment Date for such Series and Class prior to the delivery of an Enforcement Notice:

(a) if, on such Note Payment Date, the *pro rata* share of the Available Principal Receipts available under the Pre-Enforcement Principal Priority of Payments to repay principal in respect of such Series in accordance with Condition 5.2 (*Mandatory redemption of the Notes in part*), following conversion into the relevant Specified Currency at:

- (i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by an Account Bank or, if so directed by the Issuer, another person); or
- (ii) if a replacement Currency Swap Agreement is in force, the Replacement Exchange Rate,

is less than the amount that would have been payable (in the relevant Specified Currency) by the Original Currency Swap Counterparty in respect of principal if the Original Currency Swap Agreement had not been terminated, the shortfall amounts (such amounts being "**Principal Shortfall Amounts**") will only be payable and paid from any Principal Excess Amounts (as defined below), and to the extent any amounts of such shortfall remain unpaid, such non-payment will not trigger an Event of Default and/or a Trigger Event;

(b) if, on such Note Payment Date, the *pro rata* share of the Available Principal Receipts available under the Pre-Enforcement Principal Priority of Payments to repay principal in respect of such Series in accordance with Condition 5.2 (*Mandatory redemption of the Notes in part*), following conversion into the relevant Specified Currency at:

- (i) if no replacement Currency Swap Agreement is in force, the Spot Rate (by an Account Bank or, if so directed by the Issuer, another person); or
- (ii) if a replacement Currency Swap Agreement is in force, the Replacement Exchange Rate,

is greater than the amount that would have been payable (in the relevant Specified Currency) by the Original Currency Swap Counterparty in respect of principal if the Original Currency Swap Agreement had not been terminated, the excess amounts (such amounts being "**Principal Excess Amounts**") will be used to pay any Principal Shortfall Amounts, with any excess being transferred to the Swap Excess Reserve Account for application (subject to the terms of the Transaction Documents) on subsequent Note Payment Dates to pay any future Principal Shortfall Amounts; and

(c) if that Note Payment Date falls on or following the Sterling Equivalent Redemption Date:

- (i) if the relevant Series of Non-Sterling Notes have not been redeemed in full, following application of any amounts held in the Swap Excess Reserve Account towards the redemption of the relevant Series, any Principal Amount Outstanding of such Series will only be payable and paid subject to and in accordance with item (v) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments; or
- (ii) if the relevant Series of Non-Sterling Notes have been redeemed in full, any amounts held in the Swap Excess Reserve Account will be transferred to the

Transaction Accounts (after conversion into Sterling by an Account Bank or, if so directed by the Issuer, another person at the applicable Spot Rate) and credited to the Revenue Ledger for application in accordance with the Pre-Enforcement Revenue Priority of Payments; and

- (d) if that Note Payment Date is the Final Maturity Date of such Series and Class, to the extent that, subject to and in accordance with the relevant Priority of Payments, the funds available to the Issuer to redeem principal on such Series and Class (after discharging the Issuer's liabilities of a higher priority and subject to and in accordance with the relevant Priority of Payments) are insufficient to pay the full amount of such principal solely as a result of the termination of the Original Currency Swap Agreement, payment of the shortfall attributable to such Series and Class of Notes ("**Deferred Principal**") will not then fall due and be payable but will instead be deferred and will not be payable until the first Payment Date thereafter on which sufficient funds are available (after allowing for the Issuer's liabilities of a higher priority and subject to and in accordance with the relevant Priority of Payments) to fund the payment of such Deferred Principal to the extent of such Available Funds.

On or after the delivery of an Enforcement Notice, any amounts held in the Swap Excess Reserve Account will be transferred to a Transaction Account (after conversion into Sterling by an Account Bank or, if so directed by the Issuer, another person at the applicable Spot Rate) and applied in accordance with the Post-Enforcement Priority of Payments.

#### 5.4 **Note Principal Payments and Principal Amount Outstanding**

The principal amount redeemable (the "**Note Principal Payment**") in respect of each Note of a particular Series and Class of Notes on any Note Payment Date under Condition 5.2 (*Mandatory redemption of the Notes in part*) above will be a proportion of the amount required as at that Note Payment Date to be applied in redemption of such Series and Class of Notes on such date equal to the proportion that the Principal Amount Outstanding of the relevant Note bears to the aggregate Principal Amount Outstanding of such Series and Class of Notes rounded down to the nearest sub-unit of the Specified Currency, **provided always that** no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

On each Interest Determination Date, the Issuer will determine (or cause the Cash Manager to determine) (a) the amount of any Note Principal Payment payable in respect of each Note of the relevant Series and Class of Notes on the immediately following Note Payment Date; (b) the Principal Amount Outstanding of each such Note which will be the Specified Denomination less the aggregate amount of all Note Principal Payments in respect of such Note that have been paid since the Closing Date for such Series and Class of Notes and on or prior to that Interest Determination Date (the "**Principal Amount Outstanding**"); and (c) the fraction, expressed as a decimal to the fifth decimal point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator is the Specified Denomination. Each determination by or on behalf of the Issuer of any Note Principal Payment of a Note, the Principal Amount Outstanding of a Note and the Pool Factor will in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Issuer will cause each determination of the Note Principal Payment, the Principal Amount Outstanding and the Pool Factor in respect of a series of Class of Notes to be notified forthwith, and in any event not later than 1.00 p.m. (London time) on the Business Day immediately succeeding the Interest Determination Date, to the Note Trustee, the Security Trustee, the Paying Agents, the Registrar, the Agent Bank and (for so long as such Notes are listed on the London Stock Exchange) the relevant stock exchange, and will cause notice of each determination of the Note Principal Payment and the Principal Amount Outstanding to be given to Noteholders in accordance with Condition 14 (*Notice to Noteholders*) by no later than the Business Day after the relevant Note Payment Date.

#### 5.5 **Optional redemption in full or in part**

Subject to the provisos below, upon giving not more than 60 nor less than 30 days' prior notice to the Note Trustee and the Noteholders in accordance with Condition 14 (*Notice to Noteholders*),

the Issuer may redeem a Series and Class of Notes (in whole or, where specified in the applicable Final Terms, in part (in such case to be reflected in the records of ICSDs as either a pool factor or reduction in nominal amount, at their discretion)) at their aggregate Redemption Amount together with any accrued and unpaid interest in respect thereof on the following dates:

- (a) the date specified as the Step-Up Date for such Notes in the applicable Final Terms and on any Note Payment Date for such Notes thereafter; or
- (b) in respect of the Class A Notes of any Series, on such Note Payment Date on which the aggregate Sterling Equivalent Principal Amount Outstanding of such Class A Notes and all other Classes of Notes of the same Series is less than 10 per cent. of the aggregate Sterling Equivalent Principal Amount Outstanding of such Class A Notes as at the Closing Date for such Class A Notes;
- (c) in respect of any Series or Class of STS Notes, on any Note Payment Date for such Notes following the occurrence of an event referred to in paragraph (a) or (d) of the definition of "Non-Asset Trigger Event"; or
- (d) on any date **provided that** all of the Noteholders of such Notes have given their prior written consent to such redemption,

**provided that** (in any of the cases above), the Issuer will have provided to the Note Trustee a certificate signed by two directors of the Issuer to the effect that:

- (i) it will have the funds, not subject to any interest of any other person, required to redeem such Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with such Notes (in the case of a redemption of Notes in accordance with (d) above, where the date of redemption of the Notes is not a Note Payment Date, on the proposed date of redemption of such Notes and on the Note Payment Date immediately following such date (in the case of the relevant Note Payment Date, on the assumption that such Notes are redeemed on such Note Payment Date)) pursuant to the terms of the Deed of Charge and the Cash Management Agreement;
- (ii) the Principal Repayment Rules will be satisfied following the making of such redemptions (in the case of a redemption of Notes in accordance with (d) above, where the date of redemption of the Notes is not a Note Payment Date, on the proposed date of redemption of such Notes and on the Note Payment Date immediately following such date (in the case of the relevant Note Payment Date, on the assumption that such Notes are redeemed on such Note Payment Date)); and
- (iii) it has received a Ratings Confirmation that the then current ratings of the publicly rated Notes outstanding on the proposed date of redemption would not be reduced, withdrawn or qualified by such redemption.

#### 5.6 **Optional redemption for tax and other reasons**

If, at any time, the Issuer satisfies the Note Trustee immediately prior to the giving of the notice referred to below that, on the next Note Payment Date for a Series and Class of Notes the Issuer would be required to deduct or withhold from any payment of principal or interest or any other amount under such Notes any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature and such obligation of the Issuer cannot be avoided taking reasonable measures available to it, then the Issuer will use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved by the Note Trustee as principal debtor under such Notes, subject to the Note Trustee being satisfied that such substitution will not be materially prejudicial to the Noteholders, and subject to the Security Trustee being satisfied that (a) the position of the Secured Creditors will not thereby be adversely affected, and (b) such substitution would not require registration of any new security under US securities laws or would materially increase the disclosure requirements under US law



or the costs of issuance. Only if the Issuer is unable to arrange a substitution will the Issuer be entitled to redeem the Notes as described in this Condition 5.6.

Subject to the proviso below, if the Issuer is unable to arrange a substitution as described above and, as a result, such withholding obligation is continuing, then the Issuer may, having given not more than 60 nor less than 30 days' notice to the Note Trustee, the relevant Currency Swap Counterparty (if any) and the Noteholders in accordance with Condition 14 (*Notice to Noteholders*), redeem all (but not some only) of such Notes on the immediately succeeding Note Payment Date for such Notes at their aggregate Redemption Amount together with any accrued and unpaid interest in respect thereof **provided that** (in either case), prior to giving any such notice, the Issuer will have provided to the Note Trustee:

- (a) a certificate signed by two directors of the Issuer stating the circumstances referred to above prevail and setting out details of such circumstances; and
- (b) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisors of recognised standing to the effect that the Issuer has or will become obliged to make such withholdings or deductions.

The Note Trustee will be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out above, in which event they will be conclusive and binding on the Noteholders. The Issuer may only redeem such Notes as aforesaid, if the Issuer will have provided to the Note Trustee a certificate signed by two directors of the Issuer to the effect that: (i) it will have the funds, not subject to any interest of any other person, required to redeem such Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with such Notes pursuant to the terms of the Deed of Charge and the Cash Management Agreement; and (ii) the Principal Repayment Rules will be satisfied following the making of such redemptions.

#### 5.7 Money Market Note Mandatory Transfer Arrangements

- (a) Where the Money Market Note Mandatory Transfer Arrangements are specified in the applicable Final Terms as being applicable to a Series and Class of Money Market Notes, such Notes will be transferred in accordance with sub-paragraphs (ii) to (iv) below on any Money Market Note Mandatory Transfer Date for such Notes in exchange for payment of the Money Market Note Mandatory Transfer Price for such Notes, **provided that** the Issuer will not be liable for the failure to make payment of such Money Market Note Mandatory Transfer Price to the extent that such failure is a result of the failure of the applicable Remarketing Agent or the applicable Conditional Note Purchaser to perform their respective obligations under the applicable Remarketing Agreement, the applicable Conditional Note Purchase Agreement or the Trust Deed.
- (b) There will be no mandatory transfer of a Series and Class of Money Market Notes on a Money Market Note Mandatory Transfer Date for such Notes if:
  - (i) such Notes are fully redeemed or a notice has been given to the holders of such Notes in accordance with Condition 5.5 (*Optional redemption in full or in part*) or Condition 5.6 (*Optional redemption for tax and other reasons*) on or prior to such Money Market Note Mandatory Transfer Date; or
  - (ii) an Automatic Remarketing Termination Event in relation to such Notes has occurred prior to such Money Market Note Mandatory Transfer Date.
- (c) In the event of the occurrence of any of the events in sub-paragraphs (b)(i) or (b)(ii) above, the Issuer will not be obliged to procure any subsequent purchase of such Notes, the applicable Remarketing Agent will not be obliged to remarket any of such Notes and the applicable Conditional Note Purchaser will not be obliged to purchase any of such Notes.
- (d) For the avoidance of doubt, following occurrence of any of the events in sub-paragraphs (b)(i) or (b)(ii) above, the margin payable on such Notes will be the then current Money Market Note Reset Margin for such Notes.

- (e) Following the occurrence of an optional remarketing termination event in relation to a Series and Class of Money Market Notes, the applicable Remarketing Agent will have the option to terminate its remarketing obligations under the applicable Remarketing Agreement. Following termination of its remarketing obligations, in the absence of an Automatic Remarketing Termination Event referred to in sub-paragraph (ii) above in relation to such Notes, the Remarketing Agent will still be obliged under the applicable Remarketing Agreement, if required by the Issuer, to facilitate the transfer and settlement of such Notes.
- (f) For the avoidance of doubt, the obligations of the applicable Conditional Note Purchaser, under the applicable Conditional Note Purchase Agreement to purchase the unplaced Notes (of a Series and Class of Money Market Notes) on a Money Market Note Mandatory Transfer Date for such Notes will not be affected by the occurrence of an optional remarketing termination event in relation to such Notes, and the Maximum Reset Margin for such Notes will be applicable to such Notes from and including the applicable Money Market Note Mandatory Transfer Date.
- (g) Subject to paragraphs (a), (b) and (c) above, all of the applicable Noteholders' interests in a Series and Class of Money Market Notes will be transferred on the applicable Money Market Note Mandatory Transfer Date for such Notes either as directed by the applicable Remarketing Agent and/or to the applicable Conditional Note Purchaser, or, if Individual Note Certificates are then issued, such Notes will be registered by the Registrar as notified by or on behalf of the applicable Remarketing Agent and the Register will be amended accordingly with effect from the applicable Money Market Note Mandatory Transfer Date.

## 5.8 **Redemption Amounts**

For the purposes of this Condition 5, "**Redemption Amount**" means, in respect of any Series and Class of Notes, the amount specified in relation to such Notes in the applicable Final Terms or, if not so specified, and in respect of any note, the Principal Amount Outstanding of such Note. Where the applicable Final Terms specify that such Series and Class of Notes may be redeemed in part in accordance with Condition 5.5 (*Optional redemption in full or in part*), the "**Redemption Amount**" (where such Series and Class of Notes is to be redeemed in part) will be the amount determined in accordance with the provisions set out in the applicable Final Terms.

## 6. **PAYMENTS**

### 6.1 **Payment of interest and principal**

Payments of principal will be made by cheque in the Specified Currency, drawn on a designated bank, or upon application by a holder of the relevant Note to the specified office of the Principal Paying Agent (or, in the case of a Class Z VFN, the Class Z VFN Registrar) not later than the fifth Business Day before the Record Date, by transfer to a designated account maintained by the payee with a designated bank and (in the case of final redemption) upon (other than in the case of a Class Z VFN) surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the specified office of any Paying Agent.

Payments of interest will be made by cheque in the Specified Currency drawn on a designated bank, or upon application by a holder of the relevant Note to the specified office of the Principal Paying Agent (or, in the case of a Class Z VFN, the Class Z VFN Registrar) not later than the fifth Business Day before the Record Date, by transfer to a designated account maintained by the payee with a designated bank and (in the case of interest payable on final redemption) upon (other than in the case of a Class Z VFN) surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the specified office of any Paying Agent.

### 6.2 **Laws and regulations**

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto. Noteholders will not be charged commissions or expenses on payments.

**6.3 Payment of interest following a failure to pay principal**

If payment of principal is improperly withheld or refused on or in respect of any note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 4.4 (*Deferred interest*) will be paid in accordance with this Condition 6.

**6.4 Change of agents**

The initial Principal Paying Agent each other initial Paying Agent, the Registrar and the Exchange and Transfer Agent and their respective initial specified offices are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the US Paying Agent, any other Paying Agent, the Registrar, the Exchange and Transfer Agent and/or the Class Z VFN Registrar and to appoint additional or other Paying Agents. The Issuer will at all times maintain a Paying Agent with a specified office in London, a US Paying Agent, a Registrar and a Class Z VFN Registrar. Except where otherwise provided in the Trust Deed, the Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents, the Exchange and Transfer Agent, the Registrar or the Class Z VFN Registrar or their specified offices to be given in accordance with Condition 14 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

**6.5 No payment on non-Business Day**

Where payment is to be made by transfer to a designated account, payment instructions (for value the due date or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed: (a) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note is surrendered (or, in the case of part payment only, endorsed) at the specified office of a Paying Agent; and (b) (in the case of payments of interest payable other than on redemption) on the due date for payment. A holder of a Note will not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for a payment not being a Business Day or (ii) a cheque mailed in accordance with this Condition 6.5 arriving after the due date for payment or being lost in the mail.

**6.6 Partial payment**

If a Paying Agent makes a partial payment in respect of any note, the Issuer will procure and the Registrar will ensure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and date of such payment is endorsed on the relevant Note Certificate and, in the case of a global note held in the NSS, the Registrar or Principal Paying Agent, as the case may be, will instruct the ICSDs to make appropriate entries in their records to reflect the amount of such payment and, in the case of a payment of principal, the remaining Principal Amount Outstanding of such Note.

If the Class Z VFN Registrar (in respect of a Class Z VFN) makes a partial payment in respect of a Class Z VFN, the Class Z VFN Registrar will, in respect of such Class Z VFN, annotate the Class Z VFN Register, indicating the amount and date of such payment.

**6.7 Record date**

Each payment in respect of a Note will be made to the persons shown as the holder in the Register (or, in the case of a Class Z VFN, the Class Z VFN Register) (i) where the note is in global form, at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream Luxembourg are open for business) before the due date for such payment or (ii) where the note is in definitive form, at the opening of business in the place of the Registrar's (or, in the case of a Class Z VFN, the Class Z VFN Registrar's) specified office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the holder in the Register (or, in the case of a Class Z VFN, the Class Z VFN Register) at the opening of business on the relevant Record Date.

6.8 **Payment of interest**

Subject as provided otherwise in these Conditions, if interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Business Day) or by reason of non-compliance with Condition 6.1 (*Payment of interest and principal*), then such unpaid interest will itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 14 (*Notice to Noteholders*).

7. **PRESCRIPTION**

Claims against the Issuer for payment of interest and principal on redemption will be prescribed and become void if the relevant Note Certificates are not surrendered for payment within a period of 10 years from the relevant date in respect thereof. After the date on which a payment under a Note becomes void in its entirety, no claim may be made in respect thereof. In this Condition 7, the "**relevant date**", in respect of a payment under a Note, is the date on which the payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of those payments under all the Notes due on or before that date has not been duly received by the Principal Paying Agent, the US Paying Agent or the Note Trustee on or prior to such date) the date on which the full amount of such monies having been so received or notice to that effect is duly given to Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

8. **TAXATION**

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any relevant Paying Agent or the Class Z VFN Registrar is required by applicable law (including the rules commonly referred to as FATCA) to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent or the Class Z VFN Registrar will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. No Paying Agent nor the Issuer nor the Class Z VFN Registrar will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

The occurrence of the Issuer or any Paying Agent or the Class Z VFN Registrar being required to make a withholding or deduction in the circumstances outlined in the previous paragraph will not constitute an Event of Default.

The Issuer will treat the Class A Notes as indebtedness for US federal income tax purposes. Each holder of a Class A Note, by the acceptance thereof, agrees to treat such Class A Note as indebtedness for US federal income tax purposes.

9. **EVENTS OF DEFAULT**

9.1 **Class A Noteholders**

The Note Trustee, in its absolute discretion, may (and if so requested in writing by the holders of not less than 25 per cent. in aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9.1 means the Class A Notes of all Series of Notes constituted by the Trust Deed) or if so directed by or pursuant to an Extraordinary Resolution passed at a meeting of the holders of the Class A Notes, will), subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, deliver notice (a "**Class A Enforcement Notice**") to the Issuer and the Security Trustee of an Event of Default (as defined below) declaring (in writing) the Class A Notes and all other Notes to be due and repayable (and they will forthwith become due and repayable) at any time after the happening of any of the following events, which is continuing or unwaived:

- (a) default being made for a period of seven Business Days in the payment of any amount of principal of the Class A Notes of any Series when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business

Days in the payment of any amount of interest on the Class A Notes of any Series when and as the same ought to be paid in accordance with these Conditions; or

- (b) the Issuer failing duly to perform or observe, in any material respect, any other obligation binding upon it under the Class A Notes of any Series, the Trust Deed, the Deed of Charge or any other Programme Document and, in any such case (except where the Note Trustee certifies that, in its opinion, such failure is incapable of remedy, in which case no notice will be required), such failure is continuing unremedied for a period of 30 days following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied and the Note Trustee has certified that the failure to perform or observe is materially prejudicial to the interests of the holders of the Class A Notes of such Series; or
- (c) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction or merger as is referred to in sub-paragraph (d) below, ceases or threatens to cease to carry on its business or, in the opinion of the Note Trustee, a substantial part of its business or the Issuer is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as that section may be amended, modified or re-enacted) or (but only for so long as any principal, interest or other amounts whatsoever remains outstanding in respect of the Notes issued by the Issuer prior to January 2010) becomes unable to pay its debts within the meaning of section 123(2) of the Insolvency Act 1986 (as that section may be amended, modified or re-enacted); or
- (d) an order being made or an effective resolution being passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation, restructuring or merger the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the holders of the Class A Notes; or
- (e) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or the making of an application for administration or the filing of documents with the court for an administration) and (except in the case of presentation of a petition for an administration order) such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, a formal notice is given of intention to appoint an administrator in relation to the Issuer or an administration order being granted or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally or a composition or similar arrangement with the creditors or takes steps with a view to obtaining a moratorium in respect of its indebtedness, including without limitation, the filing of documents with the court,

**provided that**, for the avoidance of doubt, a failure to make or procure any payment required by Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*) by reason of any failure on the part of any Remarketing Agent or any Conditional Note Purchaser to perform its respective obligations under the Transaction Documents will not constitute an Event of Default.

## 9.2 Class Z VFN Holders

This Condition 9.2 will have no effect if, and for as long as, any Class A Notes of any Series are outstanding. Subject thereto, for so long as any Class Z VFNs are outstanding, the Note Trustee in its absolute discretion, may (and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class Z VFNs or if so directed by or

pursuant to an Extraordinary Resolution passed at a meeting of the holders of the Class Z VFNs, will), subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, deliver notice (a "**Class Z Enforcement Notice**") to the Issuer and the Security Trustee of an Event of Default (as defined below) declaring (in writing) the Class Z VFNs to be due and repayable (and they will forthwith become due and repayable) at any time after the happening of any of the following events, which is continuing or unwaived:

- (a) default being made for a period of seven Business Days in the payment of any amount of principal of the Class Z VFNs of any Series when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class Z VFNs of any Series when and as the same ought to be paid in accordance with these Conditions; or
- (b) the occurrence of any of the events in Condition 9.1(b), (c), (d) or (e) above **provided that** the references in Condition 9.1(b) and Condition 9.1(d) to Class A Notes will be read as references to Class Z VFNs.

### 9.3 **Following service of an Enforcement Notice**

For the avoidance of doubt, upon any Enforcement Notice being given by the Note Trustee in accordance with Condition 9.1 or Condition 9.2, all Notes will immediately become due, without further action or formality at their Principal Amount Outstanding together with accrued interest (or, in the case of a zero coupon note, at its Redemption Amount, calculated in accordance with Condition 5.7 (*Money Market Note Mandatory Transfer Arrangements*)).

## 10. **ENFORCEMENT**

The Note Trustee may, at its discretion and without notice at any time and from time to time, take such steps and institute such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Trust Deed (including these Conditions) or any of the other Programme Documents to which it is a party and may, at its discretion and without notice, at any time after the Security has become enforceable (including after the service of an Enforcement Notice in accordance with Condition 9), instruct the Security Trustee to take such steps as it may think fit to enforce the Security. The Note Trustee will not be bound to take such steps or institute such proceedings unless:

- (a) (subject in all cases to restrictions contained in the Trust Deed to protect the interests of any higher-ranking Class of Noteholders) it will have been so directed by an Extraordinary Resolution of the Class A Noteholders or the Class Z VFN Holders or so requested in writing by the holders of at least one quarter in aggregate Principal Amount Outstanding of the Class A Notes or the Class Z VFNs; and
- (b) it will have been indemnified and/or secured and/or prefunded to its satisfaction.

The Security Trustee will not be bound to take such steps or take any such other action unless it is so directed by the Note Trustee and indemnified and/or secured and/or prefunded to its satisfaction.

Amounts available for distribution after enforcement of the Security will be distributed in accordance with the terms of the Deed of Charge.

No Noteholder may institute any proceedings against the Issuer to enforce its rights under or in respect of the Notes, the Trust Deed, the Deed of Charge or any other Programme Document unless (i) the Security Trustee has become bound to institute proceedings and has failed to do so within a reasonable period of becoming so bound and (ii) such failure is continuing, **provided that**, no Class Z VFN Holder will be entitled to commence proceedings for the winding up or administration of the Issuer unless there are no outstanding Class A Notes or there is consent of Noteholders of not less than one quarter of the aggregate principal amount of the Class A Notes outstanding (as defined in the Trust Deed). Notwithstanding the foregoing and notwithstanding any other provision of the Trust Deed, the right of any Noteholder to receive payment of principal and interest on its Notes on or after the due date for such principal or interest, or to institute suit for the enforcement of payment of that principal or interest, may not be impaired or affected without the consent of that Noteholder.

## 11. MEETINGS OF NOTEHOLDERS, MODIFICATIONS AND WAIVER

### 11.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any provision of these Conditions or the provisions of any of the Programme Documents.

#### (a) Class A Notes

In respect of the Class A Notes, the Trust Deed provides that, subject to Condition 11.1(b) and Condition 11.2:

- (i) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the holders of the Class A Notes of one Series only will be deemed to have been duly passed if passed at a meeting of the holders of the Class A Notes of that Series;
- (ii) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the holders of the Class A Notes of any two or more Series but does not give rise to a conflict of interest between the holders of such two or more Series of Class A Notes, will be deemed to have been duly passed if passed at a single meeting of the holders of such two or more Series of Class A Notes;
- (iii) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the holders of the Class A Notes of any two or more Series and gives or may give rise to a conflict of interest between the holders of such two or more Series of Class A Notes, will be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such two or more Series of Class A Notes, it will be passed at separate meetings of the holders of such two or more Series of Class A Notes; and
- (iv) if, in the sole opinion of the Note Trustee, there is a conflict of interest between the interests of the holders of the Class A Notes of one Series and the holders of the Class A Notes of another Series or group of series, then a resolution directing the Note Trustee to take any action will be deemed to have been duly passed only if passed at separate meetings of the holders of each Series of Class A Notes subject to the conflict.

#### (b) Sub-Classes of Class A Notes and Class Z VFNs

In respect of any Series of Class A Notes constituting two or more Sub-Classes, and in respect of the Class Z VFNs, the Trust Deed provides that subject to Condition 11.2:

- (i) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the holders of Notes of one Sub-Class only will be deemed to have been duly passed if passed at a meeting of the holders of the Notes of such Sub-Class;
- (ii) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the holders of more than one Sub-Class but does not give rise to a conflict of interest between the holders of such Sub-Classes will be deemed to have been duly passed if passed at a single meeting of the holders of all such Sub-Classes;
- (iii) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the holders more than one Sub-Class of Notes and gives or may give rise to a conflict of interest between the holders of such Sub-Classes will be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such Sub-Classes, it will be passed at separate meetings of the holders of such Sub-Classes; and
- (iv) if, in the sole opinion of the Note Trustee, there is a conflict of interest between the interests of the Noteholders of one or more Sub-Classes of Notes of a Series

and the Noteholders of another Sub-Class of Notes of the same Class and Series, then a resolution directing the Note Trustee to take any action will be deemed to have been duly passed only if passed at separate meetings of the holders of such Sub-Classes of Notes.

Subject as provided in the following paragraph, the quorum at any meeting of the Noteholders of any Series and Class of Notes or any one or more Series of Notes of the same Class convened to consider an Extraordinary Resolution will be one or more persons holding or representing more than half of the aggregate Principal Amount Outstanding of such Series and Class of Notes or such one or more Series of Notes of the same Class or, at any adjourned meeting, one or more persons being or representing Noteholders of such Series and Class of Notes or such one or more Series of Notes the same Class, whatever the aggregate Principal Amount Outstanding of the Notes so held or represented.

The quorum at any meeting of the Noteholders for passing an Extraordinary Resolution which includes the sanctioning of a Basic Terms Modification will be one or more persons holding or representing not less than three quarters of the aggregate Principal Amount Outstanding of the Notes of the relevant Series and Class or of the relevant one or more Series of Notes of the same Class or, at any adjourned and reconvened meeting, not less than one quarter of the aggregate Principal Amount Outstanding of the Notes of the relevant Series and Class or of the relevant one or more Series of Notes of the same Class.

An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all of the Noteholders of the relevant Series and Class or of the relevant one or more Series of Notes of the same Class whether or not they are present at the meeting.

In connection with any meeting of the Noteholders where the relevant Notes (or any of them) are not denominated in Sterling, the Principal Amount Outstanding of any note not denominated in Sterling will be converted into Sterling at the relevant Specified Currency Exchange Rate.

A resolution signed by or on behalf of 75 per cent. of the Noteholders of the relevant Series and Class who for the time being are entitled to receive notice of a meeting under the Trust Deed will for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of such Series and Class of Noteholders.

## 11.2 Limited Recourse

If at any time following:

- (a) the occurrence of either:
  - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
  - (ii) the delivery by the Note Trustee of an Enforcement Notice; and
- (b) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable in respect of any Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (b) above) in respect of such Class of Notes (and any Class of Notes junior to that Class of Notes) will, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer. "**Realisation**" means in relation to any Charged Property, the deriving to the fullest extent practicable, of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

None of the Noteholders, the Note Trustee, the Security Trustee or any other Secured Creditor (nor any other person acting on behalf of any of them) will be entitled at any time to institute against



the Issuer or its directors, officers, successors or assigns, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding up or liquidation proceedings or for the appointment of a liquidator, administrator, receiver or any other insolvency official in relation to the Issuer or in relation to the whole or any substantial part of the undertakings of the Issuer.

### 11.3 Programme Resolution

Notwithstanding the provisions of Condition 11.1, any Extraordinary Resolution of the Noteholders of any Class of Notes to direct the Note Trustee to deliver an Enforcement Notice to the Issuer and the Security Trustee pursuant to Condition 9 or to take any enforcement action or to instruct the Security Trustee to enforce the Security pursuant to Condition 10 (a "**Programme Resolution**") will only be capable of being passed at a single meeting of the Noteholders of all Series of such Class of Notes. The quorum at any such meeting for passing a Programme Resolution will be one or more persons holding or representing not less than three quarters of the aggregate Sterling Equivalent Principal Amount Outstanding of the Notes of such Class or, at any adjourned and reconvened meeting, one or more persons being or representing Noteholders of such Class of Notes, whatever the aggregate Sterling Equivalent Principal Amount Outstanding of such Class of Notes so held or represented by them.

A Programme Resolution passed at any meeting of all Series of any Class of Notes will be binding on all Noteholders of all series of that Class of Notes, whether or not they are present or represented at the meeting.

### 11.4 Limitations on Noteholders

Subject as provided in Condition 11.5:

- (a) an Extraordinary Resolution of the Class A Noteholders of any Series will be binding on all Class Z VFN Holders; and
- (b) no Extraordinary Resolution of Class Z VFN Holders of any Series will take effect for any purpose while any Class A Notes (of any Series) remain outstanding unless it will have been sanctioned by an Extraordinary Resolution of the Class A Noteholders of each Series (**provided that** no such sanction by an Extraordinary Resolution of the Class A Noteholders of a particular Series will be required where the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of such Class A Noteholders).

### 11.5 Approval of modifications and waivers by Noteholders

No Extraordinary Resolution of the Noteholders of any one or more Series of Class A Notes to sanction a modification of, or any waiver or authorisation of any breach of, or proposed breach of, any of the provisions of the Programme or the Conditions of such Notes will take effect unless it has been sanctioned by an Extraordinary Resolution of the Class Z VFN Holders (**provided that** no such sanction by an Extraordinary Resolution of the Class Z VFN Holders will be required where the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class Z VFN Holders).

### 11.6 Modifications and determinations by Note Trustee and Security Trustee

- (a) The Note Trustee, the Security Trustee and the Issuer, may from time to time, without the consent or sanction of the Noteholders of any Series or any other Secured Creditor (other than any Secured Creditor who is party to the relevant Transaction Document) (x) concur with the Issuer or any other person or (y) direct the Security Trustee to concur with the Issuer or any other person:
  - (i) in making any modification of the Notes of one or more Series (including the conditions applicable thereto) or of any Programme Document (except for a Basic Terms Modification) **provided that** the Note Trustee is of the opinion that such modification will not be materially prejudicial to the interests of any of the Noteholders of any Series; or

- (ii) in making any modification of the Notes of one or more Series (including the Conditions applicable thereto), or of any Programme Document, which in the opinion of the Note Trustee (A) is made to correct a manifest error or (B) is of a formal, minor or technical nature or (C) is made to comply with mandatory provisions of law.
- (b) The Note Trustee and the Issuer may from time to time and at any time without the consent or sanction of the Noteholders of any Series and without the consent of the other Secured Creditors at any time and from time to time and without prejudice to its rights in respect of any subsequent breach, (i) waive or authorise any breach or proposed breach by the Issuer or any other party of any of the covenants or provisions contained in any Programme Document if, in the opinion of the Note Trustee, such waiver or authorisation will not be materially prejudicial to the interests of any of the Noteholders of any Series, as applicable or (ii) in relation to the Note Trustee only, determine that any Event of Default in respect of any of the Noteholders of any Series will not be treated as such if in the opinion of the Note Trustee, such waiver or authorisation will not be materially prejudicial to the Noteholders of any Series **provided always that** the Note Trustee will not exercise any powers conferred on it in contravention of any express direction given by an Extraordinary Resolution, or of a request in writing made by the holders of not less than one quarter in aggregate principal amount of the relevant Class of Notes then outstanding, in accordance with these Conditions (but so that no such direction or request will affect any waiver, authorisation or determination previously given or made). Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Note Trustee may determine.
- (c) Any such modification, waiver, authorisation or determination will be binding on the Noteholders and Secured Creditors and, unless the Note Trustee agrees otherwise, any such modification will be notified to the Noteholders and the Rating Agencies in accordance with Condition 14 (*Notice to Noteholders*) as soon as practicable thereafter.

#### 11.7 Additional rights of modification

- (a) Notwithstanding the provisions of Condition 11.5 (*Approval of modifications and waivers by Noteholders*), the Note Trustee will be obliged, without any consent or sanction of the Noteholders, to concur with the Issuer in making and/or approving any modification (other than in respect of a Basic Terms Modification to the Notes of one or more Series (including the conditions applicable thereto)) or of any Programme Document to which it is a party or in respect of which it holds security or enter into any new, supplemental or additional documents, in each case that the Issuer (or the Cash Manager on its behalf) considers necessary:
  - (i) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be published from time to time, **provided that**:
    - (A) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
    - (B) in the case of any modification to the Notes of one or more Series or of any Programme Document proposed by any of the relevant Swap Counterparties, an Account Bank, the Cash Manager, the Servicer or the Seller in order for such relevant entity (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral, obtaining a guarantee or advancing funds):
      - (1) the relevant Swap Counterparty, an Account Bank, the Cash Manager, the Servicer or the Seller, as the case may be, certifies in writing to the Issuer, the Note Trustee and the Security

Trustee that such modification is necessary for the purposes described in paragraph (i)(B)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Note Trustee and the Security Trustee that it has received the same from the relevant transaction party); and

- (2) either:
- (a) the relevant Swap Counterparty, an Account Bank, the Cash Manager, the Servicer or the Seller, as the case may be, obtains from each of the Rating Agencies written confirmation (or certifies in writing to the Issuer, the Note Trustee and the Security Trustee that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer, the Note Trustee and the Security Trustee; or
  - (b) the Issuer or the Cash Manager on behalf of the Issuer certifies in writing to the Note Trustee that each relevant Rating Agency has been informed in writing of the proposed modification and such Rating Agency has indicated that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and
- (ii) in order to enable the Issuer and/or the relevant Swap Counterparty to comply (or continue to comply) with:
- (A) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("**EMIR**"); or
  - (B) any other obligation which applies to it under EMIR,
- provided that** the Issuer or the relevant Swap Counterparty, as appropriate, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;
- (iii) for the purpose of complying (or continuing to comply) with the Securitisation Regulation (including the EU Risk Retention Requirements), the CRR Amending Regulation or the US Credit Risk Retention Requirements or any other risk retention legislation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (iv) for the purpose of enabling the Notes to be (or to remain) listed on the London Stock Exchange, **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (v) for the purposes of enabling the Issuer to comply (or continue to comply) with the provisions of Rule 17g-5 of the Securities Exchange Act 1934, **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purposes and has been drafted solely to such effect;
- (vi) for the purpose of complying (or continuing to comply) with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (vii) for the purposes of enabling any Class of Notes to comply with the criteria for Level 2B securitisations set out in Article 13 of the LCR Regulation (as amended, replaced and/or supplemented from time to time and to the extent permitted by applicable law) (the "**Liquidity Coverage Ratio**"), **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (viii) to enable the Issuer, the Seller or the Servicer to comply with any obligation which applies to it under the Securitisation Regulation, including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto and including for the purposes of enabling any Series of Class of Notes to comply with the criteria for simple, transparent and standardised securitisations set out in the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, **provided that** the Issuer, the Seller or the Servicer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (ix) for the purposes of complying (or continuing to comply) with the applicable requirements of the Capital Requirements Regulation or the Solvency II Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the Capital Requirements Regulation or the Solvency II Regulation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (x) for the purposes of amending the Eligibility Criteria or the Portfolio Criteria, **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (xi) in connection with the transfer of any Swap Agreement to a replacement Swap Counterparty, to enable such modifications to the original Swap Agreement as may be agreed with the replacement Swap Counterparty, **provided that** the Servicer or the replacement Swap Counterparty certifies to the Note Trustee and the Security Trustee that, following any such modifications, the relevant Swap Agreement will satisfy the rating criteria of the Relevant Rating Agencies;

- (xii) in connection with the transfer of any Account Bank Agreement to a replacement Account Bank, to enable such modifications to the original Account Bank Agreement as may be agreed with the replacement Account Bank, **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely to reflect prevailing market conditions at the relevant time; or
- (xiii) for the purposes of appointing any number of additional Rating Agencies to rate any Series of Notes (each, an "**Additional Rating Agency**"), **provided that** the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

the certificate to be provided by the Issuer or the Cash Manager on behalf of the Issuer, the relevant Swap Counterparty or any other relevant transaction party, as the case may be, pursuant to paragraphs (i) to (xiv) above being a "**Modification Certificate**" (upon which the Note Trustee and the Security Trustee shall each be able to rely conclusively and without liability), **provided that:**

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- (B) the Modification Certificate in relation to such modification will be provided to the Note Trustee and the Security Trustee (and in respect of paragraph (i)(A) and/or (i)(B)(1) to the Issuer) both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the consent of each Secured Creditor: (1) who is a party to the relevant Programme Document and which has a right to consent to such modification pursuant to the provisions of such Programme Document and/or Deed of Charge; or (2) whose ranking in any Priority of Payment is affected by the proposed modification has been obtained; and
- (D) the Issuer pays all costs and expenses (including legal fees) incurred by the Note Trustee and the Security Trustee in connection with such modification,

and **provided further that**, other than in the case of a modification pursuant to Condition 11.7(a)(ii):

- (1) other than in the case of a modification pursuant to Condition 11.7(a)(i)(B) or 11.7(a)(xiii), either:
  - (a) the Issuer obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or
  - (b) the Issuer certifies in the Modification Certificate that it has informed each Rating Agency then rating any Notes of the proposed modification and each such Rating Agency has indicated that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the

Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and

- (2) (a) the Issuer has provided at least 30 calendar days' notice of the proposed modification to the Noteholders of each relevant Class in accordance with Condition 14 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes; and (b) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes of any affected Series of Notes then outstanding have not contacted the Note Trustee and/or the Principal Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within such notification period notifying the Note Trustee that such Noteholders object to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Sterling Equivalent Principal Amount Outstanding of the Most Senior Class of Notes have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within the notification period referred to above that they object to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes of each affected Series of Notes then outstanding notified pursuant to Condition 11.5(2) above is passed in favour of such modification in accordance with Condition 11.1 (*Meetings of Noteholders*).

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- (b) Notwithstanding the provisions of Condition 11.6 (*Approval of modifications and waivers by Noteholders*), the Note Trustee and the Security Trustee will be obliged, without any consent or sanction of the Noteholders or, subject to paragraph (4) below, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Trust Deed, the Conditions and/or any other Programme Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to:
- (i) change the benchmark rate that then applies in respect of the Notes to an alternative benchmark rate (such replacement rate, an "**Alternative Benchmark Rate**") and make such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change which, for the avoidance of doubt, may include modifications to when the Floating Rate of Interest applicable to any Class of Notes is calculated and/or notified to Noteholders (a "**Benchmark Rate Modification**") **provided that** the Servicer (on behalf of the Issuer, as applicable) certifies to the Note Trustee in writing (such certificate, a "**Benchmark Rate Modification Certificate**") that:
- (A) such Benchmark Rate Modification is being undertaken as a result of a Benchmark Rate Disruption;
- (B) such Alternative Benchmark Rate satisfies the Benchmark Rate Eligibility Requirement; and

- (C) the modifications proposed in the context of the Benchmark Rate Modification are required solely for the purpose of applying the Alternative Benchmark Rate and making consequential modifications to the Conditions or any Programme Document which are, as determined by the Issuer (or the Servicer on behalf of the Issuer) in its commercially reasonable judgement, necessary or advisable, and the modifications have been drafted solely to such effect; or
- (ii) change the benchmark rate that then applies in respect of the fixed-floating rate swap under any Swap Agreement to an Alternative Benchmark Rate solely as a consequence of a Benchmark Rate Modification and solely for the purpose of aligning the benchmark rate of the fixed-floating rate swap under such Swap Agreement to the benchmark rate of the Notes following such Benchmark Rate Modification (a "**Swap Rate Modification**") **provided that**:
  - (A) the relevant Swap Counterparty provides its prior written consent to such Swap Rate Modification; and
  - (B) the Servicer (on behalf of the Issuer, as applicable) certifies to the Note Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**");

**provided that**, in the case of any modification made pursuant to a Benchmark Rate Modification and/or a Swap Rate Modification above (as applicable):

- (1) at least 30 days' prior written notice of any such proposed modification has been given to the Note Trustee **provided that** this notice must be delivered prior to publication of any Benchmark Rate Modification Noteholder Notice;
- (2) the details of and the rationale for any Note Rate Maintenance Adjustment proposed in accordance with Condition 11.7(b)(7)(d) are as set out in the Benchmark Rate Modification Noteholder Notice published in accordance with Condition 11.7(b)(7) below; and
- (3) the applicable Benchmark Rate Modification Certificate or Swap Rate Modification Certificate, as applicable, in relation to such modification is provided to the Note Trustee both at the time the Note Trustee is notified of the proposed modification, five Business Days prior to the publication of the Benchmark Rate Modification Noteholder Notice and on the date that such modification takes effect;
- (4) the consent of each Secured Creditor (including the Agents and Cash Manager) which is a party to any relevant Transaction Document being amended has been obtained;
- (5) with respect to each Rating Agency, either:
  - (a) the Issuer (or the Servicer on its behalf) obtains from such Rating Agency written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Note Trustee; or
  - (b) the Issuer certifies in writing to the Note Trustee that it (or the Servicer on its behalf) has notified such Rating

Agency of the proposed modification and that it has been unable to obtain such written confirmation but that such Rating Agency has not indicated that the implementation of such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes or by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent);

- (6) in respect of a Benchmark Rate Modification only, by no later than the date on which the proposed Benchmark Rate Modification becomes effective, the Issuer has agreed the corresponding Swap Rate Modification, other than if the Rating Agency provides written confirmation to the Issuer that the Benchmark Rate Modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency if there is no corresponding Swap Rate Modification;
- (7) the Issuer has provided at least 30 days' notice to the Noteholders of the proposed modification in accordance with Condition 14 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, (such notice, the "**Benchmark Rate Modification Noteholder Notice**") notifying the following:
  - (a) the period during which Class A Noteholders may object to the proposed Benchmark Rate Modification and the method by which they may object;
  - (b) the Benchmark Rate Disruption on the basis of which the Benchmark Rate Modification and/or Swap Rate Modification is being proposed;
  - (c) the Benchmark Rate Eligibility Requirement satisfied by the Alternative Benchmark Rate and, if paragraph (d) of the definition of Benchmark Rate Eligibility Requirement is being applied, the Issuer's rationale for choosing the Alternative Benchmark Rate;
  - (d) details of the adjustment which the Issuer proposes to make (if any) to the margin payable on each Class of Notes which are the subject of the Benchmark Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have been the expected Floating Rate of Interest applicable to each such Class of Notes had no such Benchmark Rate Modification been effected which, for the avoidance of doubt, may effect an increase or a decrease to the Margin or may be set at zero (the "**Note Rate Maintenance Adjustment**"), **provided that:**
    - (i) in the event that (in the case of Notes with an original Reference Rate of EURIBOR) the European Money Markets Institute or, in each case, any relevant committee or other body established, sponsored or approved by any of the foregoing, has published, endorsed, approved or recognised a note rate maintenance adjustment mechanism which



could be used in the context of a transition from the EURIBOR (as the case may be) to the Alternative Benchmark Rate, then the Issuer will propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer will set out in the Benchmark Rate Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification;

- (ii) in the event that it has become generally accepted market practice in the publicly listed asset backed floating rate notes to use a particular note rate maintenance adjustment mechanism in the context of a transition from EURIBOR (as the case may be) to the Alternative Benchmark Rate, then the Issuer will propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer will set out in the Benchmark Rate Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification; and
  - (iii) in the event that neither (i) nor (ii) above apply, the Issuer will use reasonable endeavours to propose an alternative Note Rate Maintenance Adjustment as reasonably determined by the Issuer (or the Servicer on behalf of the Issuer) and will set out the rationale for the proposal or otherwise the Issuer will set out in the Benchmark Rate Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification; and
- (8) details of (i) other amendments which the Issuer proposes to make (if any) to these Note Conditions or any other Transaction Document and (ii) any new, supplemental or additional documents into which the Issuer proposes to enter to facilitate the changes envisaged pursuant to Benchmark Rate Modification and/or Swap Rate Modification;
- (9) Noteholders representing at least 10 per cent. of the Sterling Equivalent Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within the relevant notification period notifying the Note Trustee that such Noteholders do not consent to the Benchmark Rate Modification and/or Swap Rate Modification; and

- (10) the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Servicer in connection with such modification.

If Noteholders representing at least 10 per cent. of the Sterling Equivalent Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within such notification period that such Noteholders do not consent to the modification, then any subsequent proposal by the Issuer in respect of a Benchmark Rate Modification or a Swap Rate Modification (as the case may be) must be sanctioned by an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding passed in favour of such modification in accordance with Conditions 11.1 (*Meetings of Noteholders*).

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- (c) The Note Trustee shall concur with the Issuer in effecting any Ratings Modification Event (as defined below), subject to receipt by the Note Trustee and the Security Trustee of a certificate (upon which the Note Trustee and the Security Trustee shall be able to rely conclusively and without liability) of the Issuer signed by two directors of the Issuer certifying that the requested modifications to the Conditions applying to such Notes and/or any Programme Documents are to be made solely for the purposes of enabling the Issuer to effect:

- (i) the removal of any one of the Rating Agencies (a "**Removed Rating Agency**") from rating such Series of Notes together with the related ratings criteria, rating tests, rating triggers and any and all requirements specified by and/or relating to such Removed Rating Agency (an "**Existing Rating Agency Removal**"); and/or
- (ii) the subsequent reappointment of any such Removed Rating Agency or substitution of any such Removed Rating Agency for one of the Rating Agencies to provide a rating in respect of any such Series of Notes and include the then current relevant ratings criteria, rating tests, rating triggers and any and all relevant requirements specified by and/or relating to the reappointed or substituted Rating Agency ("**Existing Rating Agency Reappointment**"),

(a "**Ratings Modification Event**"), **provided that**, in each case and at all times, such Series of Notes continues to be rated by at least two Rating Agencies, and further **provided that** the Issuer has given at least 15 Business Days' notice in accordance with Condition 14 (*Notice to Noteholders*) to the holders of each relevant Series and Class of Notes of such Ratings Modification Event.

- (d) Notwithstanding Condition 11.7 (*Additional Rights of Modification*) or any Programme Document:

- (i) when implementing any modification pursuant to this Condition 11.7 (*Additional Rights of Modification*) (save to the extent the Note Trustee and the Security Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Note Trustee and the Security Trustee will not consider the interests of the Noteholders, any other Secured Creditor or any other person and will act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant transaction party, as the case may be, pursuant to this Condition 11.7 (*Additional Rights of Modification*) and will not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

- (ii) the Note Trustee and the Security Trustee will not be obliged to agree to any modification which, in the sole opinion of the Note Trustee and/or the Security Trustee would have the effect of (A) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations, liabilities or duties, or decreasing the rights or protection, of the Note Trustee and/or the Security Trustee in the Programme Documents and/or these Conditions.
- (e) Any such modification will be binding on all Noteholders and will be notified by the Issuer as soon as reasonably practicable to:
  - (i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
  - (ii) the Secured Creditors; and
  - (iii) the Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

#### 11.8 **Exercise of Note Trustee's functions**

Where the Note Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions under these Conditions or any other Issuer transaction document, to have regard to the interests of the Noteholders (of a Class, Series or Series and Sub-Class thereof), it will have regard to the interests of such Noteholders as a Class and, in particular but without prejudice to the generality of the foregoing, the Note Trustee will not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise, the Note Trustee will not be entitled to require, and no Noteholder will be entitled to claim, from the Issuer or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

#### 12. **INDEMNIFICATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

The Programme Documents contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee and providing for their indemnification in certain circumstances, including, among others, provisions relieving the Security Trustee from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured and/or pre-funded to its satisfaction. The Note Trustee and the Security Trustee are also entitled to be paid their costs and expenses in priority to any interest payments to Noteholders.

The Note Trustee and the Security Trustee and their related companies are entitled to enter into business transactions with the Issuer, the Cash Manager, the Seller and/or the related companies of any of them and to act as Note Trustee or Security Trustee for the holders of any new Notes and/or any other person who is a party to any Programme Document or whose obligations are comprised in the Security and/or any of its subsidiary or associated companies without accounting for any profit resulting therefrom.

Neither the Note Trustee nor the Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Note Trustee or the Security Trustee, as applicable.

Furthermore, the Note Trustee and the Security Trustee will be relieved of liability for making searches or other inquiries in relation to the assets comprising the Security. Neither the Note Trustee nor the Security Trustee has any responsibility in relation to the legality and the enforceability of the trust arrangements and the related Security. Neither the Note Trustee nor the Security Trustee will be obliged to take any action which might result in its incurring personal liabilities. Neither the Note Trustee nor the Security Trustee is obliged to monitor or investigate the performance of any other person under the Programme Documents and is entitled to assume,

until it has actual knowledge to the contrary, that all such persons are properly performing their duties, unless it receives express notice to the contrary.

Neither the Note Trustee nor the Security Trustee will be responsible for any deficiency which may arise because it is liable to tax in respect of the proceeds of any Security.

### 13. **REPLACEMENT OF NOTES**

If Individual Note Certificates are lost, stolen, mutilated, defaced or destroyed, the Noteholder can replace them at the specified office of any Paying Agent subject to all applicable laws and stock exchange requirements. The Noteholder will be required both to pay the expenses of producing a replacement and to comply with the Issuer's, the Registrar's and the Paying Agent's reasonable requests for evidence and indemnity.

If a Global Note Certificate is lost, stolen, mutilated, defaced or destroyed, the Issuer will procure the delivery of a replacement Global Note Certificate to the registered holder upon receipt of satisfactory evidence and surrender of any defaced or mutilated Global Note Certificate. A replacement will only be made upon payment of the expenses for a replacement and compliance with the Issuer's, Registrar's and Paying Agents' reasonable requests as to evidence and indemnity.

Defaced or mutilated Note Certificates must be surrendered before replacements will be issued.

### 14. **NOTICE TO NOTEHOLDERS**

#### 14.1 **Publication of notice**

Any notice to Noteholders will be validly given if such notice is:

- (a) sent to them by first class mail (or its equivalent) or (if posted to a non-UK address) by airmail at the respective addresses on the Register; or
- (b) published in The Financial Times; or
- (c) for so long as amounts are outstanding on the Rule 144A Notes, published in a daily newspaper of general circulation in New York (which is expected to be The New York Times); or
- (d) published in accordance with the rules of the London Stock Exchange,

or, if any of such newspapers set out above will cease to be published or timely publication therein will not be practicable, in a leading English language daily newspaper having general circulation in the United Kingdom or the US (as applicable) **provided that** if, at any time, the Issuer procures that the information concerned in such notice will be published on the relevant screen, publication in the newspapers set out above or such other newspaper or newspapers will not be required with respect to such information.

#### 14.2 **Date of publication**

Any notices so published will be deemed to have been given on the fourth day after the date of posting, or as the case may be, on the date of such publication or, if published more than once on different dates, on the first date on which publication will have been made in the newspaper or newspapers in which (or on the relevant screen on which) publication is required.

#### 14.3 **Global Note Certificates**

While the Class A Note are represented by Global Note Certificates, any notice to Noteholders will be validly given if such notice is provided in accordance with Condition 14.1 (*Publication of notice*) or (at the option of the Issuer) if delivered to DTC (in the case of the Rule 144A Notes) or Euroclear and/or Clearstream, Luxembourg (in the case of the Regulation S Notes) or (in relation to a Series and Class of Notes, if specified for such Notes in the applicable Final Terms) if delivered to any alternative Clearing System. Any notice delivered to the DTC and/or Euroclear and/or

Clearstream, Luxembourg and/or such alternative Clearing System will be deemed to be given on the day of delivery.

**14.4 Note Trustee's discretion to select alternative method**

The Note Trustee will be at liberty to sanction some other method of giving notice to the Noteholders or any Series or class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the London Stock Exchange on which the Notes are then admitted for trading and **provided that** notice of such other method is given to the Noteholders in such manner as the Note Trustee will require.

**15. FURTHER ISSUES**

The Issuer will, subject to the terms of the Trust Deed, be at liberty from time to time, without the consent of the Noteholders, subject to the Issuance Tests, to create and issue further Notes of a certain class having terms and conditions the same as the Notes of any Series of the same Class or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same will be consolidated and form a single Series and Class with the outstanding Notes of such Series and Class.

**16. GOVERNING LAW AND JURISDICTION**

The Programme Documents and all non contractual obligations arising out of or in connection with them are and the Notes are governed by English law unless specifically stated to the contrary. Certain provisions in the Programme Documents relating to property situated in Northern Ireland and all non-contractual obligations arising out of or in connection with them are governed by Northern Irish law. The Scottish Declarations of Trust, each Scottish Supplemental Charge and certain provisions in the Programme Documents relating to property situated in Scotland and all non contractual obligations arising out of or in connection with them are governed by Scots law. Unless specifically stated to the contrary:

- (a) the courts of England are to have non-exclusive jurisdiction to settle any disputes (including any disputes relating to non-contractual obligations arising out of or in connection with these conditions) which may arise out of or in connection with the Notes and the Programme Documents; and
- (b) the Issuer and the other parties to the Programme Documents irrevocably submit to the non-exclusive jurisdiction of the courts of England.

**17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person will have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this will not affect any right or remedy of a third party which exists or is available apart from that Act.

**18. INCREASING THE PRINCIPAL AMOUNT OUTSTANDING OF THE CLASS Z VFNS**

**18.1 Acceptance of increase**

The Holder of a Class Z VFN may offer to advance an amount (a "**Further Class Z VFN Subscription**") under that Class Z VFN in accordance with the Cash Management Agreement, and the Issuer accepts any such offer made by that Class Z VFN Holder, **provided that** no Class Z VFN Holder will be obliged to advance any such Further Class Z VFN Subscription unless and until such time as the Issuer has complied with the requirements of Condition 18.2 (*Conditions to Further Class Z VFN Subscription*).

**18.2 Conditions to Further Class Z VFN Subscription**

The relevant Class Z VFN Holder will only be obliged to advance the amount of such Further Class Z VFN Subscription to the Issuer in accordance with the Cash Management Agreement if the

following conditions are satisfied, unless waived by the relevant Class Z VFN Holder on such terms as the relevant Class VFN Holder considers fit:

- (a) the aggregate of the Principal Amount Outstanding of the Class Z VFNs of the sub-class of Class Z VFNs to which that Further Class Z VFN Subscription relates, together with the amount of the Further Class Z VFN Subscription, will be no more than the relevant Class Z VFN Maximum Principal Amount Outstanding;
- (b) no Event of Default is continuing or would result from the proposed Further Class Z VFN Subscription;
- (c) the proposed date on which such Further Class Z VFN Subscription is to be advanced is n a Business Day prior to the Final Maturity Date of the relevant Class Z VFN; and
- (d) such Further Class Z VFN Subscription will not cause a breach of the US Credit Risk Retention Requirements or the EU Risk Retention Requirements.

## MATERIAL UNITED KINGDOM TAX CONSEQUENCES

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the applicable Final Terms may affect the tax treatment of that and other Series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, listed Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom. This description of United Kingdom tax consequences applies to the Notes only.*

### **UK Withholding Tax**

The Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom Official List (within the meaning of Part VI of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in EEA states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom Official List and admitted to trading on the regulated market of that Exchange.

In all other cases interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date 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 Notes part of a borrowing with a total term of a year or more.

### **Other Rules Relating to United Kingdom Withholding Tax**

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in "UK Withholding Tax" above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements in above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer and does not consider the tax consequences of any such substitution.



## MATERIAL US TAX CONSEQUENCES

The following section is a discussion of the anticipated material US federal income tax consequences of the purchase, ownership and disposition of the Class A Notes that may be relevant to a US holder (as defined later in this section).

In general, the discussion assumes that a holder acquires a Class A Note at original issuance at its issue price (generally the first price at which a substantial amount of substantially similar Class A Notes are sold for money, excluding sales to bond houses, brokers, or similar persons or organisations acting in the capacity of managers, placement agents or wholesalers) and holds such note as a capital asset. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Class A Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including dealers in stocks, securities or notional principal contracts; traders in securities electing to mark to market; insurance companies; regulated investment companies; real estate investment trusts; tax exempt organisations; banks, savings and loan associations and similar financial institutions; certain former citizens and residents of the United States, tax consequences attributable to persons required to accelerate the recognition of any item of gross income with respect to the Class A Notes as a result of such income being recognized on an applicable financial statement; taxpayers whose functional currency is other than the US Dollar; taxpayers that hold a Class A Note as part of a hedge or straddle or synthetic security or a conversion transaction, within the meaning of section 1258 of the Code; and subsequent purchasers of Class A Notes. Further, this discussion does not address alternative minimum tax consequences, the Medicare tax on net investment income or any tax considerations to holders of interests in a US holder. In addition, this discussion does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the US federal government. This discussion also does not address the characterisation of Class A Notes for US federal income tax purposes that are held by members of the expanded (or modified expanded) group under Treasury Regulations under Section 385 of the Code (or any successor regulations). In addition, please consult the applicable Final Terms for a discussion of additional US federal income tax consequences in the event the Money Market Notes that are subject to remarketing arrangements. This discussion is based on the US federal income tax laws, regulations, rulings and decisions in effect or available as of the date of this Base Prospectus. All of the foregoing are subject to change, and any change may apply retroactively and could affect the continued validity of this discussion. Further, the following discussion assumes that the Issuer will conduct its affairs as described in this Base Prospectus and in accordance with assumptions made by, and representations made to, counsel.

There are no authorities directly addressing transactions substantially identical to this transaction and no ruling on any of the consequences or issues discussed below will be sought from the Internal Revenue Service (the "IRS") in connection with this transaction. As a result, the IRS or a court may disagree with all or part of the discussion herein. **Accordingly, the Issuer encourages persons considering the purchase of Class A Notes to consult their own tax advisors as to the personal US tax consequences of the purchase, ownership and disposition of the Class A Notes, including the possible application of state, local, non US or other tax laws, and other US federal income tax issues affecting the transaction.**

As used in this section the term "**US holder**" means a beneficial owner of Class A Notes that is, for US federal income tax purposes (a) an individual who is a citizen or resident of the US, (b) an entity treated as a corporation for US federal income tax purposes that is organised or created under the law of the US, a State thereof, or the District of Columbia, (c) any estate the income of which is subject to taxation in the US regardless of source, or (d) any trust if a court within the US is able to exercise primary supervision over its administration and one or more "United States persons" (as such term is defined in the Code) have the authority to control all substantial decisions of the trust.

If an entity or arrangement that is treated as a partnership for US federal income tax purposes holds Class A Notes, the US federal income tax treatment generally will depend upon the activities of the partnership and the status of the partners. Such an entity or arrangement should consult its own tax adviser as to the US federal income tax consequences to itself and its partners of acquiring, holding and disposing of the Class A Notes.

### **Tax status of the Issuer**

Under the Programme Documents, the Issuer covenants not to engage in any activities in the US (directly or through agents), not to derive any income from sources within the US as determined under US federal income tax principles, and not to hold any property if doing so would cause it to be engaged or deemed to

be engaged in a trade or business within the US as determined under US federal income tax principles. US Federal Income Tax Counsel to the Seller ("**US Federal Income Tax Counsel**") is of the opinion that, assuming compliance with the Programme Documents, although there is no authority addressing a transaction closely comparable to that contemplated herein, and hence the matter cannot be free from doubt, the Issuer will not be subject to US federal income tax on its net income.

### **Characterisation of the Class A Notes**

Unless indicated otherwise in an applicable drawdown prospectus, US Federal Income Tax Counsel will provide the Issuer with an opinion to the effect that, although there is no authority regarding the treatment of instruments that are substantially similar to the Class A Notes, and while the issue is not free from doubt, the Class A Notes will be treated as debt for US federal income tax purposes. The opinion of US Federal Income Tax Counsel is not binding on the IRS, and no assurance can be given that the characterisation of the Class A Notes as debt would prevail if the issue were challenged by the IRS. The Issuer will treat the Class A Notes as debt of the Issuer for all purposes, including US federal income tax purposes. By acceptance of a Class A Note, each holder will agree, and by acceptance of a beneficial interest in a Class A Note, each beneficial owner will be deemed to agree to treat the Class A Notes as debt for US federal income tax purposes.

### **Taxation of US holders of the Class A Notes**

#### *Stated Interest and Original Issue Discount ("**OID**")*

Unless indicated otherwise in an applicable drawdown prospectus, US holders of Class A Notes that have a stated maturity of more than one year (i.e., other than Short Term Obligations, discussed below) generally will be required to include in gross income the stated interest accrued or received on their Class A Notes as foreign source interest income in accordance with their usual method of tax accounting, as ordinary income. If a Class A Note is issued at a discount that is less than a statutorily defined *de minimis* amount (generally equal to or less than 0.25 per cent. of a note's stated redemption price at maturity multiplied by the number of complete years to its maturity or, if any amount included in the stated redemption price at maturity is payable before maturity, the weighted average maturity as determined for these purposes), such discount will be treated as *de minimis* OID and generally will be included in income on a *pro rata* basis as capital gain as principal payments are made on the Class A Notes.

If a Class A Note with a stated maturity of more than one year is issued with OID that is equal to or more than a statutorily defined *de minimis* amount, the US holder of such Class A Note must include the OID as foreign source income over the term of the Class A Note under a constant yield method that takes into account the compounding of interest. While not entirely clear, the Issuer intends to take the position that the Class A Notes are subject to the OID rules applicable to debt instruments that may have accelerated payments by reason of prepayments of other obligations securing such debt instruments. Although the relevant regulations do not provide the specific manner in which OID is calculated for such instruments, legislative history provides, and the Issuer intends to take the position, that OID must be calculated using the same prepayment assumptions that are used in pricing the original offering of the Class A Notes. No representation is made that the Mortgage Loans will pay on the basis of such prepayment assumption or in accordance with any other prepayment scenario.

With respect to Class A Notes that have a stated maturity of not greater than one year ("**Short Term Obligations**"), US holders that report income for US federal income tax purposes under the accrual method are required to accrue OID on Short Term Obligations on a straight line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding). A US holder who is an individual or other cash method holder is not required to accrue OID on a Short Term Obligation unless such holder elects to do so. If such an election is not made, any gain recognised by such holder on the sale, exchange or maturity of such Short Term Obligation will be ordinary income to the extent of the holder's rateable share of OID accrued on a straight line basis, or upon election under the constant yield method (based on daily compounding), through the date of the sale, exchange or maturity.

As an alternative to the above treatments, US holders may elect to include in gross income all interest with respect to the Class A Notes, including stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortisable bond premium or acquisition premium, using the constant yield method described above.

*Sales, Retirement or Other Taxable Disposition*

In general, a US holder of a Class A Note will have a basis in such note equal to the cost of the Class A Note to such holder, increased by accruals of original issue discount and reduced by any payments thereon other than payments of stated interest. Upon a sale or exchange of the Class A Note, a US holder will generally recognise US source gain or loss equal to the difference between the amount realised (less any accrued but unpaid stated interest, which would be taxable like a payment of interest) and the holder's tax basis in the Class A Note. Such gain or loss will be long term capital gain or loss if the US holder has held the Class A Note for more than one year at the time of disposition. In certain circumstances, US holders that are individuals may be entitled to preferential treatment for net long term capital gains. The ability of US holders to offset capital losses against ordinary income is limited.

*Foreign Currency Gain or Loss with respect to Interest on Class A Foreign Currency Notes*

The following discussion applies to US holders of the Class A Notes that are denominated in a currency other than US Dollars ("**Class A Foreign Currency Notes**").

A US holder that uses the cash method of accounting for US federal income tax purposes and that receives a payment of stated interest on a Class A Foreign Currency Note will be required to include in income the US Dollar value of the payment in the foreign currency (determined by reference to the spot rate in effect on the date such payment is received) regardless of whether the payment is in fact converted to US Dollars at that time, and such US Dollar value will be the US holder's tax basis in the foreign currency amount.

A US holder that uses the accrual method of accounting for US federal income tax purposes, generally will be required to include in income the US Dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to a Class A Foreign Currency Note during the relevant accrual period. The US Dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A US holder will recognise exchange gain or loss (which will be treated as ordinary income or loss) equal to the difference, if any, between the US Dollar value of the payment of foreign currency received (determined on the date such payment is received) and the US Dollar value of interest income that has accrued during such accrual period (as determined above). Such US holder may elect to determine the US Dollar value of the interest by reference to the spot rate in effect on the last day of the interest accrual period (and in the case of a partial accrual period, the spot rate on the last day of the taxable year). If the last day of the interest accrual period is within five business days of the receipt of the payment, the electing US holder may translate interest at the spot rate on the date of the receipt. This election will apply to all debt instruments held by a US holder at the beginning of the first taxable year to which the election applies and to all debt instruments thereafter acquired by the US holder and will be irrevocable without the consent of the IRS.

Any exchange gain or loss resulting from the disposition of the foreign currency amount subsequent to the receipt of such amount by the US holder will be treated as ordinary income or loss. Any exchange gain or loss generally will be treated as US source income or loss for foreign tax credit purposes.

To the extent that a Class A Note is issued with OID, US holders that use the cash method or accrual method of accounting must accrue OID generally in the same manner as an accrual method US holder with respect to stated interest above.

US holders should consult their own tax advisers regarding how to account for payments made or received in foreign currency.

*Foreign Currency Gain or Loss on Sale, Retirement or Other Taxable Disposition of the Class A Foreign Currency Notes*

The following discussion applies to US holders of the Class A Foreign Currency Notes.

Generally, a US Holder will recognise gain or loss based on the difference between the US Dollar value of the amount realised upon the sale, retirement or other taxable disposition of a Class A Foreign Currency Note and the US Holder's US Dollar basis in the Note. The amount realised does not include amounts received with respect to accrued but unpaid stated interest on the Note, which will be taxable like a payment of interest on the Note, as described above. US Holders should consult their own tax advisors with respect

to determining the US Dollar amount realised on the sale, retirement or other taxable disposition of a Class A Foreign Currency Note as well as their US Dollar basis in the Note.

A portion of this gain or loss will be US source ordinary income or loss in an amount equal to the difference between the US Dollar value of the amount of units of foreign currency for which the Note was originally purchased, determined on the date the Note is disposed of (in the case of a sale or other taxable disposition) or such payment is received (in the case of retirement of the Notes), and the US Dollar value of that amount of foreign currency, determined on the date the US holder purchased the Class A Foreign Currency Notes. Any such exchange gain or loss in connection with the sale, retirement or other taxable disposition of a Class A Foreign Currency Note (including for this purpose exchange gain or loss with respect to accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale, retirement or disposition of the Class A Foreign Currency Note (including, with respect to accrued but unpaid interest). Gain or loss in excess of the exchange gain or loss generally will be recognised as US source capital gain or loss, subject to the rules discussed above regarding capital gain or loss.

US holders should consult their tax advisers with respect to the tax consequences of making or receiving payments in a currency different from the currency in which payments with respect to Class A Foreign Currency Notes are made or accrue and with respect to the payment and receipt of amounts in a currency other than US Dollars.

#### *Potential Consequences of a Deemed Exchange*

Under certain circumstances certain terms of the Class A Notes may result in a deemed exchange of "old" Class A Notes for "new" Class A Notes for US federal income tax purposes (including in certain circumstance a substitution of the Issuer by the Note Trustee, a Basic Terms Modification or a Benchmark Rate Modification). As a result of the occurrence of a deemed exchange, a US holder may recognise gain or loss, treated in the manner described above, and "new" Class A Notes deemed received in a deemed exchange may be treated as issued with OID. Prospective US Holders should consult their own tax advisors regarding the application of these rules in their particular circumstances.

#### *Information Reporting and Backup Withholding*

A US holder may be subject to information reporting on amounts received by such US holder from a distribution on, or disposition of, Class A Notes, unless such US holder establishes that it is exempt from these rules. If a US holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding is not an additional tax and the amount of any backup withholding from a payment that is received will be allowed as a credit against a US holder's US federal income tax liability and may entitle such US holder to a refund, provided that the required information is timely furnished to the IRS.

In addition, US holder should consult their tax advisors about any reporting obligations that may apply as a result of the purchase, ownership or disposition of the Class A Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

#### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the Code, commonly known as "FATCA", a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the US to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or a relevant IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Class A Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Class A Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Class A Notes, under US Treasury regulations and IRS guidance, FATCA withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" in the

Federal Register and Class A Notes that are issued on or prior to the date that is six months after the date on which final US Treasury regulations defining the term foreign passthru payment are filed with the Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of substitution of the Issuer). Potential investors should consult their own tax advisors regarding how these rules may apply to any investment in the Class A Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Class A Notes, no person will be required to pay additional amounts to a holder of Class A Notes as a result of the withholding.

## CERTAIN ERISA AND RELATED CONSIDERATIONS

Unless otherwise specified in the applicable Final Terms, the Rule 144A Notes will be eligible for purchase by employee benefit plans and other plans subject to the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and/or the provisions of Section 4975 of the Code and by governmental, church plans or non-US plans that are subject to state, local or other federal law of the US or non-US law that is substantially similar to Title 1 of ERISA or Section 4975 of the Code ("**Similar Law**"), subject to consideration of the issues described in this section. ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under "*Risk factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as so-called Keogh plans and individual retirement accounts (together with ERISA Plans, the "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Any of the Seller, the Issuer, the Arranger, the Dealers, the Servicer or their respective affiliates (the "**Transaction Parties**") may be a party in interest or a disqualified person with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Rule 144A Notes is acquired or held by a Plan with respect to which the Issuer, the Seller, the Servicer, or any other party to such transactions, is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any such Notes and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) PTCE 96-23 (relating to transactions determined by in-house asset managers) and the service provider exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, adequate consideration in connection with the transaction). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Notes. Moreover, a Plan that purchases Notes that are not denominated in Sterling may also be deemed to be purchasing any rights the Plan has to participate in the receipt of payments under a currency Swap Agreement in respect of such Notes (any such participation rights, the "**Currency Swap Rights**"), in which case both the acquisition, holding and disposition of the relevant Notes and corresponding Currency Swap Rights could give rise to a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code. However, the same administrative and statutory prohibited transaction class exemptions that would permit a Plan to acquire, hold and dispose of the Notes should also permit a Plan's acquisition, holding and disposition of the Currency Swap Rights.

In addition, a regulation promulgated by the US Department of Labor at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of EIRSA (the "**Plan Asset Regulation**"), describe what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the

1940 Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in debt form may be considered an "equity interest" if it has "substantial equity features". This could happen, for example, if Plans acquired 25 per cent. or more of the value of any class of equity interests in the Issuer, disregarding equity interests held by (a) persons, other than Plans, that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly, or (b) any "affiliates" (as defined in paragraph (f)(3) of the Plan Asset Regulation) of the foregoing. If the Issuer were deemed under the Plan Asset Regulation to hold assets of a Plan by reason of the Plan's investment in any of the Rule 144A Notes, such assets of the Plan would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and/or Section 4975 of the Code.

Under the Plan Asset Regulation, when a Plan's interest in an entity relates solely to separate property of an entity (such as a Currency Swap Right), such separate property is treated as a separate entity for purposes of the ERISA 25 per cent. calculation. It is possible that a Plan's investment in Notes which are not denominated in Sterling could also be treated as an investment in any Currency Swap Right corresponding to such Notes. This is far from clear. However, even if a Plan were treated as investing in a Currency Swap Right, and somehow if the ERISA 25 per cent. threshold were exceeded with respect to any Currency Swap Rights, their terms are fixed, and each of the Issuer and the Transferor is not exercising any fiduciary discretion with respect to such Currency Swap Rights.

Unless otherwise specified in the applicable Final Terms, each purchaser and subsequent transferee of any Rule 144A Note and any corresponding Currency Swap Rights will be deemed by such purchase or acquisition of any such Note to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such Note and any corresponding Currency Swap Rights (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Note and any corresponding Currency Swap Rights, either that: (a) it is not a Plan, any person or entity whose underlying assets include, or are deemed under the Plan Asset Regulation or otherwise for purposes of Title I of ERISA or Section 4975 of the Code to include, the assets of such Plan by reason of the Plan's investment in the person or entity (each of the foregoing a "**Benefit Plan Investor**"), or a governmental, church or non-US plan which is subject to any Similar Law; or (b) its purchase, holding and disposition of such Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law.

In addition, each purchaser and subsequent transferee of any Rule 144A Note and any corresponding Currency Swap Rights that is a Benefit Plan Investor will be deemed to have represented by its purchase of such Notes and any corresponding Currency Swap Rights that: (a) it directs the Issuer to enter into the Swap Agreement in respect of any Notes which are not denominated in Sterling on its behalf; (b) each of the Issuer and the transferor are not acting as its fiduciaries with respect to any such Swap Agreement; (c) none of the Transaction Parties has provided or will provide any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or who otherwise has discretion or authority over the investment and management of "plan assets" (a "**Plan Fiduciary**"), on which either the Benefit Plan Investor or a Plan Fiduciary has relied in connection with the decision to acquire any interest in such Notes; (d) the Transaction Parties are not acting as a "fiduciary" within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code with respect to the Benefit Plan Investor in connection with the Benefit Plan Investor's acquisition of any interest in such Notes and any corresponding Currency Swap Rights; and (e) the Plan Fiduciary making the decision to acquire any interest in such Notes and any corresponding Currency Swap Rights by or on behalf of such Benefit Plan Investor is exercising its own independent judgment in evaluating the transaction.

Any insurance company proposing to purchase any of the Rule 144A Notes and any corresponding Currency Swap Rights using the assets of its general account should consider the extent to which such investment would be subject to the requirements of ERISA in light of the US Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank* and under any subsequent guidance that may become available relating to that decision. In particular, such an insurance company should consider the retroactive and prospective exemptive relief granted by the US Department of Labor for transactions involving insurance company general accounts in PTCE 95-60, 60 Fed. Reg. 35925 (12 July 1995), the enactment of Section 401(c) of ERISA by the Small Business Job Protection Act of 1996 (including, without limitation, the expiration of any relief granted thereunder) and the regulations thereunder.

Each Plan Fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Rule 144A Notes and any corresponding Currency Swap Rights should determine whether, under the documents and instruments governing the Plan, an investment in the Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment Mortgage Portfolio. This Base Prospectus is not directed to any particular investor, nor does it address the needs of any particular investor. None of the Transaction Parties shall provide any advice or recommendation with respect to the management of any interest held by an investor in the Notes and any corresponding Currency Swap Rights or the advisability of acquiring, holding, disposing or exchanging of any such interest. Any Plan proposing to invest in such Notes and any corresponding Currency Swap Rights (including any governmental plan) should consult with its counsel to confirm, among other things, that such investment will not result in a non-exempt prohibited transaction or a violation of any applicable Similar Law and will satisfy the other requirements of ERISA, the Code or any applicable Similar Law.

The sale of any Notes and any corresponding Currency Swap Rights to a Plan is in no respect a representation by the Transaction Parties that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.



## **US LEGAL INVESTMENT CONSIDERATIONS**

None of the Notes is a "mortgage Related Security" under the US Secondary Mortgage Market Enhancement Act of 1984, as amended.

The appropriate characterisation of the Notes under various legal investment restrictions and, consequently, the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. These uncertainties may adversely affect the liquidity of, and the creation of any secondary market for, the Notes. Accordingly, investors should consult their own legal advisors in determining whether and the extent to which the Notes constitute legal investments or are subject to investment, capital or other restrictions.

## **ENFORCEMENT OF FOREIGN JUDGMENTS IN ENGLAND AND WALES**

The Issuer is a UK public company incorporated with limited liability in England and Wales.

Any final and conclusive judgment of any New York State or US Federal Court sitting in the Borough of Manhattan in the City of New York having jurisdiction recognised by England or Wales in respect of an obligation of the Issuer in respect of the Notes for a fixed sum of money and which has not been stayed or satisfied in full, would be enforceable by action against the Issuer in the courts of England and Wales without a re-examination of the merits of the issues determined by the proceedings in the New York State or US Federal Court.

This will be the case unless the following occurs:

- the proceedings in the New York State or the US Federal Court in which the judgment was obtained were contrary to the principles of natural or substantive justice;
- enforcement of the judgment is contrary to the public policy of England or Wales;
- the judgment was obtained by fraud or duress or was based on a clear mistake of fact;
- the judgment is of a public nature (for example, a penal or revenue judgment);
- there has been a prior judgment in another court concerning the same issues between the same parties as are dealt with in the judgment of the New York State or the US Federal Court;
- the enforcement would contravene section 5 of the Protection of Trading Interests Act 1980; or
- the enforcement proceedings are not instituted within six years after the date of the judgment.

The Issuer expressly submits to the non-exclusive jurisdiction of the courts of England for the purpose of any suit, action or proceedings arising out of this offering. A judgment by a court may be given in some cases only in Sterling.

All of the directors of the Issuer reside outside the US. Substantially all of the assets of all or many of such persons are located outside the US. As a result, it may not be possible for the Noteholders to effect service of process within the US upon such persons with respect to matters arising under the federal securities laws of the US or to enforce against them judgments obtained in US courts predicated upon the civil liability provisions of such laws.

The Issuer has been advised by Clifford Chance, English counsel to the Seller, that there is doubt as to the enforceability in England and Wales, in original actions or in actions for enforcement of judgments of US courts, of civil liabilities predicated upon the Federal securities laws of the US based on the restrictions referred to above.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealer(s) have, in the Programme Agreement agreed with the Issuer a basis upon which such Dealer(s) or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under "*Terms and Conditions of the Notes*" above. The Issuer may pay the Dealer(s) commission from time to time in connection with the sale of any Notes. The Dealer(s) are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Notes under the Programme Agreement in certain circumstances prior to payment to the Issuer.

One or more Dealer(s) may purchase Notes from the Issuer, as principal, from time to time for resale to investors and other purchasers at a fixed offering price or in individually negotiated transactions at negotiated prices which may vary among different purchasers and may be greater than the initial issue price of the relevant Notes.

A Dealer may sell Notes it has purchased from the Issuer as principal to certain other dealers less a concession equal to all or any portion of the discount received in connection with such purchase. The Dealer may allow, and such dealers may re-allow, a discount to certain other dealers. After the initial offering of Notes, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and the reallowance may be changed.

The Issuer may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Notes in whole or in part.

In connection with the issue of any Series and Class of Notes, the Dealer(s) (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager) in the applicable Final Terms may over-allot such Notes (**provided that**, in the case of any Series or Class of Notes to be admitted to trading on the regulated market of the London Stock Exchange or any other regulated market (within the meaning of MiFID II) in the EEA, the aggregate principal amount of a Series or Class of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Series and Class of Notes) or effect transactions with a view to supporting the market price of that Series and Class of Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilising manager(s) (or persons acting on behalf of a stabilising manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series and Class of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series and Class of Notes and 60 days after the date of the allotment of the relevant Series and Class of Notes. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or person acting on behalf of any stabilising manager(s)) in accordance with all applicable laws and rules.

These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Notes. If the Dealer creates or the Dealers create, as the case may be, a short position in the Notes, that is, if it sells or they sell Notes in an aggregate principal amount exceeding that set forth in the applicable Final Terms, such Dealer(s) may reduce that short position by purchasing Notes in the open market. In general, purchase of Notes for the purpose of stabilisation or to reduce a short position could cause the price of the Notes to be higher than it might be in the absence of such purchases.

Neither the Issuer nor any of the Dealer(s) makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of Notes. In addition, neither the Issuer nor any of the Dealer(s) makes any representation that the Dealer(s) will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

Under the Programme Agreement, the Issuer has agreed to indemnify the Dealer(s) against certain liabilities (including liabilities under the Securities Act) or to contribute to payments the Dealer(s) may be required to make in respect thereof in connection with the establishment and any future updates of the Programme and the issue of Notes under the Programme. The Issuer has also agreed to reimburse the Dealer(s) for certain other expenses in connection with the establishment and any future updates of the Programme and the issue of Notes under the Programme.

The Dealer(s) may, from time to time, purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealer(s) may make a market in the Notes.

The Dealers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer and the Dealers have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. Certain of the Dealers and their respective affiliates have, directly or indirectly, performed investment and commercial banking or financial advisory services for the Issuer for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they also expected to receive customary fees and commissions.

### **Transfer Restrictions**

As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Notes or person wishing to transfer an interest from one Global Note Certificate to another or from global to definitive form or *vice versa*, will be deemed to or will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either:
  - (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware and each beneficial owner of such Notes has been advised, that any sale to it is being made in reliance on Rule 144A; or
  - (b) it is outside the US and is not a US person and it is not purchasing (or holding) the Notes for the account or benefit of a US person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the US within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any applicable US state securities laws and may not be offered or sold within the US or to, or for the account or benefit of, US persons except as set forth in this section;
- (iii) it agrees that the Issuer has no obligation to register the Notes under the Securities Act;
- (iv) that, unless it holds an interest in a Regulation S Note, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Closing Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the US to a person whom the Seller reasonably believes is a QIB purchasing the Notes for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the US in compliance with Rule 903 or Rule 904 under the Securities Act or (e) pursuant to an effective US Registration Statement, in each case in accordance with all applicable US state securities laws;
- (v) unless otherwise specified in the applicable Final Terms, with respect to any Rule 144A Note and any corresponding Currency Swap Rights, on each day from the date on which it acquires such Note through and including the date on which it disposes of such Note, either that:
  - (a) it is not a Benefit Plan Investor or a governmental, church or non-US plan which is subject to any Similar Law; or
  - (b) its purchase, holding and disposition of such Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law;

- (vi) if it is a purchaser or subsequent transferee of any Rule 144A Note and any corresponding Currency Swap Rights and a Benefit Plan Investor, that:
- (a) it directs the Issuer to enter into the Swap Agreement in respect of any Notes which are not denominated in Sterling on its behalf;
  - (b) each of the Issuer and the transferor are not acting as its fiduciaries with respect to any such Swap Agreement;
  - (c) none of the Transaction Parties has provided or will provide any investment recommendation or investment advice to the Benefit Plan Investor, or any Plan Fiduciary, on which either the Benefit Plan Investor or a Plan Fiduciary has relied in connection with the decision to acquire any interest in such Notes;
  - (d) the Transaction Parties are not acting as a "fiduciary" within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code with respect to the Benefit Plan Investor in connection with the Benefit Plan Investor's acquisition of any interest in such Notes and any corresponding Currency Swap Rights; and
  - (e) the Plan Fiduciary making the decision to acquire any interest in such Notes and any corresponding Currency Swap Rights by or on behalf of such Benefit Plan Investor is exercising its own independent judgment in evaluating the transaction;
- (vii) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the transfer and resale restrictions referred to in paragraph (iv) above, if then applicable;
- (viii) that Notes initially offered in the US to QIBs will be represented by one or more Rule 144A Global Note Certificates, and that Notes initially offered outside the US in reliance on Regulation S will be represented by one or more Regulation S Global Note Certificates;
- (ix) that the Notes represented by a Rule 144A Global Note Certificate and Definitive Rule 144A Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR ARE EXPECTED TO BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE US OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

BY PURCHASING OR OTHERWISE ACQUIRING A BENEFICIAL INTEREST IN THIS GLOBAL NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT (I)(A) IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) WILL HOLD AT LEAST THE MINIMUM DENOMINATION OF \$100,000 (OR ITS EQUIVALENT IN ANOTHER CURRENCY), (C) WILL PROVIDE NOTICE OF APPLICABLE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, (D) IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHOM MEETS ALL THE PRECEDING REQUIREMENTS AND (E) AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN TO ANY PERSON EXCEPT TO A PERSON THAT MEETS ALL THE PRECEDING REQUIREMENTS AND AGREES NOT TO SUBSEQUENTLY TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN ACCORDANCE WITH THIS CLAUSE (E) OR (II) IS NOT A US PERSON AND IS ACQUIRING THE NOTES IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S. IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (II), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN THE

REGULATION S GLOBAL NOTE CERTIFICATES (AS DEFINED IN THE TRUST DEED) AND (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE TRUST DEED AND IS AVAILABLE FROM THE REGISTRAR).

UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS OR DRAWDOWN PROSPECTUS, EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF ANY RULE 144A NOTE AND ANY CORRESPONDING RIGHTS THE BENEFIT PLAN INVESTOR HAS TO PARTICIPATE IN THE RECEIPT OF PAYMENTS UNDER A CURRENCY SWAP AGREEMENT IN RESPECT OF NOTES THAT ARE NOT DENOMINATED IN STERLING (ANY SUCH PARTICIPATION RIGHTS, THE "**CURRENCY SWAP RIGHTS**") WILL BE DEEMED BY SUCH PURCHASER OR ACQUISITION OF ANY SUCH NOTE TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES SUCH NOTE AND ANY CORRESPONDING CURRENCY SWAP RIGHTS (OR ANY INTEREST THEREIN) THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER OR TRANSFEREE DISPOSES OF SUCH NOTE AND ANY CURRENCY SWAP RIGHTS, EITHER THAT: (I) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED UNDER THE US DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE, THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF THE EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (EACH OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"), OR A GOVERNMENTAL, CHURCH OR NON-US PLAN WHICH IS SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"); OR (II) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW.

IN ADDITION, EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF ANY RULE 144A NOTE AND ANY CORRESPONDING CURRENCY SWAP RIGHTS THAT IS A BENEFIT PLAN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF SUCH NOTES AND ANY CORRESPONDING CURRENCY SWAP RIGHTS THAT: (I) IT DIRECTS THE ISSUER TO ENTER INTO THE SWAP AGREEMENT IN RESPECT OF ANY NOTES WHICH ARE NOT DENOMINATED IN STERLING ON ITS BEHALF; (II) EACH OF THE ISSUER AND THE TRANSFEROR ARE NOT ACTING AS ITS FIDUCIARIES WITH RESPECT TO ANY SUCH SWAP AGREEMENT; (III) NONE OF THE SELLER, THE ISSUER, THE ARRANGER, THE DEALERS, THE SERVICER OR THEIR RESPECTIVE AFFILIATES (THE "**TRANSACTION PARTIES**") HAS PROVIDED OR WILL PROVIDE ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR OR WHO OTHERWISE HAS DISCRETION OR AUTHORITY OVER THE INVESTMENT AND MANAGEMENT OF "PLAN ASSETS" (A "**PLAN FIDUCIARY**"), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR A PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO ACQUIRE ANY INTEREST IN SUCH NOTES; (IV) THE TRANSACTION PARTIES ARE NOT ACTING AS A "FIDUCIARY" WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE WITH RESPECT TO THE BENEFIT PLAN INVESTOR IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF ANY INTEREST IN SUCH NOTES AND ANY CORRESPONDING CURRENCY SWAP RIGHTS; AND (V) THE PLAN FIDUCIARY MAKING THE DECISION TO ACQUIRE ANY INTEREST IN SUCH NOTES AND ANY CORRESPONDING CURRENCY SWAP RIGHTS BY OR ON BEHALF OF SUCH BENEFIT PLAN INVESTOR IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION";

- (x) if it is outside the US and is not a US person, that if it should resell or otherwise transfer the Notes prior to the expiration of the Distribution Compliance Period, it will do so only (a)(i) outside the US in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable US State securities laws; and it acknowledges that the Notes represented by a Regulation S Global Note Certificate and Definitive Regulation S Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE US OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

BY PURCHASING OR OTHERWISE ACQUIRING ANY BENEFICIAL INTEREST IN THIS GLOBAL NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE AGREED FOR THE BENEFIT OF THE ISSUER THAT IF IT SHOULD DECIDE TO DISPOSE OF ITS BENEFICIAL INTERESTS REPRESENTED BY THIS GLOBAL NOTE, SUCH INTERESTS MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE LAWS OF ANY STATE OF THE US. ACCORDINGLY, ANY TRANSFER OF THE NOTES PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD MAY ONLY BE MADE: (A) TO A NON-US PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO OR FOR THE ACCOUNT OR BENEFIT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT). IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (B), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED BE REPRESENTED BY AN INTEREST IN THE RULE 144A GLOBAL NOTE CERTIFICATES (AS DEFINED IN THE TRUST DEED) AND (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE TRUST DEED AND IS AVAILABLE FROM THE REGISTRAR).

BY ITS ACQUISITION AND HOLDING OF ANY REG S NOTE, EACH HOLDER OF THIS NOTE WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT: (I) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED UNDER THE US DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE, THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF THE EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (EACH OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR A GOVERNMENTAL, CHURCH OR NON-US PLAN WHICH IS SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"); OR (II) IF IT IS A GOVERNMENTAL, CHURCH OR NON-US PLAN WHICH IS SUBJECT TO ANY SIMILAR LAW, THE PURCHASE AND HOLDING OF SUCH REG S NOTE, AS APPLICABLE, DOES NOT AND WILL NOT VIOLATE ANY SUCH SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF ANY NOTE OR INTEREST THEREIN THAT DOES NOT COMPLY WITH THE FOREGOING WILL BE NULL AND VOID *AB INITIO*.";

- (xi) if the Seller intends to rely upon the Section 20 Exemption in respect of the related Series of Notes (as specified in the related Final Terms), and if the purchaser purchased the Notes during the initial syndication of the Notes, it (a) either (1) is not a Risk Retention US Person or (2) has obtained a

written consent from the Seller, (b) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (c) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the US Credit Risk Retention Requirements (including acquiring such Note through a non-Risk Retention US Person, rather than a Risk Retention US Person, as part of a scheme to evade the 10 per cent. Risk Retention US Person limitation in the exemption provided for in Section 20 of the US Risk Retention Requirements);

- (xii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it will promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Rule 144A Notes in the US to any one purchaser will be for less than US\$200,000 (or the approximate equivalent in another Specified Currency) principal amount and no Rule 144A Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least US\$200,000 (or the approximate equivalent in another Specified Currency) principal amount of Notes.

Relevant Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the relevant Dealer(s) may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is US\$200,000 (or the approximate equivalent in another Specified Currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

### **Selling Restrictions**

#### *US*

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the US or other relevant jurisdictions and Notes may not be offered, sold, resold or delivered directly or indirectly within the US or to, or for the account or benefit of, US persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act and any applicable local, State or Federal securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In connection with any Regulation S Note, each Dealer has represented and agreed that it will not offer, sell or deliver any such Regulations S Note within the US or to, or for the account or benefit of, US persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Class of Notes of which such Notes are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Dealer, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Note during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of such Regulation S Note within the US or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the completion of the offering of a Class of Notes, an offer or sale of any Regulation S Note within the US by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Programme Agreement provides that selected relevant Dealer(s), through their selling agents which are registered broker-dealers in the US, may resell Notes in the US to QIBs pursuant to Rule 144A and each



such purchaser of Notes is hereby notified that the relevant Dealer(s) may be relying on the exemption from the Securities Act provided by Rule 144A.

With respect to any Series of Notes in respect of which the Seller intends to rely upon the Section 20 Exemption (as specified in the applicable Final Terms), except with the prior written consent of the Seller and where such sale falls with the Section 20 Exemption, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any Risk Retention US Person. Purchasers of such Notes, including beneficial interests therein, on the related Closing Date will be deemed and in certain circumstances will be required to have made, certain acknowledgements, representations and agreements, including that it (a) is not a Risk Retention US Person (unless it has obtained the prior written consent of the Seller), (b) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (c) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the US Risk Retention Requirements. Certain investors may be required to provide written certification to the Sellers in respect of their status as a Risk Retention US Person. In any event, no more than 10 per cent. of the dollar value (or equivalent in pound sterling) of all Classes of Notes in the related Series may be sold or transferred to, or for the account or benefit of, Risk Retention US Persons.

*Prohibition of Sales to EEA and UK Retail Investors*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

*Selling restrictions addressing additional UK securities laws*

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer or the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

*General*

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus, any drawdown prospectus or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer,

the Issuer, the Note Trustee, the Security Trustee nor any of the other Dealers will have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Notes or distribute or publish any form of application, base prospectus/ prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes by them will be made on the same terms.

None of the Issuer, the Seller, the Note Trustee, the Security Trustee or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series of Notes, the relevant Dealer(s) will be required to comply with such other additional or modified restrictions (if any) as the Issuer and the relevant Dealer(s) will agree as a term of issue and purchase as indicated in the applicable Final Terms.

Each Dealer will, unless prohibited by applicable law, furnish to each person to whom they offer or sell Notes a copy of the Base Prospectus as then amended or supplemented or, unless delivery of the Base Prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The Dealers are not authorised to give any information or to make any representation not contained in the Base Prospectus in connection with the offer and sale of Notes to which the Base Prospectus relates.

This Base Prospectus may be used by the Dealers for offers and sales related to market-making transactions in the Notes. Any or each of the Dealers may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. None of the Dealers has any obligation to make a market in the Notes, and any market-making may be discontinued at any time without notice. The Dealers are participating in the initial distribution of the Notes.

## GENERAL INFORMATION

### Authorisation

The issue of each Series of Notes from time to time has been authorised by resolution of the board of directors of the Issuer passed on 2 November 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Clearing and settlement

The Rule 144A Notes denominated in US Dollars are expected to be accepted for clearance through DTC. The Rule 144A Notes denominated a currency other than US Dollars and the Regulation S Notes (other than the Class Z VFNs) are expected to be accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate CUSIP numbers, Common Codes, International Securities Identification Numbers ("ISINs") Financial Instrument Short Name ("FISN") and Classification of Financial Instruments ("CFI") code (as applicable) for each Series and Class of Notes will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Transactions in respect of the Rule 144A Notes accepted for clearance through DTC will normally be effected for settlement in US Dollars and for delivery on the third working day after the date of the transaction. Prior to listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.

### Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Issuer is aware) during the 12 months preceding the date of this Base Prospectus, which may have or have had in the recent past, a significant effect on the financial position or profitability of the Issuer.

### Accounts

The Issuer was incorporated on 1 August 2019 and accordingly has not yet prepared statutory accounts within the meaning of the Companies Act 2006 (as amended). So long as Notes issued under the Programme are listed on the Official List and are traded on the regulated market of the London Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Principal Paying Agent in London. The Issuer will not publish interim accounts.

Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

### Significant or material change

Since the date of its incorporation, there has been no material adverse change in the financial position or prospects and no significant change in the financial or trading position of Holdings or the Issuer.

### Further information available to Noteholders

From the date of this Base Prospectus and for so long as any Series and Class of Notes issued by the Issuer may be admitted to the Official List, copies of the following documents may, when published, be inspected at the registered office of the Issuer and from the specified office of the Principal Paying Agent during usual business hours, on any weekday (public holidays excepted):

- (A) the Memorandum and Articles of Association of each of the Issuer and Holdings;
- (B) a copy of the Base Prospectus;

- (C) any future prospectuses, prospectus supplements, information memoranda and supplements (as applicable) to the Base Prospectus (including the Final Terms) and any other documents incorporated therein or therein by reference;
- (D) all other reports, letters, statements prepared by an expert and included in the Base Prospectus;
- (E) each of the following documents:
- each Programme Issuance Document (other than each Subscription Agreement);
  - the Programme Agreement;
  - the Mortgage Sale Agreement (including the form of Scottish Declaration of Trust annexed thereto);
  - the Deed of Charge and each deed of accession to the Deed of Charge (including the form of Scottish Supplemental Charge annexed thereto);
  - the Interest Rate Swap Agreement;
  - each Currency Swap Agreement;
  - the Trust Deed;
  - the Agency Agreement;
  - the Servicing Agreement;
  - the Cash Management Agreement;
  - the Account Bank Agreements;
  - the Incorporated Terms Memorandum;
  - each Remarketing Agreement;
  - each Conditional Note Purchase Agreement;
  - the Corporate Services Agreement; and
  - any other deeds of accession or supplemental deeds relating to any such documents or deeds of amendment.

Under the terms of the Programme Documents, the Programme has been structured so that the income and/or repayments in respect of the securitised assets backing the issue of Notes by the Issuer will have the characteristics that demonstrate capacity to produce funds to service, on a timely basis, any payments due and payable on the Notes.

This Base Prospectus and the Final Terms will be made available in electronic form on the website of the regulated market of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

#### **Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 635400QXR6GVFIQOQN30.

#### **Validity of prospectus and prospectus supplements**

For the avoidance of doubt, the Issuer will have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

## GLOSSARY

Set forth below in this glossary are the definitions of certain defined terms used in this Base Prospectus.

"€STR"	The euro short-term rate.
"Acceding Creditor"	Any person identified as such in any Deed of Accession executed pursuant to the Deed of Charge by such person and the other parties thereto.
"Account Bank Agreements"	The First Account Bank Agreement and the Second Account Bank Agreement and any other account bank agreement entered into by the Issuer in respect of any Issuer Accounts.
"Account Bank Required Ratings"	The meaning given to it on page 175.
"Account Banks"	The First Account Bank and the Second Account Bank.
"Accrued Interest"	In respect of a Mortgage Loan as at any date (the " <b>relevant date</b> "), the aggregate of all interest accrued but not yet due and payable on that Mortgage Loan from (and including) the Monthly Payment Date immediately preceding the relevant date to (but excluding) the relevant date.
"Actual Ratings Confirmation"	Written confirmation from each Relevant Rating Agency that the relevant amendment, action, determination or appointment will not result in the reduction, qualification, suspension or withdrawal of the then current ratings assigned to any outstanding notes rated by that Rating Agency, <b>provided however that</b> it is understood that the Rating Agencies will be under no obligation to provide an Actual Ratings Confirmation.
"Actual Subordination Amount"	At any time, the amount, expressed as a percentage, equal to: <ul style="list-style-type: none"><li>(a) the Principal Amount Outstanding of the Class Z(S) VFN less the amount then recorded as a debit on the Class Z(S) Principal Deficiency Sub-Ledger; divided by</li><li>(b) the aggregate Sterling Equivalent Principal Amount Outstanding of the Class A Notes and the Class Z(S) VFN.</li></ul>
"Additional Business Centre"	In respect of any Series and Class of Notes, each place specified as such for such Notes in the applicable Final Terms.
"Additional Mortgage Loan"	Mortgage Loans, other than the Initial Mortgage Loans, which the Seller may sell and assign or (as applicable) transfer, from time to time, to the Issuer after the First Closing Date pursuant to the Mortgage Sale Agreement.
"Additional Mortgage Portfolio"	In each case the portfolio of Additional Mortgage Loans and their Related Security (other than any Additional Mortgage Loans and their Related Security which have been redeemed in full prior to the relevant Assignment Date or which do not otherwise comply with the terms of the Mortgage Sale Agreement as at the relevant Assignment Date), particulars of which are set out in the relevant Additional Mortgage Portfolio Sale Notice or in a document stored upon electronic media (including, but not limited to, a CD-ROM), and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) of the definition of " <b>Initial Mortgage Portfolio</b> " below.
"Additional Mortgage Portfolio Sale Notice"	A notice substantially in the form scheduled to the Mortgage Sale Agreement.

<b>"Additional Rating Agency"</b>	Any additional rating agency appointed by the Issuer in accordance with Condition 11.7(a)(xiii) to rate any Series and Class of Notes.
<b>"Affected Investor"</b>	means each of EU-regulated credit institutions, EU-regulated investment firms, certain alternative investment fund managers, EU-regulated insurers or reinsurers, certain investment companies authorized in accordance with Directive 2009/65/EC, managing companies as defined in Directive 2009/65/EC, institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and certain investment managers and authorised entities appointed by such institutions subject thereto.
<b>"Agency Agreement"</b>	The agency agreement entered into on the Programme Date as amended, restated, supplemented or otherwise modified or replaced and in effect from time to time among the Issuer, the Note Trustee, the Security Trustee, the Paying Agents, the Exchange and Transfer Agent, the Registrar and the Agent Bank.
<b>"Agent Bank"</b>	Citibank, N.A., London Branch, in its capacity as the Agent Bank at its Specified Office initially appointed pursuant to the Agency Agreement, or such other person for the time being acting as Agent Bank under the Agency Agreement.
<b>"Agents"</b>	The Principal Paying Agent, the Registrar, the Exchange and Transfer Agent, the US Paying Agent and the Agent Bank initially appointed pursuant to the Agency Agreement or, if applicable, any successor agents.
<b>"Alternative Benchmark Rate"</b>	The meaning given to it in Condition 11.7(b)(i) on page 231.
<b>"Anticipated Cash Accumulation Period"</b>	The meaning given to it on page 160.
<b>"Applicable Law"</b>	(a) All applicable laws, rules, regulations, ordinances, directives, treaties and statutes, authorisations, permits, licences, notices, instructions and decrees of any relevant regulatory authority or any judgment or judicial practice of any court and any other legally binding requirement of any regulatory authority or government authority having jurisdiction with respect to a Transaction Party; and  (b) in the context of the Mortgage Portfolio, any guidance and principles set out in the MCOB, only to the extent such guidance or principles do not conflict with any of the matters referred to in paragraph (a) above.
<b>"Appointee"</b>	Any custodian, agent, delegate, nominee, attorney or manager or any other person appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge.
<b>"Arranger"</b>	Barclays Bank PLC, acting through its investment bank or its affiliates, in its capacity as arranger under the Programme Agreement.
<b>"Arrears of Interest"</b>	In respect of a Mortgage Loan as at any date, interest (other than Capitalised Interest or Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date.
<b>"Asset Trigger Event"</b>	The meaning given to it on page 163.
<b>"Assignment Date"</b>	The date of assignment or transfer of the Initial Mortgage Portfolio and each date of assignment or transfer of any Additional Mortgage Portfolio to the Issuer in accordance with the Mortgage Sale Agreement.

**"Authorised Investments"**

- (a) Sterling gilt edged investments and Sterling demand or time deposits, certificates of deposit and short-term debt obligations (which may include deposits in any account which earns a rate of interest related to SONIA but which may not, for the avoidance of doubt, consist, in whole or in part, actually or potentially, of tranches of other asset-backed securities, credit-linked notes, swaps or other derivatives instruments or synthetic securities) with a maturity date prior to the next Payment Date where the issuing or guaranteeing entity or the entity with which the investments are made, at a minimum, satisfies the rating criteria of the Relevant Rating Agencies set out in the table below (or such other lower short-term or long-term rating by the relevant Rating Agency which would not affect the then current rating of the Class A Notes):

Short Term			Long Term (if available)		
S&P	Fitch	Moody's	S&P	Fitch	Moody's
A-1	F1+	P-1	AA-	AA-	Aa3

- (b) such other arrangements as are otherwise notified to the Rating Agencies where there is no reduction, qualification or withdrawal by any rating agency of then current ratings of the Class A Notes as a consequence thereof.

**"Automatic Remarketing Termination Event"**

For a Series and Class of Money Market Notes, and subject to the terms of the applicable Remarketing Agreement, (a) the occurrence of an Event of Default which has not been remedied or waived, (b) the purchase by the applicable Conditional Note Purchaser of all such Notes which are outstanding and the delivery by the applicable Remarketing Agent or the Tender Agent of a notice to that effect to the Issuer and the Principal Paying Agent, or (c) the redemption in full of such Notes.

**"Available Funds"**

Available Principal Receipts and Available Revenue Receipts.

**"Available Further Advance Principal Amount"**

In respect of a Calculation Date, the amount of Available Principal Receipts available to be applied by the Issuer on the immediately succeeding Payment Date in accordance with item (vi)(b) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments.

**"Available Principal Receipts"**

In respect of a Payment Date, an amount, calculated by the Cash Manager on the Calculation Date immediately preceding such Payment Date, equal to the sum of:

- (a) Principal Receipts received in respect of the Mortgage Loans in the Mortgage Portfolio in respect of the immediately preceding Calculation Period which have been credited to the Principal Ledger by the Cash Manager;
- (b) for any Series of Bullet Redemption Notes in respect of which the Bullet Redemption Date will occur on such Payment Date, the amount standing to the credit of the Cash Accumulation Ledger in respect of such Series;
- (c) all other principal amounts standing to the credit of the Principal Ledger on the Transaction Accounts including any Available Principal Receipts previously credited to the Principal Ledger on a Payment Date in accordance with the applicable Pre-Enforcement Principal Priority of Payments;

- (d) for as long as a Trigger Event is continuing or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding:
  - (i) all amounts applied as Available Principal Receipts pursuant to item (viii) of the Pre-Enforcement Revenue Priority of Payments; and
  - (ii) all amounts standing to the credit of the Cash Accumulation Ledger;
- (e) amounts in respect of principal to be received from any Currency Swap Counterparty under a Currency Swap Agreement (excluding Swap Collateral standing to the credit of the Swap Collateral Accounts);
- (f) all amounts credited to the Principal Deficiency Sub-Ledgers pursuant to items (vi) and (x) of the Pre-Enforcement Revenue Priority of Payments;
- (g) the amount required to be withdrawn from the General Reserve Fund to make up any Principal Shortfall (as described under "*Credit Structure and Cashflows – General Credit Structure – General Reserve Fund*");
- (h) amounts standing to the credit of the Principal Reserve Fund (as described under "*Credit Structure and Cashflows – General Credit Structure – Principal Reserve Fund*");
- (i) any amounts of a principal nature received from the Seller in respect of any Redress Payments in respect of any Mortgage Loans in the Mortgage Portfolio;
- (j) the proceeds of any further drawdown under the Class Z(S) VFN to be applied as Available Principal Receipts for the purposes of ensuring that the Actual Subordination Amount is equal to the Required Subordination Amount;
- (k) on each Note Payment Date in respect of the Class A Notes of each Series that are not Monthly Notes, any amounts standing to the credit of the Principal Provision Fund in respect of such Notes; and
- (l) on each Note Payment Date in respect of the Class Z VFNs of each Series that are not Monthly Notes, any amounts standing to the credit of the Subordinated Principal Provision Fund in respect of such Notes,

less any Principal Receipts applied in respect of any Remaining Revenue Shortfall on such Payment Date.

**"Available Revenue Receipts"**

In respect of a Payment Date, an amount, calculated by the Cash Manager on the Calculation Date immediately preceding such Payment Date, equal to the sum of:

- (a) Revenue Receipts received by the Issuer on the Mortgage Loans in the Mortgage Portfolio for the immediately preceding Calculation Period;
- (b) interest payable to the Issuer on the Transaction Accounts and all income from Authorised Investments, which will be received on or prior to the relevant Payment Date;
- (c) amounts to be received from the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement (other than Swap Collateral



Excluded Amounts), any Swap Termination Payments (other than such Swap Termination Payments applied or to be applied by the Issuer in the purchase of one or more replacement Interest Rate Swap) recovered by the Issuer under the Interest Rate Swap Agreement and any Swap Replacement Premium (other than such Swap Replacement Premium applied or to be applied by the Issuer in making any Swap Termination Payment due from it to the Interest Rate Swap Counterparty);

- (d) amounts in respect of interest to be received from any Currency Swap Counterparty under a Currency Swap Agreement (other than Swap Collateral Excluded Amounts), any Swap Termination Payments (other than such Swap Termination Payments applied or to be applied by the Issuer in the purchase of one or more replacement Currency Swap) recovered by the Issuer under a Currency Swap Agreement and any Swap Replacement Premium (other than such Swap Replacement Premium applied or to be applied by the Issuer in making any Swap Termination Payment due from it to the relevant Currency Swap Counterparty);
- (e) the amount required to be withdrawn from the General Reserve Fund to make up any Revenue Shortfall (as described under "*Credit Structure and Cashflows – General Credit Structure – General Reserve Fund*");
- (f) any Principal Receipts applied to make up any Remaining Revenue Shortfall;
- (g) any amounts credited to the Revenue Ledger by the Cash Manager from any Swap Excess Reserve Account (as described under "*Credit Structure and Cashflows – General Credit Structure – Principal Payments in respect of Non-Sterling Notes*");
- (h) any amounts of a revenue nature received from the Seller in respect of any Redress Payments in respect of any Mortgage Loans in the Mortgage Portfolio;
- (i) on each Note Payment Date in respect of the Class A Notes of each Series that are not Monthly Notes, any amounts standing to the credit of the Interest Provision Fund in respect of such Notes;
- (j) on each Note Payment Date in respect of the Class Z VFNs of each Series that are not Monthly Notes, any amounts standing to the credit of the Subordinated Interest Provision Fund in respect of such Notes;
- (k) the proceeds of any further drawdowns under the Class Z(R) VFN which may be applied by the Issuer for the purposes of reducing any debit entries on any Principal Deficiency Sub-Ledger; and
- (l) any other income received by the Issuer during the immediately preceding Calculation Period other than Available Principal Receipts.

**"Barclays Bank UK Regulatory Sub-Group"**

Barclays Bank UK PLC and any subsidiary undertakings and/or other entities which are incorporated in Barclays Bank UK PLC's calculations of its sub-consolidated capital requirements in accordance with the Capital Regulations.

**"Barclays Bank UK Solus"**

Barclays Bank UK PLC, in its capacity as an 'institution', regulated by the PRA on an individual basis pursuant to the Capital Regulations.

**"Barclays Group"**

Barclays PLC and its subsidiaries from time to time.

<b>"Barclays Standard Variable Rate"</b>	The variable rate set by Barclays Bank UK PLC for Barclays Bank UK PLC or Woolwich branded residential mortgages and/or the standard variable rate applicable to Mortgage Loans within the Mortgage Portfolio, as applicable.
<b>"Base Prospectus"</b>	The base prospectus of the Issuer from time to time, the first being the base prospectus dated 10 November 2020.
<b>"Basic Terms Modification"</b>	<p>In respect of any Series and Class of Notes, any modification, other than a Benchmark Rate Modification or a Swap Rate Modification, which would have the effect of:</p> <ul style="list-style-type: none"><li>(a) reducing or cancelling of the amount payable or, where applicable, modifying, except where such modification is, in the opinion of the Note Trustee, bound to result in an increase, the method of calculating the amount payable or modifying the date of payment or, where applicable, altering the method of calculating the date of payment in respect of any principal or interest in respect of such Notes;</li><li>(b) altering the currency in which payments under such notes are to be made;</li><li>(c) altering the quorum or majority required to pass an Extraordinary Resolution;</li><li>(d) changing what constitutes a Basic Terms Modification; or</li><li>(e) altering the priority in which payments are made to the Noteholders of such Notes pursuant to any Priority of Payments.</li></ul>
<b>"BB UK PLC Group"</b>	Barclays Bank UK PLC and its subsidiary undertakings.
<b>"Benchmark Rate Disruption"</b>	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"><li>(a) a material disruption to EURIBOR, SONIA, €STR or SOFR or any other relevant interest rate benchmark, an adverse change in the methodology of calculating such interest rate benchmark, such interest rate benchmark ceasing to exist or be published or the administrator of such interest rate benchmark having used a fallback methodology for calculating such interest rate benchmark for a period of at least 30 calendar days;</li><li>(b) the insolvency or cessation of business of the administrator of EURIBOR, SONIA, €STR or SOFR or any other relevant interest rate benchmark (in circumstances where no successor administrator has been appointed);</li><li>(c) a public statement by the administrator of EURIBOR, SONIA, €STR or SOFR or any other relevant interest rate benchmark that it has or will cease publishing the relevant interest rate benchmark permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such interest rate benchmark) or has changed or will change such interest rate benchmark in an adverse manner;</li><li>(d) a public statement by the supervisor of the administrator of EURIBOR, SONIA, €STR or SOFR or any other relevant interest rate benchmark that the relevant interest rate benchmark has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;</li><li>(e) a public statement by the supervisor of the administrator of EURIBOR, SONIA, €STR or SOFR or any other relevant interest rate</li></ul>

benchmark that means the relevant interest rate benchmark may no longer be used or that its use is or will be subject to restrictions or adverse consequences;

- (f) it having become unlawful and/or impossible and/or impracticable for any Paying Agent, Calculation Agent, the Issuer or the Cash Manager to calculate any payments due to be made to any Noteholder using EURIBOR, SONIA, €STR or SOFR or any other relevant interest rate benchmark;
- (g) where the base rate that applies in respect of the Floating Rate Notes is Compounded Daily SONIA, an alternative manner of calculating a SONIA-based base rate is introduced and becomes a standard means of calculating interest for similar transactions;
- (h) following the implementation of a Benchmark Rate Modification, it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from the Alternative Benchmark Rate which had already been adopted by the Issuer in respect of any Series or Class of Notes pursuant to a Benchmark Rate Modification; or
- (i) it being the reasonable expectation of the Issuer that any of the events specified in paragraphs (a) to (h) above will occur or exist within six months of the proposed effective date of a Benchmark Rate Modification, subject to certification by the Issuer that such is its reasonable expectation.

**"Benchmark Rate Eligibility Requirement"**

Each of the following:

- (a) a benchmark rate published, endorsed, approved or recognised by the Federal Reserve, the Bank of England, the Financial Conduct Authority, the Prudential Regulation Authority, the European Central Bank, any regulator in the US, the United Kingdom or the EU or any stock exchange on which any Series or Class of Notes is listed or any relevant committee or other body established, sponsored or approved by any of the foregoing, including, without limitation, the Working Group on Sterling Risk-Free Reference Rates (which may be an alternative benchmark rate together with a specified adjustment factor which may increase or decrease the relevant alternative benchmark rate); or
- (b) a benchmark rate with an equivalent term utilised in at least five publicly listed new issues of asset backed floating rate notes prior to the effective date of a Benchmark Rate Modification;
- (c) a benchmark rate utilised in a publicly listed new issue of asset backed floating rate notes where the originator of the relevant assets is the Seller or an affiliate of the Seller; or
- (d) such other reference rate as the Issuer reasonably determines, subject to certification by the Issuer:
  - (i) that, in its reasonable opinion, none of subparagraph (a) to (c) above are applicable and/or practicable in the context of the Programme; and
  - (ii) of the rationale in the Benchmark Rate Modification Certificate for choosing the proposed Alternative Benchmark Rate.

<b>"Benchmarks Regulation"</b>	Regulation (EU) No 2016/1011.
<b>"Borrower"</b>	In relation to a Mortgage Loan, the individual or individuals specified as such in the relevant Mortgage Loan Agreement, together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.
<b>"Bullet Redemption Amount"</b>	The amount required to be repaid on the Bullet Redemption Date in respect of a Series and Class of Bullet Redemption Notes in order to reduce the Sterling Equivalent Principal Amount Outstanding of such Series and Class to zero.
<b>"Bullet Redemption Date"</b>	For any Series and Class of Bullet Redemption Notes, the Note Payment Date specified as such for such Series and Class of Notes in the applicable Final Terms.
<b>"Bullet Redemption Notes"</b>	<p>Any Series and Class of Notes specified in the applicable Final Terms as a Series and Class of Bullet Redemption Notes and which is scheduled to be repaid in full on one Note Payment Date. A Bullet Redemption Note will become a Pass-Through Redemption Note on the earlier to occur of:</p> <ul style="list-style-type: none"> <li>(a) a date specified in relation to the same for such note in the applicable Final Terms; and</li> <li>(b) a Trigger Event (for as long as such Trigger Event is continuing) or following the occurrence of a Stop Revolving Event (until the redemption of all STS Notes then outstanding).</li> </ul>
<b>"Business Day"</b>	<p>In respect of a Series and Class of Notes, a day which is:</p> <ul style="list-style-type: none"> <li>(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York and any Additional Business Centre specified for such notes in the applicable Final Terms;</li> <li>(b) a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET 2) System (the "<b>TARGET System</b>") is open; and</li> <li>(c) in relation to any sum payable in a Specified Currency other than US Dollars, Sterling or 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 Specified Currency (if other than London, New York and any Additional Business Centre specified for such Notes in the applicable Final Terms).</li> </ul>
<b>"Buy-to-Let Mortgage Loans"</b>	Mortgage loans which are intended for Borrowers who wish to use the relevant mortgage loan as a means to purchase or refinance residential property which is not the Borrower's main dwelling, including for the purpose of letting to third parties.
<b>"Calculation Date"</b>	The date falling four Business Days before each Payment Date.
<b>"Calculation Method"</b>	In respect of any Series and Class of Notes, the calculation method specified as such in the applicable Final Terms.
<b>"Calculation Period"</b>	The period from, and including, the first day of each month to, and including, the last day of each month.

<b>"Capital Adequacy Trigger Event"</b>	The Fully Loaded CET1 Ratio of either Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group is less than 7.00 per cent., as determined by the Seller.
<b>"Capital Regulations"</b>	At any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity for credit institutions of either (i) the PRA; and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Seller may be organised or domiciled) and applicable to Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group, as the case may be, including CRD IV and related technical standards.
<b>"Capitalised"</b>	In respect of a fee, an interest amount or any other amount, means that amount which is added to the Current Balance of a Mortgage Loan.
<b>"Capitalised Arrears"</b>	In respect of a Mortgage Loan as at any date, interest or other amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Current Balance of that Mortgage Loan either in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.
<b>"Capitalised Interest"</b>	In respect of a Mortgage Loan as at any date, interest which is overdue in respect of that Mortgage Loan and which as at that date has been added to the Current Balance of that Mortgage Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so Capitalised on that date).
<b>"Cash Accumulation Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record amounts accumulated by the Issuer to pay any outstanding Series of Bullet Redemption Notes or, for so long as no Series of Bullet Redemption Notes is outstanding, to apply as Available Principal Receipts.
<b>"Cash Accumulation Liability"</b>	On any Payment Date, prior to any payment under item (iii) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments, the aggregate of the Sterling Equivalent Principal Amount Outstanding of each Series of Bullet Redemption Notes that is within a Cash Accumulation Period.
<b>"Cash Accumulation Period"</b>	The meaning given to it on page 159.
<b>"Cash Accumulation Requirement"</b>	The amount calculated for each Class of Bullet Redemption Notes in a Cash Accumulation Period as (a) the Sterling Equivalent Principal Amount Outstanding of each Series of Bullet Redemption Notes that is within a Cash Accumulation Period, less (b) the amount standing to the credit of the Cash Accumulation Ledger at the last Payment Date (which amount was not to be distributed on that Payment Date to fund the repayment of any Series of Bullet Redemption Notes).
<b>"Cash Accumulation Shortfall"</b>	Will occur at any time that the amount standing to the credit of the Cash Accumulation Ledger amount is less than the Cash Accumulation Liability.
<b>"Cash Management Agreement"</b>	The cash management agreement entered into on or about the Programme Date between, among others, the Cash Manager, the Issuer, the Servicer and the Security Trustee, which provides for the management of revenue and payment obligations and the administration of the Issuer Accounts.

<b>"Cash Manager"</b>	U.S. Bank Global Corporate Trust Limited in its capacity as cash manager, or such other person or persons for the time being acting as cash manager pursuant to the terms of the Cash Management Agreement.
<b>"Cash Manager Report"</b>	A monthly report substantially in the form scheduled to the Cash Management Agreement, to be prepared by the Cash Manager and made available electronically through its website at <a href="https://pivot.usbank.com">https://pivot.usbank.com</a> by no later than each Payment Date, provided that it receives the relevant Servicer Report by the relevant Servicer Reporting Date.
<b>"Certificate of Title"</b>	A solicitor's, licensed conveyancer's or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Seller in respect of each Mortgaged Property substantially in the form of the pro forma set out in the Standard Documentation.
<b>"CET1 Capital"</b>	At any time, the sum, expressed in Sterling, of all amounts that constitute common equity tier 1 capital of Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group, as the case may be, at such time, less any deductions from common equity tier 1 capital required to be made at such time, in each case as determined by the Seller on an individual or sub-consolidated basis, as the case may be, in accordance with the Capital Regulations applicable to Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group, as the case may be, at such time, where " <b>common equity tier 1 capital</b> " shall have the meaning assigned to such term in the Capital Regulations then applicable to Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group, as the case may be.
<b>"Charged Property"</b>	The property, assets, rights and undertakings of the Issuer which from time to time are expressed to be mortgaged, charged, assigned, pledged or otherwise encumbered to, or in favour of, the Security Trustee for itself and for the other Secured Creditors under or pursuant to the Deed of Charge.
<b>"Class"</b>	Will be a reference to a Class of the Notes being the Class A Notes and the Class Z VFNs, or any Sub-Class of the Class A Notes or the Class Z VFNs, as the context may require.
<b>"Class A Noteholders"</b>	The holders for the time being of the Class A Notes.
<b>"Class A Notes"</b>	The Notes of any Series designated as such (or as a Sub-Class of such) in the applicable Final Terms.
<b>"Class A Principal Deficiency Sub-Ledger"</b>	One of the two sub-ledgers of the Principal Deficiency Ledger, to record any principal deficiency in respect of the Class A Notes.
<b>"Class Z VFN Holder"</b>	The holder for the time being of the Class Z VFNs, being, as at the First Closing Date, Barclays Bank UK PLC.
<b>"Class Z VFN Maximum Principal Amount Outstanding"</b>	In relation to the Class Z(S) VFNs of each Series, £4,000,000,000 or, in relation to the Class Z(R) VFNs of each Series, £400,000,000.
<b>"Class Z VFN Registrar"</b>	Barclays Bank UK PLC, in its capacity as the Class Z VFN Registrar at its Specified Office initially appointed pursuant to the Agency Agreement, or such other person for the time being acting as Class Z VFN Registrar under the Agency Agreement.
<b>"Class Z VFNs"</b>	The Class Z variable funding notes issued by the Issuer to the Class Z VFN Holder on or prior to the First Closing Date, comprising the Class Z(R) VFNs and the Class Z(S) VFNs.
<b>"Class Z(R) Increase"</b>	The amount by which the Principal Amount Outstanding of the Class Z(R) VFN is to be increased pursuant to an offer by the Class Z VFN Holder to the

	Issuer following receipt by the Class Z VFN Holder of notice of a General Reserve Deficit or a Principal Deficiency Deficit.
<b>"Class Z(R) VFN"</b>	The Sub-Class of the Class Z VFNs issued by the Issuer for the purposes of, among other things, funding or increasing the General Reserve Fund and funding any start-up expenses of the Issuer in connection with the issuance of any Series of Notes.
<b>"Class Z(S) Increase"</b>	The amount by which the Principal Amount Outstanding of the Class Z(S) VFN is to be increased pursuant to an offer by the Class Z VFN Holder to the Issuer following receipt by the Class Z VFN Holder of notice of a Further Advance Amount or a Subordination Deficit.
<b>"Class Z(S) Principal Deficiency Sub-Ledger"</b>	One of the two sub-ledgers on the Principal Deficiency Ledger, to record any principal deficiency in respect of the Class Z(S) VFNs.
<b>"Class Z(S) VFN"</b>	The Sub-Class of the Class Z VFNs issued by the Issuer for the purposes of, among other things, funding any Required Subordination Amount.
<b>"Clearing Systems"</b>	Each of DTC (with respect to any Rule 144A Notes in respect of which the Specified Currency is US dollars) and Euroclear and Clearstream, Luxembourg (with respect to any Reg S Notes and any Rule 144A Notes in respect of which the Specified Currency is not US dollars), or such other clearing system as may be applicable in respect of a Series and Class of Notes as specified in the applicable Final Terms.
<b>"Clearstream, Luxembourg"</b>	Clearstream Banking, <i>société anonyme</i> .
<b>"Closing Date"</b>	Each date on which the Issuer issues a Series or Class of Notes to Noteholders, as specified for such Notes in the applicable Final Terms.
<b>"Collateral Option"</b>	An option for selecting applicable frameworks containing transfer ratings triggers, and the contractual requirements that should apply on the occurrence of the loss of a ratings requirement by a Swap Counterparty, as specified in S&P's 'Counterparty Risk Framework: Methodology And Assumptions', (published on 8 March 2019).
<b>"Collection Account"</b>	The account in the name of the Seller held at the Collection Account Bank into which payments are made by Borrowers in respect of amounts due under the Mortgage Loans.
<b>"Collection Account Bank"</b>	Barclays Bank UK PLC.
<b>"Collection Account Declaration of Trust"</b>	The seller collection account declaration of trust dated 7 November 2006 and originally made between, among others, Barclays Bank PLC and The Bank of New York, London Branch, as amended and restated on or before the Assignment Date in relation to the Initial Mortgage Portfolio between, among others, the Issuer, the Seller and the Security Trustee.
<b>"Common Depositary"</b>	A common depositary appointed by Euroclear and Clearstream, Luxembourg.
<b>"Common Safekeeper"</b>	A common safekeeper for Euroclear and Clearstream, Luxembourg.
<b>"Common Terms"</b>	The common terms scheduled to the Incorporated Terms Memorandum.
<b>"Conditional Note Purchase Agreement"</b>	For a Series and Class of Money Market Notes, an agreement to be dated on or about the Closing Date for such Notes between, among others, the applicable Conditional Note Purchaser and the Issuer under which the

	Conditional Note Purchaser will agree to purchase such Notes on each Money Market Note Mandatory Transfer Date for such Notes in certain circumstances.
<b>"Conditional Note Purchaser"</b>	For a Series and Class of Money Market Notes, the Conditional Note Purchaser specified for such Notes in the applicable Final Terms.
<b>"Conditions"</b>	The meaning given to it on page 199.
<b>"Controlled Amortisation Amount"</b>	On any Controlled Amortisation Date while no Trigger Event has occurred and is continuing or before the occurrence of a Stop Revolving Event or delivery of an Enforcement Notice or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, for any Series and Class of Controlled Amortisation Notes, the principal amount which the Issuer would have to pay to the relevant Noteholder or Noteholders of such Notes on that Controlled Amortisation Date so that the Sterling Equivalent Principal Amount Outstanding of such Notes on that Controlled Amortisation Date (after giving effect to such payment) would be reduced to (but not less than) the Target Balance.
<b>"Controlled Amortisation Dates"</b>	In relation to a Series or Class of Controlled Amortisation Notes, the Payment Dates specified as such for such Series or Class of Notes in the applicable Final Terms.
<b>"Controlled Amortisation Notes"</b>	Any Series and Class of Notes the conditions of which impose a limit on the amount of principal which may be repaid on such Notes on each Controlled Amortisation Date for such Notes. A Controlled Amortisation Note will become a Pass-Through Redemption Note on the earlier to occur of: <ul style="list-style-type: none"> <li>(a) a date specified in relation to the same for such Notes in the applicable Final Terms; and</li> <li>(b) a Trigger Event (for as long as such Trigger Event is continuing) or a Stop Revolving Event (until the redemption of all STS Notes then outstanding).</li> </ul>
<b>"Controlled Amortisation Requirement"</b>	On any Calculation Date, the aggregate amount required by the Issuer to pay each Controlled Amortisation Amount which is scheduled to be repaid or is otherwise due on the Payment Date immediately following such Calculation Date in respect of the Controlled Amortisation Notes (after taking into account amounts standing to the credit of the Principal Ledger on such Calculation Date which are available therefor).
<b>"Corporate Services Agreement"</b>	The corporate services agreement entered into on or about the Programme Date between, among others, the Issuer and the Corporate Services Provider, for the provision by the Corporate Services Provider of certain corporate services.
<b>"Corporate Services Provider"</b>	CSC Capital Markets UK Limited, or any other person or persons for the time being acting as corporate services provider to the Issuer and Holdings under the Corporate Services Agreement.
<b>"CPR"</b>	The constant rate of scheduled and unscheduled repayments on the Mortgage Loans in the Mortgage Portfolio for the relevant period relative to the aggregate Current Balance of such Mortgage Loans.
<b>"CRA Regulation"</b>	Regulation (EC) No 1060/2009, as amended.
<b>"CRD"</b>	Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended.
<b>"CRD IV"</b>	The legislative package consisting of the CRD and the CRR.



<b>"Credit Support Annex"</b>	The 1995 Credit Support Annex (Bilateral Form – Transfer) published by the International Swaps and Derivatives Association, Inc., entered into or to be entered into by the Issuer and a Swap Counterparty.
<b>"CRR"</b>	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended.
<b>"CRR Amending Regulation"</b>	Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending the CRR.
<b>"Currency Swap"</b>	A swap transaction evidenced by a Currency Swap Agreement.
<b>"Currency Swap Agreement"</b>	Each ISDA Master Agreement, the schedule thereto and the confirmations thereunder relating to the currency and/or interest rate swaps to be entered into in connection with any Series or Class of Notes, and any Credit Support Annexes or other credit support documents entered into at any time among the Issuer and the relevant Currency Swap Counterparty and/or any credit support provider.
<b>"Currency Swap Counterparty"</b>	Each entity that enters into a Currency Swap Agreement with the Issuer.
<b>"Currency Swap Excluded Termination Amount"</b>	In relation to any Currency Swap Agreement, the amount of any Swap Termination Payment due and payable to the relevant Currency Swap Counterparty as a result of a Swap Counterparty Default in relation to the relevant Currency Swap Counterparty less the Swap Replacement Premium (if any) received by the Issuer upon entry by the Issuer into an agreement to replace such Currency Swap Agreement which has terminated as a result of such Swap Counterparty Default.
<b>"Current Balance"</b>	<p>In relation to any Mortgage Loan, as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate at which interest on that Mortgage Loan accrues, and which is the aggregate (without double counting) of:</p> <ul style="list-style-type: none"><li>(a) the original principal amount advanced to the relevant Borrower and any further amount advanced to the relevant Borrower under that Mortgage Loan on or before that given date secured or intended to be secured by the Related Security;</li><li>(b) the amount of any Further Advance under that Mortgage Loan secured or purported to be secured by the Related Security;</li><li>(c) any interest, legal expense, fee, charge, premium or payment which has been properly Capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by that Mortgage Loan and the Related Security (including Capitalised Interest on any Further Advance); and</li><li>(d) any other amount (other than unpaid interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been Capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or purported to be secured by that Mortgage Loan and the Related Security,</li></ul> <p>as at the end of the London Business Day immediately preceding that given date, less any repayment or payment of any of the foregoing made on or before the end of the London Business Day immediately preceding that given date.</p>

<b>"Current LTV Ratio"</b>	As at any date of determination, the ratio of the Current Balance of a Mortgage Loan as at such date of determination to the Current Valuation of the Mortgaged Property securing such Mortgage Loan as at such date of determination.
<b>"Current Valuation"</b>	In relation to any Mortgaged Property, the value given to that Mortgaged Property by the most recent valuation undertaken or instructed by the Seller, according to its policies.
<b>"Cut-Off Date"</b>	The Cut-Off Date in relation to the sale of Mortgage Loans by the Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement (which will be specified in each Final Terms).
<b>"Cut-Off Date Mortgage Portfolio"</b>	At any Cut-Off Date, the Mortgage Loans in the Mortgage Portfolio, their Related Security, Accrued Interest and other amounts derived from such Mortgage Loans (taking account of, among other things, amortisation of Mortgage Loans in the Mortgage Portfolio and the addition and/or removal of any Mortgage Loans to or from the Mortgage Portfolio since the First Closing Date) combined with any Mortgage Loans, their Related Security, Accrued Interest and other amounts derived from such Mortgage Loans that the Seller, as at any Cut-Off Date, anticipates assigning or transferring to, or repurchasing from, the Issuer pursuant to the terms of the Mortgage Sale Agreement.
<b>"Data Protection Legislation"</b>	<p>(a) Prior to 25 May 2018, the Data Protection Act 1998; and</p> <p>(b) on and from 25 May 2018, the GDPR and the Data Protection Act 2018,</p> <p>and all other applicable data protection and data privacy laws and regulations.</p>
<b>"Day Count Fraction"</b>	The meaning given to such term in the applicable Conditions.
<b>"Dealers"</b>	Barclays Bank PLC, acting through its investment bank or its affiliates, and any other dealer appointed under the Programme Agreement from time to time by the Issuer or, in respect of any Series or Class of Notes, the institutions identified as the Dealers for such Notes in the applicable Final Terms.
<b>"Deed of Accession"</b>	A deed of accession executed by, among others, the Issuer, the Security Trustee and an Acceding Creditor, substantially in the form scheduled to the Incorporated Terms Memorandum.
<b>"Deed of Charge"</b>	The deed of charge entered into on or about the Programme Date between the Issuer and the Security Trustee, and each deed of accession or supplement entered into in connection therewith.
<b>"Deemed Principal Amount Outstanding"</b>	<p>On any day, in respect of any Non-Sterling Note, the Sterling Equivalent (calculated by the Cash Manager using the Original Exchange Rate and rounded to the nearest whole penny) of an amount equal to:</p> <p>(a) the Principal Amount Outstanding of that Non-Sterling Note on its Closing Date; <i>less</i></p> <p>(b) the aggregate of all Note Principal Payments that would have been paid in respect of that Non-Sterling Note in accordance with Condition 5.2 (<i>Mandatory Redemption of the Notes in part</i>) up to (and including) that day if the Original Currency Swap Agreement had still been in force, <b>provided that</b> for the purposes of calculating any Controlled Amortisation Amount in relation to a Payment Date only, the amount of any Note Principal Payment which would have been paid on the Non-Sterling Note on such Payment Date in accordance with</p>

Condition 5.2 (*Mandatory Redemption of the Notes in part*) will not be taken into account.

<b>"Deemed Ratings Confirmation"</b>	<p>A certification in writing by an authorised signatory of the Issuer to the Security Trustee and the Note Trustee stating that the Issuer has sent a written request for an Actual Ratings Confirmation to each Rating Agency and each of the following events has occurred:</p> <p>(a)</p> <p>(i) a Non-Responsive Rating Agency has, in response to the request for an Actual Ratings Confirmation, indicated that it does not consider such Actual Ratings Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Actual Ratings Confirmation or response; or</p> <p>(ii) within 30 days of delivery of such request, no Actual Ratings Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Actual Ratings Confirmation or response could not be given; and</p> <p>(b) one Rating Agency has given an Actual Ratings Confirmation or response based on the same facts.</p>
<b>"Deferred Consideration"</b>	<p>That portion of the consideration for Mortgage Loans assigned to the Issuer which was not paid to the Seller on the Assignment Date in respect of any such Mortgage Loans and which is to be paid by the Issuer from time to time to the Seller in accordance with the applicable Priority of Payments.</p>
<b>"Definitive Regulation S Note"</b>	<p>A Regulation S Note in definitive form.</p>
<b>"Definitive Rule 144A Note"</b>	<p>A Rule 144A Note in definitive form.</p>
<b>"Direct Debit"</b>	<p>A payment made pursuant to the Direct Debiting Scheme.</p>
<b>"Direct Debiting Scheme"</b>	<p>The scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.</p>
<b>"Distribution Compliance Period"</b>	<p>The period that ends 40 days after the completion of the distribution of the relevant Series and Class of Notes.</p>
<b>"Dodd-Frank Act"</b>	<p>The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.</p>
<b>"DTC"</b>	<p>Depository Trust Company.</p>
<b>"DTC Custodian"</b>	<p>Citibank, N.A., London Branch, as custodian for Cede &amp; Co., as nominee of DTC.</p>
<b>"Early Repayment Charge"</b>	<p>Any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to the relevant Mortgage Loan in the event that that Borrower repays all or part of the relevant Mortgage Loan before a specified date (other than, for the avoidance of doubt, any redemption fees).</p>
<b>"ECB"</b>	<p>European Central Bank.</p>
<b>"Enforcement Notice"</b>	<p>For as long as any Class A Notes of any Series are outstanding, a Class A Enforcement Notice and, where no Class A Notes of any Series are outstanding, a Class Z Enforcement Notice.</p>

<b>"Enforcement Procedures"</b>		The procedures for the enforcement of Mortgages relating to Mortgage Loans in the Mortgage Portfolio undertaken by the Servicer from time to time in accordance with the Servicing Procedures, as may be varied or amended from time to time.
<b>"English Mortgage"</b>		A first ranking legal mortgage over an English Property.
<b>"English Mortgage Loan"</b>		A Mortgage Loan secured by an English Mortgage.
<b>"English Property"</b>		A Mortgaged Property situated in England or Wales.
<b>"ESMA"</b>		The European Securities and Markets Authority.
<b>"EU Risk Retention Requirements"</b>		The requirements, set out in Article 6 of the Securitisation Regulation, for the originator of a securitisation to retain, on an ongoing basis, a material net economic interest in the securitisation of not less than five per cent.
<b>"EURIBOR"</b>		The Euro inter-bank offered rate.
<b>"Euroclear"</b>		Euroclear Bank S.A./N.V., as operator of the Euroclear System.
<b>"Event of Default"</b>		Any of the events specified in Condition 9 ( <i>Events of default</i> ).
<b>"Exchange Transfer Agent"</b>	<b>and</b>	Citibank, N.A., London Branch, in its capacity as the Exchange and Transfer Agent at its Specified Office initially appointed pursuant to the Agency Agreement, or such other person for the time being acting as Agent Bank under the Agency Agreement.
<b>"Extraordinary Resolution"</b>		A resolution of the holders of the Notes passed as such under the terms of the Trust Deed.
<b>"Fast-track Mortgage Loan"</b>		A Mortgage Loan which is approved by a lender without proof of income of the Borrower at the time of the making of the Loan.
<b>"FCA"</b>		The Financial Conduct Authority as successor to the FSA, or any successor regulatory body or authority.
<b>"Final Maturity Date"</b>		(a) In respect of any Series or Class of Notes other than the Class Z VFNs of any Series, the date specified as such for such Notes in the applicable Final Terms; or  (b) in respect of the Class Z VFNs of any Series, the Payment Date falling in November 2085.
<b>"Final Terms"</b>		In relation to any Series of Notes, the Final Terms issued in relation to such Series of Notes as a supplement to the Conditions and giving details of, among other things, the amount and price of such Series of Notes and which, with respect to a Series of Notes to be admitted to the Official List of the FCA and admitted to trading on the Regulated Market of the London Stock Exchange and/or where the Final Terms are expressed to be read in conjunction with the Base Prospectus, forms a part of the Base Prospectus in relation to such Series of Notes.
<b>"First Account Bank"</b>		Barclays Bank UK PLC, in its capacity as the first account bank initially appointed pursuant to the First Account Bank Agreement, or such other person for the time being acting as first account bank under the First Account Bank Agreement.
<b>"First Account Bank Agreement"</b>		The first account bank agreement entered into on or about the Programme Date between, among others, the Issuer, the First Account Bank and the Security Trustee which provides for the operation of the Issuer Accounts named therein.

<b>"First Account Bank Minimum Rating"</b>	The meaning given to it on page 175.
<b>"First Closing Date"</b>	The first Closing Date to occur under the Programme.
<b>"First Transaction Account"</b>	The account in the name of the Issuer held at the First Account Bank and maintained pursuant to the terms of the First Account Bank Agreement, and such additional or replacement bank account of the Issuer as may, from time to time, be in place pursuant to the terms of the First Account Bank Agreement.
<b>"Fitch"</b>	Fitch Ratings Ltd., and any successor to its ratings business.
<b>"Fixed Coupon Amount"</b>	The amount of interest payable on each Note Payment Date in respect of the Fixed Interest Period ending on (but excluding) such Note Payment Date as specified in the applicable Final Terms.
<b>"Fixed Interest Period"</b>	The meaning given in the applicable Conditions.
<b>"Fixed Rate Mortgage Loan"</b>	A Mortgage Loan which is subject to a fixed interest rate for a specified period of time (usually a period of 2, 3, 4, 5 or 10 years) and at the expiration of that period is generally subject to a rate linked to the Barclays Standard Variable Rate or a tracker rate.
<b>"Fixed Rate Note"</b>	Notes paying a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).
<b>"Flexible Feature Payments"</b>	Any payments in respect of any Further Advances or other flexible features in relation to the Mortgage Loans in the Mortgage Portfolio.
<b>"Flexible Mortgage Loan"</b>	A Mortgage Loan that typically incorporates features that give the relevant Borrower options (which may be subject to certain conditions) to, among other things, make further drawings on the Mortgage Loan and/or to overpay or underpay interest and principal in a given month.
<b>"Floating Interest Period"</b>	In respect of a Series and Class of Notes, the period from (and including) a Note Payment Date for such Notes (or the Interest Commencement Date for such Notes) to (but excluding) the next (or first) Note Payment Date for such Notes.
<b>"Floating Rate Note"</b>	Notes which bear interest at a rate determined: <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or</li> <li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),</li> </ul> as set out in the applicable Final Terms.
<b>"FSA"</b>	Financial Services Authority and any successor thereto, including the FCA.
<b>"FSMA"</b>	The Financial Services and Markets Act 2000.
<b>"Fully Loaded CET1 Ratio"</b>	At any time, the ratio of CET1 Capital at such time to the Risk Weighted Assets at such time, expressed as a percentage and on the basis that all measures used in such calculation shall be determined without applying the transitional provisions set out in Part Ten of the CRR in accordance with the Capital

	Regulations applicable to Barclays Bank UK Solus or Barclays Bank UK Regulatory Sub-Group as at the time such measure is determined.
<b>"Further Advance"</b>	In relation to a Mortgage Loan, any advance of further money to the relevant Borrower following the making of the initial advance of monies in respect of such Mortgage Loan (the <b>"Initial Advance"</b> ) which is secured by the same Mortgage as the Initial Advance.
<b>"Further Advance Amount"</b>	In respect of a Calculation Date, the aggregate of the amount of all Further Advances made during the immediately preceding Calculation Period.
<b>"General Reserve Deficit"</b>	In respect of a Calculation Date: <ul style="list-style-type: none"> <li>(a) the amount by which the amount standing to the credit of the General Reserve Fund after the application of Available Revenue Receipts in accordance with item (vii) of the Pre-Enforcement Revenue Priority of Payments on such Payment Date is less than the General Reserve Fund Required Amount; and</li> <li>(b) if a Revenue Shortfall or a Principal Shortfall will occur on the immediately succeeding Payment Date, the amount of such Revenue Shortfall and/or Principal Shortfall.</li> </ul>
<b>"General Reserve Fund"</b>	The reserve fund that the Issuer will be required to establish in the Transaction Accounts which will be credited with an amount advanced under the Class Z(R) VFN and the proceeds of Available Revenue Receipts up to an amount equal to the General Reserve Fund Required Amount.
<b>"General Reserve Fund Required Amount"</b>	An amount calculated, on any date, as the product of: <ul style="list-style-type: none"> <li>(a) the General Reserve Fund Required Percentage; and</li> <li>(b) the Sterling Equivalent Principal Amount Outstanding of the Class A Notes on such date.</li> </ul>
<b>"General Reserve Fund Required Percentage"</b>	The percentage specified as such in the most recent Final Terms.
<b>"General Reserve Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record amounts standing to the credit of the General Reserve Fund at any time.
<b>"Global Note Certificate"</b>	A Note Certificate representing any Notes in global form.
<b>"Help to Buy Mortgage Loan"</b>	Either a shared equity mortgage loan made available from 1 April 2013 by the UK Government to borrowers for the purchase of new homes, or a mortgage loan guaranteed by a guarantee provided by the UK Government from 1 October 2013 for mortgage loans made to borrowers allowing up to a 95 per cent. loan to value ratio (or an equivalent mortgage loan or guarantee made available or provided by the Scottish Government).
<b>"Holdings"</b>	Gracechurch Holdings Limited, a limited liability company incorporated in England and Wales (registered number 12133973), with its registered office at 10th Floor, 5 Churchill Place, London E14 5HU.
<b>"ICSDs"</b>	Euroclear and/or Clearstream, Luxembourg, as applicable.
<b>"Immediate Cash Requirement"</b>	At any time, the amount calculated by the Cash Manager as being the aggregate of:

- (a) the General Reserve Fund Required Amount;
- (b) any amount standing to the credit of the Interest Provision Fund;
- (c) any amount standing to the credit of the Cash Accumulation Ledger; and
- (d) the aggregate of each amount expected to be required to be applied under items (i) to (vi) of the Pre-Enforcement Revenue Priority of Payments on the next Payment Date (or, where any such amount is not known, an estimate of such amount by the Cash Manager thereof based on the amount that was payable under the relevant item on the immediately preceding Payment Date).

**"Incorporated Terms Memorandum"** The incorporated terms memorandum signed by, among others, the Issuer and the Seller for the purpose of identification on or about the Programme Date.

**"Individual Note Certificate"** A Note Certificate representing any Notes in definitive form.

**"Initial Further Advance Purchase Price"** That portion of the purchase price paid by the Issuer to the Seller on each Payment Date in consideration for the assignment by the Seller to the Issuer of Further Advances, in each case pursuant to the terms of the Mortgage Sale Agreement.

**"Initial Mortgage Loan"** A Mortgage Loan in the Initial Mortgage Portfolio.

**"Initial Mortgage Portfolio"** The portfolio of Mortgage Loans and their Related Security assigned by the Seller to the Issuer on or prior to the First Closing Date, particulars of which are set out in the Mortgage Sale Agreement, but excluding any such Mortgage Loan and its Related Security which has been redeemed in full on or before the First Closing Date, and (subject where applicable to the subsisting rights of redemption of the Borrowers) all right, title, interest and benefit of the Seller in and to:

- (a) all sums of principal, interest and any other sum payable or to become payable under such Mortgage Loans on or after the First Closing Date or, as the case may be, on or after the relevant Assignment Date, all arrears of interest and other sums payable (but not paid before such date) in respect of any period before such date and the right to demand, sue for, recover, receive and give receipts for all such sums;
- (b) the benefit of all securities for such principal monies and interest and other sums payable, the benefit of all consents to mortgage, ranking agreements and deeds of postponement signed by occupiers and/or owners of the Mortgaged Properties, the benefit of all related MH/CP Documentation, the benefit of and the right to sue on all covenants and undertakings in favour of the Seller in each such Mortgage Loan and the benefit of any guarantee, indemnity or surety contract in respect of any such Mortgage Loan and the right to exercise all powers of the Seller in relation to each such Mortgage Loan;
- (c) all the estate and interest in the Mortgaged Properties in favour of the Seller, subject to redemption or cesser;
- (d) to the extent that they are assignable, all causes and rights of action of the Seller against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Mortgage Loan or any such Mortgaged

Property or received by the Seller in connection with the origination of any such Mortgage Loan;

- (e) all proceeds from the enforcement of such Mortgage Loans and their Related Security;
- (f) all right, title, interest and benefit of the Seller (both present and future) in, to and under the Third Party Building Policies (including the right to demand, sue for, receive and recover the proceeds of any claims);
- (g) all right, title, interest and benefit of the Seller (both present and future) in, to and under the Insurance Policies to the extent they relate to the Mortgage Portfolio (including the right to demand, sue for, receive and recover the proceeds of any claims); and
- (h) all right, title, interest and benefit of the Seller (both present and future) to apply for or receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of Mortgaged Properties in Northern Ireland.

**"Initial Purchase Price"** That portion of the Purchase Price paid by the Issuer to the Seller on an Assignment Date in consideration for the assignment by the Seller to the Issuer of Mortgage Loans on such Assignment Date, in each case in accordance with the Mortgage Sale Agreement.

**"Insolvency Event"** In respect of a person:

- (a) an order is made or an effective resolution passed for the winding up of that person or the appointment of a liquidator or administrator over that person (except, in any such case, a winding-up or dissolution for the purpose of a reconstruction or amalgamation the terms of which have been previously approved by the Security Trustee);
- (b) that person ceases or threatens to cease to carry on its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(a), (b), (c) or (d) of the Insolvency Act 1986 (as amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent;
- (c)
  - (i) proceedings are initiated against that person under any applicable liquidation, insolvency, composition, arrangement, reorganisation (other than a reorganisation where the relevant entity is solvent) or other similar laws (including, but not limited to, application or pending application for an administration order or presentation of a petition for a winding up order), except where these proceedings are being contested in good faith; or
  - (ii) an administration order being granted or, an administrative or other receiver, administrator, liquidator or other similar official is appointed in relation to the whole or any substantial part of the undertaking or assets of that person; or



- (iii) a bank insolvency order or a bank administration order is made pursuant to the Banking Act 2009; or
- (iv) a distress, execution, diligence or other process is enforced upon the whole or any substantial part of the undertaking or assets of that person and in any of the foregoing cases it is not discharged within 30 London Business Days; or
- (v) that person initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment or assignation for the benefit of its creditors generally.

<b>"Insurance Policies"</b>	The insurance contracts or policies described in the Mortgage Sale Agreement and any other additional, substitute or replacement insurance contract or policy arranged by or on behalf of the Seller from time to time and in which the Seller has an interest relating to the Mortgage Loans.
<b>"Interest Commencement Date"</b>	In respect of any Series and Class of Notes, the Closing Date of such Notes or such other date as may be specified as such for such Notes in the applicable Final Terms.
<b>"Interest Determination Date"</b>	In respect of a Series and Class of Floating Rate Notes, the meaning given to it in the applicable Final Terms.
<b>"Interest Only Mortgage Loan"</b>	A Mortgage Loan where the relevant Mortgage Conditions require that the Borrower makes monthly payments of interest but not of principal (ignoring, for these purposes, any temporary waiver or deferral of the payment of principal that may be granted to a Borrower from time to time). When the Mortgage Loan matures, the entire principal amount of the Mortgage Loan is still outstanding and the Borrower must repay that amount in one lump sum.
<b>"Interest Period"</b>	In relation to any Series and Class of Notes, the Fixed Interest Period or the Floating Interest Period relating thereto.
<b>"Interest Provision Fund"</b>	The amount reserved from time to time in the Transaction Accounts and credited to the Interest Provision Ledger in accordance with the Cash Management Agreement.
<b>"Interest Provision Fund Required Amount"</b>	On each Calculation Date, for the Class A Notes of each Series that are not Monthly Notes, the amount of interest that would be due and payable on such Notes on the immediately succeeding Payment Date if such Notes were Monthly Notes.
<b>"Interest Provision Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record amounts standing to the credit of the Interest Provision Fund at any time, and which will be sub-divided into sub-ledgers in respect of the Class A Notes of each Series and, where applicable, each Sub-Class thereof that are not Monthly Notes
<b>"Interest Rate Swap"</b>	The swap transaction evidenced by the Interest Rate Swap Agreement.
<b>"Interest Rate Swap Agreement"</b>	The ISDA Master Agreement and schedule thereto entered into between the Issuer and the Interest Rate Swap Counterparty on or about the Programme Date relating to the Interest Rate Swap and any confirmations thereunder, and any credit support annexes or other credit support documents entered into at any time among the Issuer and the Interest Rate Swap Counterparty and/or any credit support provider.

<b>"Interest Rate Swap Counterparty"</b>	Barclays Bank UK PLC, in its capacity as interest rate swap counterparty under the Interest Rate Swap Agreement, or such other person for the time being acting as interest rate swap counterparty under the Interest Rate Swap Agreement.
<b>"Interest Rate Swap Excluded Termination Amount"</b>	In relation to the Interest Rate Swap Agreement, the amount of any Swap Termination Payment due and payable to the Interest Rate Swap Counterparty as a result of a Swap Counterparty Default in respect of the Interest Rate Swap Counterparty less the Swap Replacement Premium (if any) received by the Issuer upon entry by the Issuer into an agreement to replace such Swap Agreement which has terminated as a result of such Swap Counterparty Default.
<b>"Interest Rate Swap Floating Rate"</b>	The meaning given to the term "Floating Rate" in the Interest Rate Swap Agreement.
<b>"Investment Company Act"</b>	The Investment Company Act of 1940, as amended.
<b>"Investment Plan"</b>	For an Interest Only Mortgage Loan, a repayment mechanism selected by the Borrower and intended to provide sufficient funds to redeem the full principal of a Mortgage Loan at maturity.
<b>"Investor Report"</b>	An investor report prepared by the Servicer on a monthly basis containing the information required to be made available pursuant to Article 7(1)(e) of the Securitisation Regulation and made available through the Securitisation Repository Website.
<b>"ISDA"</b>	International Swaps and Derivatives Association, Inc.
<b>"ISDA Definitions"</b>	The 2006 ISDA Definitions, as published by ISDA.
<b>"ISDA Master Agreements"</b>	The 1992 ISDA Master Agreements (Multicurrency – Cross Border) in relation to the Currency Swap Agreements and the Interest Rate Swap Agreements originally dated on or around the Programme Date (as amended or may be amended from time to time).
<b>"Issuance Tests"</b>	The conditions for the issuance of any new Series or Sub-Class of Class A Notes, as set out on page 117.
<b>"Issuer"</b>	Gracechurch Mortgages PLC, a public limited liability company incorporated in England and Wales (registered number 12134081), with its registered office at 10th Floor, 5 Churchill Place, London E14 5HU.
<b>"Issuer Accounts"</b>	The Transaction Accounts, the Swap Collateral Account and any additional accounts of the Issuer as may, from time to time, be opened in accordance with the terms of the Account Bank Agreements and maintained pursuant to the terms of the Account Bank Agreements, the Cash Management Agreement and the Deed Of Charge.
<b>"Issuer Profit Amount"</b>	On each Payment Date occurring during the period from the First Closing Date to, and including, the Payment Date falling in March 2022, an amount equal to £21,000 divided by the number of Payment Dates occurring during that period and, on each Payment Date thereafter, £100 for each Series of Notes then outstanding.
<b>"Issuer Profit Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the provisions of the Cash Management Agreement to record amounts retained by the Issuer as profit.

<b>"Issuer Standard Variable Rate"</b>	The standard variable rate applicable to Mortgage Loans in the Mortgage Portfolio.
<b>"LCR Regulation"</b>	Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions.
<b>"Lending Criteria"</b>	The lending criteria of the Seller which may be amended from time to time (forming part of the Seller's Policy) and which, as at the Programme Date, are set out in the Mortgage Sale Agreement and/or such other criteria as would be acceptable to a Prudent Mortgage Lender.
<b>"Liabilities"</b>	All liabilities, losses, damages, costs, charges, expenses, actions, proceedings, claims and demands (including, without limitation, legal fees and any applicable VAT).
<b>"LIBOR"</b>	London inter-bank offered rate.
<b>"Listing Rules"</b>	The rules published by the FCA and contained in the Listing Rules sourcebook.
<b>"Loan Level Report"</b>	An loan level report prepared by the Servicer on a monthly basis containing the information required to be made available pursuant to Article 7(1)(a) of the Securitisation Regulation and made available through the Securitisation Repository Website.
<b>"London Business Day"</b>	A day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in London.
<b>"London Stock Exchange"</b>	At any time the London Stock Exchange plc or any other person which at that time administers and manages the relevant primary market in the United Kingdom upon which the Notes are formally admitted for public trading.
<b>"Losses"</b>	All realised losses on the Mortgage Loans in the Mortgage Portfolio.
<b>"LTV Ratio"</b>	In respect of the Seller's decision as to whether to make a mortgage loan to a prospective borrower or a further advance to a current borrower, the ratio of the outstanding balance of such mortgage loan, or the aggregate of the outstanding balance of the mortgage loan to which such further advance relates and the outstanding balance of the further advance, to the lower of the purchase price or valuation of the mortgaged property securing such mortgage loan as determined by the relevant valuation by the Seller.
<b>"Mandatory Transfer"</b>	For a Series and Class of Money Market Notes, the obligation on the Issuer to procure the purchase of (and the obligation of the then holders of such Notes to transfer) such Notes on each Money Market Note Mandatory Transfer Date for such Notes.
<b>"Margin"</b>	The margin specified for a Series and Class of Notes in the applicable Final Terms.
<b>"Master Definitions Schedule"</b>	The master definitions schedule set out in Schedule 1 ( <i>Master Definitions Schedule</i> ) to the Incorporated Terms Memorandum, which is a schedule of definitions used in the Programme Documents.
<b>"Maximum Rate of Interest"</b>	In respect of any Series and Class of Notes, the rate of interest specified as such for such Notes in the applicable Final Terms.
<b>"Maximum Reset Margin"</b>	In respect of any Series and Class of Money Market Notes, the amount specified as such for such Series and Class of Money Market Notes in the applicable Final Terms.

<b>"MCOB"</b>	The "Mortgages and Home Finance: Conduct of Business sourcebook" published by the FCA.
<b>"Member State"</b>	A member state of the EU.
<b>"MH/CP Documentation"</b>	An affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 (as amended) and/or, as applicable, the Civil Partnership Act 2004 in connection with a Scottish Mortgage relating to a Scottish Mortgage Loan or its relevant Scottish Property.
<b>"Minimum Mortgage Portfolio Yield Margin"</b>	The rate specified as such in the most recent Final Terms.
<b>"Minimum Rate of Interest"</b>	In respect of any Series and Class of Notes, the rate of interest specified as such for such Notes in the applicable Final Terms.
<b>"Minimum Specified Denomination"</b>	The meaning given to it in the applicable Final Terms.
<b>"Money Market Note Mandatory Transfer Arrangements"</b>	For a Series and Class of Money Market Notes, the arrangements for Mandatory Transfer set out in the applicable Conditional Note Purchase Agreement, the applicable Remarketing Agreement and the Trust Deed.
<b>"Money Market Note Mandatory Transfer Date"</b>	For a Series and Class of Money Market Notes, the Payment Dates specified as such for such Notes in the applicable Final Terms until the earlier to occur of a Remarketing Termination Event or the Final Maturity Date of such Notes.
<b>"Money Market Note Mandatory Transfer Price"</b>	For a Series and Class of Money Market Notes, the amount of the payment to the holders of such Notes on the applicable Money Market Note Mandatory Transfer Date constituting the Principal Amount Outstanding of such Notes on that date (after taking into account the Note Principal Payments in respect of such Notes that have been paid on that date).
<b>"Money Market Note Reset Margin"</b>	In respect of any Series and Class of Money Market Notes, (i) for each Reset Period, a percentage not exceeding the Maximum Reset Margin determined by the Remarketing Agent in accordance with the Remarketing Agreement or (ii) if the Remarketing Agreement has been terminated, the Maximum Reset Margin.
<b>"Money Market Notes"</b>	A Series and Class of Notes which are intended to be "eligible securities" for purchase by money market funds under Rule 2a-7 of the United States Investment Company Act of 1940.
<b>"Monthly CPR"</b>	In respect of a Calculation Date, the aggregate of Available Principal Receipts received by the Issuer during the immediately preceding Calculation Period divided by the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio as at the start of such Calculation Period.
<b>"Monthly Notes"</b>	Any Class A Notes of any Series in respect of which each Payment Date is a Note Payment Date.
<b>"Monthly Payment"</b>	In respect of a Mortgage Loan, the amount which the applicable Mortgage Conditions require a Borrower to pay on a Monthly Payment Date in respect of such Mortgage Loan.
<b>"Monthly Payment Date"</b>	In respect of a Mortgage Loan, the date in each month on which the relevant Borrower is required to make a payment of interest and, if applicable, principal, in respect of such Mortgage Loan, as required by the applicable Mortgage Conditions.

<b>"Moody's"</b>	Moody's Investors Service Limited, and any successor to its rating business.
<b>"Mortgage"</b>	An English Mortgage, a Scottish Mortgage or, as applicable, a Northern Irish Mortgage.
<b>"Mortgage Conditions"</b>	In relation to a Mortgage Loan, the terms and conditions applicable to that Mortgage Loan and its Related Security at any time, as varied by the relevant Mortgage Loan Agreement and the relevant Mortgage Deed, and any variation or supplement thereto.
<b>"Mortgage Deed"</b>	In relation to a Mortgage, the deed or standard security creating such Mortgage including, unless the context otherwise requires, the Mortgage Conditions applicable to that Mortgage.
<b>"Mortgage Loan"</b>	Any mortgage loan originated by the Seller (including mortgage loans transferred to the Seller by the RFTS) and sold to the Issuer in accordance with the Mortgage Sale Agreement.
<b>"Mortgage Loan Agreement"</b>	In relation to any Mortgage Loan, the agreement, facility letter or accepted offer of advance pursuant to which the monies secured by the relevant Mortgage were advanced to the Borrower (as varied from time to time in accordance with the applicable Mortgage Conditions and including any modifying agreement within the meaning of Section 82 of the Consumer Credit Act 1974 insofar as it relates to that Mortgage Loan).
<b>"Mortgage Loan Files"</b>	In relation to a Mortgage Loan, the file or files (including files kept in microfiche format or similar electronic data retrieval system) containing, among other things, correspondence between the Borrower and the Seller and including the mortgage documentation applicable to that Mortgage Loan, each letter of offer for that Mortgage Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed conveyancer's, or (in Scotland) qualified conveyancer's, Certificate of Title.
<b>"Mortgage Loan Guarantee"</b>	Each guarantee in support of the obligations of a Borrower under a Mortgage Loan.
<b>"Mortgage Loan Warranties"</b>	The representations and warranties given in relation to the Mortgage Loans by the Seller to the Issuer as set out in the Mortgage Sale Agreement and described on page 131.
<b>"Mortgage Portfolio"</b>	On any particular date, the Initial Mortgage Portfolio and any Additional Mortgage Portfolios.
<b>"Mortgage Portfolio Yield"</b>	In relation to an Assignment Date, the yield of the Mortgage Loans immediately following the sale on such Assignment Date, calculated as follows:

$$\frac{(A \times B) + (C \times D) + (E \times F) + (G \times H)}{I}$$

where:

"A" is the Current Balance, on the relevant Assignment Date, of the Mortgage Loans which are Fixed Rate Mortgage Loans;

"B" is:

- (i) the Interest Rate Swap Floating Rate as of the Swap Payment Date immediately preceding such Assignment Date or, where there is no Swap Payment Date preceding such Assignment Date, as of the immediately preceding Closing Date; or

- (ii) if there is no Swap Payment Date preceding such Assignment Date, the Interest Rate Swap Floating Rate that would be payable were the Assignment Date a Swap Payment Date;

"C" is the Current Balance, on the relevant Assignment Date, of the Mortgage Loans which are Variable Rate Mortgage Loans;

"D" is:

- (i) the weighted average interest rate payable on the Variable Rate Mortgage Loans as at the relevant Assignment Date; or
- (ii) if the Issuer has entered into a Swap Agreement in connection with a Variable Rate Mortgage Loan:
  - (A) the rate payable by the relevant Swap Counterparty under that Swap Agreement as of the Swap Payment Date immediately preceding such Assignment Date; or
  - (B) if there is no Swap Payment Date preceding such Assignment Date, the rate payable by the relevant Swap Counterparty under that Swap Agreement that would be payable were the Assignment Date a Swap Payment Date;

"E" is the Current Balance, on the relevant Assignment Date, of the Mortgage Loans which are Tracker Rate Mortgage Loans;

"F" is:

- (i) the weighted average interest rate payable on the Tracker Rate Mortgage Loans as at the relevant Assignment Date; or
- (ii) if the Issuer has entered into a Swap Agreement in connection with a Tracker Rate Mortgage Loan:
  - (A) the rate payable by the relevant Swap Counterparty under that Swap Agreement as of the Swap Payment Date immediately preceding such Assignment Date; or
  - (B) if there is no Swap Payment Date preceding such Assignment Date, the rate payable by the relevant Swap Counterparty under that Swap Agreement that would be payable were the Assignment Date a Swap Payment Date;

"G" is the Current Balance, on the relevant Assignment Date, of the Mortgage Loans which are Discounted Variable Rate Mortgage Loans;

"H" is:

- (i) the weighted average interest rate payable on the Discounted Variable Rate Mortgage Loans as at the relevant Assignment Date; or
- (ii) if the Issuer has entered into a Swap Agreement in connection with a Discounted Variable Rate Mortgage Loan:

- (A) the rate payable by the relevant Swap Counterparty under that Swap Agreement as of the Swap Payment Date immediately preceding such Assignment Date; or
- (B) if there is no Swap Payment Date preceding such Assignment Date, the rate payable by the relevant Swap Counterparty under that Swap Agreement that would be payable were the Assignment Date a Swap Payment Date; and

"I" is the Current Balance of the Mortgage Loans on the relevant Assignment Date.

<b>"Mortgage Sale Agreement"</b>	The mortgage sale agreement entered into on the Programme Date between the Seller, the Issuer and the Security Trustee, which provides for the assignment of Mortgage Loans to the Issuer, as amended, restated, supplemented or otherwise modified or replaced and in effect from time to time and including any documents ancillary thereto.
<b>"Mortgaged Property"</b>	<ul style="list-style-type: none"> <li>(a) In relation to any English Mortgage Loan, the freehold, leasehold or commonhold property in England and Wales subject to the relevant Mortgage securing repayment of the relevant English Mortgage Loan;</li> <li>(b) in relation to any Scottish Mortgage Loan, the heritable or long leasehold property in Scotland subject to the relevant Mortgage securing repayment of the relevant Scottish Mortgage Loan; and</li> <li>(c) in relation to any Northern Irish Mortgage Loan the freehold or leasehold property in Northern Ireland subject to the relevant Mortgage securing repayment of the relevant Northern Irish Mortgage Loan,</li> </ul> <p>and (in each case) all rights and security attached or appurtenant or related thereto and all buildings and fixtures and fittings thereon which are subject to the Mortgage securing repayment of such Mortgage Loan.</p>
<b>"Most Senior Class"</b>	The Class A Notes or, if no Class A Notes are then outstanding, the Class Z VFNs.
<b>"New Mortgage Product"</b>	A new type of mortgage loan (including, without limitation, Offset Mortgage Loans) originated or acquired by the Seller, which the Seller intends to transfer to the Issuer, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Mortgage Loans. For the avoidance of doubt, a mortgage loan will not constitute a New Mortgage Product if it differs from the Mortgage Loans due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, cash-backs and/or rate guarantees.
<b>"Non-Asset Trigger Event"</b>	The meaning given to it on page 163.
<b>"Non-Monthly Notes"</b>	Any Class A Notes of any Series that are not Monthly Notes.
<b>"Non-Sterling Noteholders"</b>	The Noteholders for the time being of any Non-Sterling Notes.
<b>"Non-Sterling Notes"</b>	Any Series, Class or Sub-Class of Notes with a Specified Currency other than Sterling and/or in respect of which an Original Currency Swap Agreement was entered into.

<b>"Northern Irish Mortgage"</b>	A first ranking mortgage (in the case of unregistered land) or a first ranking charge (in the case of registered land) over a Northern Irish Property.
<b>"Northern Irish Mortgage Loan"</b>	A Mortgage Loan secured by a Northern Irish Mortgage.
<b>"Northern Irish Property"</b>	A Mortgaged Property situated in Northern Ireland.
<b>"Note Certificates"</b>	Any Global Note Certificates or Individual Note Certificates.
<b>"Note Payment Date"</b>	In respect of a Series and Class of Notes, the Payment Dates specified in respect of such Notes in the applicable Final Terms as the dates on which payments of interest and principal are to be made in respect of such Notes.
<b>"Note Principal Payment"</b>	The meaning given to it in Condition 5.4 ( <i>Note Principal Payments and Principal Amount Outstanding</i> ).
<b>"Note Trustee"</b>	Citicorp Trustee Company Limited, in its capacity as note trustee under the Trust Deed, together with any successor note trustee appointed from time to time.
<b>"Noteholder"</b>	The registered holder for the time being of the relevant Note who will be treated by the Issuer, any Paying Agent, the Security Trustee and the Note Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Note Certificate and, together, the <b>"Noteholders"</b> .
<b>"Notes"</b>	All of the Class A Notes and the Class Z VFNs of the Issuer or any of them, as the context may require.
<b>"NSS"</b>	The new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations.
<b>"Observation Method"</b>	In respect of any Series and Class of Notes, the observation method specified as such in the applicable Final Terms.
<b>"Observation Period"</b>	The meaning given to it in Condition 4.2(e) ( <i>Screen Rate Determination for Floating Rate Notes which reference SONIA, SOFR or €STR</i> ).
<b>"Official List"</b>	The Official List maintained by the FCA.
<b>"Offset Mortgage Loan"</b>	A Mortgage Loan which allows the relevant Borrower to link the Mortgage Loan with certain deposit and/or current accounts that are held with the Seller.
<b>"OFT"</b>	Office of Fair Trading.
<b>"Optional Remarketing Termination Event"</b>	For a Series and Class of Money Market Notes and subject to the terms of the applicable Remarketing Agreement: <ul style="list-style-type: none"> <li>(a) the occurrence of an event beyond the control of the applicable Remarketing Agent or the Issuer and, as a consequence of which, the applicable Remarketing Agent will be unable to perform its obligations under the applicable Remarketing Agreement or which in the applicable Remarketing Agent's reasonable opinion will represent a material market change affecting such Notes;</li> <li>(b) the determination by the Remarketing Agent, acting reasonably and following consultation with the applicable Conditional Note Purchaser, that the enactment or amendment of any law or regulation or any form of banking, fiscal, monetary or regulatory control which</li> </ul>



	<p>is mandatory or customarily adopted in the banking, securities or broker/dealer industries would cause the applicable Remarketing Agent to incur increased costs in carrying out its remarketing obligations or make it unlawful or impossible to carry out those obligations; or</p> <p>(c) the Issuer is in material breach of any representations and warranties given by it in the applicable Conditional Note Purchase Agreement as at the Closing Date for such Notes.</p>
<b>"Original Currency Swap"</b>	In relation to any Non-Sterling Notes, the currency swap transaction evidenced by the relevant Original Currency Swap Agreement.
<b>"Original Currency Swap Agreement"</b>	In relation to any Non-Sterling Notes, the Currency Swap Agreement entered into on or about the Closing Date for the relevant Series.
<b>"Original Exchange Rate"</b>	For any Non-Sterling Notes, the exchange rate specified in the Original Currency Swap Agreement relating to such Series and Class of Notes.
<b>"Original LTV Ratio"</b>	The ratio of the Current Balance of a Mortgage Loan as at its origination date to the original valuation of the Mortgaged Property securing such Mortgage Loan as at its origination date.
<b>"Part and Part Mortgage Loans"</b>	Mortgage Loans where the Borrower is required to repay part of the principal amount of the Mortgage Loan by making monthly payments of both interest and principal and to repay the remaining part of the principal amount of the Mortgage Loan in one lump sum when the Mortgage Loan matures.
<b>"Pass-Through Redemption Notes"</b>	<p>Any Series and Class of Notes which has no specified redemption dates other than a Final Maturity Date. A Bullet Redemption Note or a Controlled Amortisation Note will become a Pass-Through Redemption Notes on the earlier to occur of:</p> <p>(a) a date specified in relation to the same for such note in the applicable Final Terms; and</p> <p>(b) a Trigger Event (for as long as such Trigger Event is continuing) or a Stop Revolving Event (until the redemption of all STS Notes then outstanding).</p>
<b>"Pass-Through Redemption Requirement"</b>	On any Calculation Date, the aggregate Sterling Equivalent Principal Amount Outstanding of the Pass-Through Redemption Notes which is due on the next following Payment Date.
<b>"Paying Agents"</b>	The Principal Paying Agent, the US Paying Agent and any further or other paying agents for the time being appointed in connection with the Notes under the Agency Agreement.
<b>"Payment Date"</b>	The 25th day of each calendar month, subject to the applicable business day convention (if any).
<b>"Perfection Trigger Event"</b>	The meaning given to it on page 130.
<b>"Permitted Product Switch"</b>	<p>A Product Switch where the following conditions are all met as at the relevant Switch Date:</p> <p>(a) the relevant Mortgage Loan is not in arrears;</p>

- (b) the relevant Mortgage Loan, as amended by such Product Switch, is subject to either a fixed rate, a variable rate or a base rate-linked rate of interest;
- (c) the relevant Mortgage Loan, as amended by such Product Switch, has a maturity date no later than three years prior to the earliest Final Maturity Date in respect of any Series and Class of Notes, other than Bullet Redemption Notes, then outstanding; and
- (d) that Product Switch does not result in the relevant Mortgage Loan, as amended by such Product Switch, having a Current Balance which is greater than the Current Balance of such Mortgage Loan immediately prior to such Product Switch (other than any increase as a result of capitalised fees).

<b>"Post-Enforcement Priority of Payments"</b>	The order of priority of payments for amounts recovered by the Security Trustee and/or any Receiver following the delivery of an Enforcement Notice, as set out in " <i>Credit Structure and Cashflow – Application of Available Funds following the delivery of an Enforcement Notice</i> ".
<b>"PRA"</b>	The Prudential Regulation Authority of the United Kingdom, or any successor regulatory body or authority.
<b>"Pre-Enforcement Post-Trigger Principal Priority of Payments"</b>	The order of priority of payments for Available Principal Receipts while a Trigger Event has occurred and is continuing, or following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, but before the delivery of an Enforcement Notice, as set out in " <i>Credit Structure and Cashflow – Available Principal Receipts – Application of Available Principal Receipts while a Trigger Event is continuing or following the occurrence of a Stop Revolving Event but before the delivery of an Enforcement Notice</i> ".
<b>"Pre-Enforcement Pre-Trigger Principal Priority of Payments"</b>	The order of priority of payments for Available Principal Receipts while no Trigger Event is continuing and before the occurrence of a Stop Revolving Event or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, and before the delivery of an Enforcement Notice as set out in " <i>Credit Structure and Cashflow – Available Principal Receipts – Application of Available Principal Receipts while no Trigger Event is continuing and before the occurrence of a Stop Revolving Event or, if a Stop Revolving Event has occurred, following the redemption of all STS Notes then outstanding, but before the delivery of an Enforcement Notice</i> ".
<b>"Pre-Enforcement Principal Priority of Payments"</b>	The Pre-Enforcement Pre-Trigger Principal Priority of Payments or the Pre-Enforcement Post-Trigger Principal Priority of Payments, as applicable.
<b>"Pre-Enforcement Revenue Priority of Payments"</b>	The order of priority of payments for Available Revenue Receipts before the delivery of an Enforcement Notice, as set out in " <i>Credit Structure and Cashflow – Available Revenue Receipts – Pre-Enforcement Revenue Priority of Payments</i> ".
<b>"Principal Amount Outstanding"</b>	The meaning given to it in Condition 5.4 ( <i>Note Principal Payments and Principal Amount Outstanding</i> ) on page 216.
<b>"Principal Deficiency Deficit"</b>	In respect of a Calculation Date, the debit amount that will be recorded to the Principal Deficiency Ledger after the application of Available Revenue Receipts in accordance with the applicable Priority of Payments on the immediately succeeding Payment Date.
<b>"Principal Deficiency Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement, and sub-divided into two Principal Deficiency Sub-Ledgers, to

	record Losses and the application of Available Principal Receipts to pay any Remaining Revenue Shortfall.
<b>"Principal Deficiency Sub-Ledger"</b>	Any of the Class A Principal Deficiency Sub-Ledger and the Class Z(S) Principal Deficiency Sub-Ledger.
<b>"Principal Excess Amounts"</b>	The meaning given to it in Condition 5.3 ( <i>Termination of the applicable Original Currency Swap Agreement</i> ) on page 215.
<b>"Principal Financial Centre"</b>	(a) In relation to Euro, the principal financial centre of such Member State of the EU as is selected (in the case of a payment) by the payee or specified (in the case of a calculation) in the applicable Final Terms; and  (b) in relation to any other currency, the principal financial centre for that currency.
<b>"Principal Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record Principal Receipts (other than amounts recorded on the Cash Accumulation Ledger) received and disbursed by the Issuer.
<b>"Principal Paying Agent"</b>	Citibank, N.A., London Branch, in its capacity as the principal paying agent at its Specified Office initially appointed pursuant to the Agency Agreement, or such other person for the time being acting as principal paying agent under the Agency Agreement.
<b>"Principal Provision Fund"</b>	The amount reserved from time to time in the Transaction Accounts and credited to the Principal Provision Ledger in accordance with the Cash Management Agreement.
<b>"Principal Provision Fund Required Amount"</b>	On each Calculation Date, for the Class A Notes of each Series that are not Monthly Notes and that are Pass-Through Redemption Notes or Controlled Amortisation Notes, the amount of principal expected to be due and payable on such Notes on the next Note Payment Date in respect of such Notes.
<b>"Principal Provision Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record amounts standing to the credit of the Principal Provision Fund at any time, and which will be sub-divided into sub-ledgers in respect of the Class A Notes of each Series and, where applicable, each Sub-Class thereof that are not Monthly Notes.
<b>"Principal Receipts"</b>	The aggregate of:  (a) any payment in respect of principal received in respect of any Mortgage Loan, whether as all or part of a Monthly Payment, on redemption (including partial redemption), on enforcement or on the disposal of that Mortgage Loan, the principal element of any consideration received from the Seller in respect of a Mortgage Loan repurchased by the Seller in accordance with the Mortgage Sale Agreement or otherwise (including payments pursuant to any Insurance Policy) but, for the avoidance of doubt, excluding any further drawdowns in respect of the Class Z(S) VFN to fund any Further Advance in respect of any Mortgage Loan; and  (b) any Principal Redress Amounts.
<b>"Principal Redress Amount"</b>	Any part of a Redress Payment referable to the principal amount of a Mortgage Loan.

<b>"Principal Repayment Rules"</b>	The rules for the application of Available Principal Receipts as described in <i>"Credit Structure and Cashflow – Available Principal Receipts – Rules for application of Available Principal Receipts"</i> .
<b>"Principal Reserve Fund"</b>	The amount reserved from time to time in the Transaction Accounts and credited to the Principal Reserve Ledger in accordance with the Cash Management Agreement.
<b>"Principal Reserve Fund Retention Event"</b>	On the Calculation Date relating to the Payment Date falling in February 2022 or on the Calculation Date relating to each Payment Date thereafter (each, a <b>"Current Payment Date"</b> ): <ul style="list-style-type: none"> <li>(a) the amount (if any) of any increase in the amount standing to the credit of the Principal Reserve Ledger following the application of Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments on the Payment Date falling 15 Payment Dates prior to that Current Payment Date (the <b>"Prior Payment Date"</b>); exceeds</li> <li>(b) the aggregate of the amount of any reduction (that has not been taken into account in calculating the Principal Reserve Release Amount on a previous Payment Date) in the amount standing to the credit or, in the case of the Current Payment Date, that will be standing to the credit, of the Principal Reserve Ledger following the application of Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments on each Payment Date from, but excluding, the Prior Payment Date to, and including, that Current Payment Date.</li> </ul>
<b>"Principal Reserve Fund Threshold Amount"</b>	On each Calculation Date, an amount equal to the Principal Reserve Fund Threshold Percentage multiplied by the aggregate of the Principal Amount Outstanding of the Class A Notes and the Class Z(S) VFNs.
<b>"Principal Reserve Fund Threshold Percentage"</b>	The percentage specified as such in the most recent Final Terms.
<b>"Principal Reserve Ledger"</b>	The ledger maintained by the Cash Manager which will record amounts standing to the credit of the Principal Reserve Fund at any time.
<b>"Principal Shortfall"</b>	Any deficit of Available Principal Receipts available to be applied by the Issuer in accordance with the applicable Priority of Payments and the amount required to pay items (ii) to (iv) (other than amounts in relation to Class A Notes which are Pass-Through Redemption Notes on any Payment Date other than their Final Maturity Date) of the Pre-Enforcement Pre-Trigger Principal Priority of Payments on any Payment Date, as determined by the Cash Manager on the relevant Calculation Date.
<b>"Principal Shortfall Amount"</b>	The meaning given to it in Condition 5.3 ( <i>Termination of the applicable Original Currency Swap Agreement</i> ) on page 215.
<b>"Priorities of Payments"</b>	As applicable, any of the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments and the Post-Enforcement Priority of Payments.
<b>"Product Switch"</b>	The conversion of a Mortgage Loan (either by the agreement of the Servicer to a Borrower's request to convert their Mortgage Loan or, in the case of a default by a Borrower, by election by the Servicer) into a Mortgage Loan with a different type of interest rate or repayment term, other than: <ul style="list-style-type: none"> <li>(a) any variation of the rate of interest payable in respect of a Mortgage Loan where that rate is offered to the Borrowers of more than 10 per</li> </ul>

	cent. by Current Balance of Mortgage Loans in the Mortgage Portfolio in any three-month period;
	(b) any arrangement entered into with a Borrower as part of arrears management, debt rehabilitation or the exercise of the rights and remedies against a Borrower or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with such Borrower's Mortgage Loan or Related Security in accordance with the procedures adopted by the Servicer or in accordance with the procedures that could reasonably be expected of a Prudent Mortgage Lender (including, without limitation, if a Mortgage Loan is in arrears and a fixed rate payment schedule is agreed with a Borrower to enable arrears to be cleared or the term of the Mortgage Loan is extended to assist a Borrower in financial difficulties); or
	(c) any variation imposed by Applicable Law (including, without limitation, the granting of a payment holiday in accordance with FCA guidance in connection with the COVID-19 pandemic).
<b>"Programme"</b>	The residential mortgage-backed note programme of Gracechurch Mortgages PLC described in this Base Prospectus.
<b>"Programme Agreement"</b>	The programme agreement between, among others, the Issuer, the Arranger and the Dealers dated the Programme Date.
<b>"Programme Date"</b>	10 November 2020.
<b>"Programme Documents"</b>	Each of the following documents: <ul style="list-style-type: none"><li>(a) the Agency Agreement;</li><li>(b) the Collection Account Declaration of Trust;</li><li>(c) the Corporate Services Agreement;</li><li>(d) the Deed of Charge;</li><li>(e) the Mortgage Sale Agreement;</li><li>(f) the Cash Management Agreement;</li><li>(g) the Servicing Agreement;</li><li>(h) the Incorporated Terms Memorandum;</li><li>(i) the Trust Deed;</li><li>(j) the Account Bank Agreements;</li><li>(k) the Interest Rate Swap Agreement;</li><li>(l) each Scottish Declaration of Trust;</li><li>(m) each Scottish Supplemental Charge;</li><li>(n) the Programme Agreement; and</li><li>(o) each other deed, document, agreement, instrument or certificate entered into or to be entered into by the Issuer under or in connection with any of the documents set out in paragraphs (a) through (n) (inclusive) above or the transactions contemplated in them.</li></ul>

<b>"Programme Issuance Documents"</b>	<p>In respect of each issuance of a Series and Class of Notes, each of the following documents:</p> <ul style="list-style-type: none"> <li>(a) the Subscription Agreement;</li> <li>(b) the Notes;</li> <li>(c) each Currency Swap Agreement;</li> <li>(d) each deed of accession or supplemental deed to the Deed of Charge;</li> <li>(e) any Remarketing Agreement;</li> <li>(f) any Conditional Note Purchase Agreement; and</li> <li>(g) each other deed, document, agreement, instrument or certificate entered into or to be entered into by the Issuer under or in connection with any of the documents set out in paragraphs (a) through (f) above or the transactions contemplated in them.</li> </ul>
<b>"Prospectus Rules"</b>	The rules published by the FCA and contained in the Prospectus Rules sourcebook.
<b>"Prudent Mortgage Lender"</b>	The Seller and/or the Servicer, as applicable, acting in accordance with the standards of a reasonably prudent prime residential mortgage lender lending to borrowers in England, Wales, Scotland and/or Northern Ireland.
<b>"QIB"</b>	A "qualified institutional buyer" within the meaning of Rule 144A.
<b>"Qualified Institution"</b>	<p>A bank which:</p> <ul style="list-style-type: none"> <li>(a) is a bank as defined for the purposes of section 878 of the Income Tax Act 2007 and which pays any relevant interest in the ordinary course of its business; and</li> <li>(b) <ul style="list-style-type: none"> <li>(i) in the case of the First Account Bank, is rated at least the First Account Bank Minimum Ratings; or</li> <li>(ii) in the case of any other Account Bank, is rated at least the Account Bank Required Ratings,</li> </ul> </li> </ul> <p>or is an institution acceptable to each Rating Agency.</p>
<b>"Rate of Interest"</b>	In respect of any Series and Class of Notes, the rate or rates (expressed as a percentage per annum) of interest payable in respect of such Notes specified in the applicable Final Terms or calculated and determined in accordance with the applicable Final Terms.
<b>"Rating Agencies"</b>	S&P, Fitch, Moody's and any Additional Rating Agency.
<b>"Ratings Confirmation"</b>	An Actual Ratings Confirmation or a Deemed Ratings Confirmation.
<b>"Realisation"</b>	The meaning given to it in Condition 11.2 ( <i>Limited Recourse</i> ) on page 225.
<b>"Receiver"</b>	Any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Property by the Security Trustee pursuant to the Deed of Charge.
<b>"Redress"</b>	Any remediation required by (or voluntarily agreed to be undertaken by the Seller with) the FCA or any other competent regulatory authority in relation to

harm suffered, or alleged to have been suffered, by any Borrower in connection with, without limitation, the regulations concerning the fair treatment of mortgage customers, and, in connection with any claim arising from such remediation, any resulting payment required to be made to a Borrower or set-off permitted to be exercised by a Borrower against the amount due by such Borrower under such Borrower's Mortgage Loan.

<b>"Redress Payment"</b>	The amount to be paid by the Seller to the Issuer in respect of a Redress following: (a) the voluntary election by the Seller to make such payment; and/or (b) the notification by the FCA or other relevant competent regulatory authority requiring the Seller to make, or procure to be made, such payment.
<b>"Reference Rate"</b>	In respect of any Series and Class of Notes, the rate specified as such for such Notes in the applicable Final Terms.
<b>"Register"</b>	The register of Class A Noteholders kept and maintained by the Registrar and which records the identity of each Class A Noteholder and the number of Class A Notes that each Class A Noteholder owns or the register of Class Z VFN Holders kept and maintained by the Class Z VFN Registrar and which records the identity of each Class Z VFN Holder and the number of Class Z VFNs that each Class Z VFN Holder owns.
<b>"Registers of Scotland"</b>	The Land Register of Scotland and the General Register of Sasines (as applicable).
<b>"Registrar"</b>	Citibank, N.A., London Branch, in its capacity as the registrar at its Specified Office initially appointed pursuant to the Agency Agreement, or such other person for the time being acting as registrar under the Agency Agreement.
<b>"Regulated Mortgage Contract"</b>	The meaning given in <i>"Risk Factors – Legal and Regulatory Risks relating to the Mortgage Loans – Regulation of the UK Residential Mortgage Market"</i> on page 47.
<b>"Regulation S"</b>	Regulation S under the Securities Act.
<b>"Regulation S Global Note Certificates"</b>	Global Note Certificates in fully registered form representing any Regulation S Notes.
<b>"Regulation S Note"</b>	Class A Notes sold in reliance on Regulation S.
<b>"Related Security"</b>	In relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Mortgage Portfolio.
<b>"Relevant Rating Agencies"</b>	(a) For any Series and Class of Notes, the Rating Agencies specified in the applicable Final Terms as providing a rating for such Notes; and  (b) in respect of all outstanding Class A Notes, all Rating Agencies specified in the applicable Final Terms for all outstanding Class A Notes as providing a rating for such Notes.
<b>"Relevant Screen Page"</b>	In respect of any Series and Class of Notes, the screen page specified as such for such notes in the applicable Final Terms (or such replacement page on the relevant service which displays the information).
<b>"Relevant Time"</b>	For a Series and Class of Notes, the meaning specified for such Notes in the applicable Final Terms.
<b>"Remaining Revenue Shortfall"</b>	Any deficit of Available Revenue Receipts to pay items (i) to (v) of the Pre-Enforcement Revenue Priority of Payments on any Payment Date following

	the application of any amounts standing to the credit of the General Reserve Fund, as determined by the Cash Manager on the relevant Calculation Date.
<b>"Remarketing Agent"</b>	For a Series and Class of Money Market Notes, the remarketing agent specified for such Notes in the applicable Final Terms acting as agent on behalf of the Issuer, or such other agent appointed to act as Remarketing Agent pursuant to the terms of the Remarketing Agreement.
<b>"Remarketing Agreement"</b>	For a Series and Class of Money Market Notes, an agreement to be dated on or about the Closing Date for such Notes between, among others, the Issuer and the Remarketing Agent.
<b>"Replacement Exchange Rate"</b>	Following any termination of the Original Currency Swap Agreement (or any replacement Currency Swap Agreement) and the entry into of a replacement Currency Swap Agreement, the exchange rate as specified in that replacement Currency Swap Agreement.
<b>"Required Retention Amount"</b>	On any date, an amount equal to five per cent. of the nominal value of the securitised exposures on that date in accordance with the text of Article 6(3)(d) of the Securitisation Regulation.
<b>"Required Subordination Amount"</b>	An amount calculated, on any date, as the product of: <ul style="list-style-type: none"> <li>(a) the Required Subordination Percentage; and</li> <li>(b) the Sterling Equivalent Principal Amount Outstanding as at their respective Closing Dates of all Notes (other than the Class Z(R) VFN) then outstanding on such date.</li> </ul>
<b>"Required Subordination Percentage"</b>	The percentage specified as such in the most recent Final Terms.
<b>"Reset Period"</b>	Has the meaning given to it in the applicable Remarketing Agreement or the applicable Conditional Note Purchase Agreement.
<b>"Revenue Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record Revenue Receipts received and disbursed by the Issuer.
<b>"Revenue Receipts"</b>	The aggregate of: <ul style="list-style-type: none"> <li>(a) any payment received from time to time in respect of any Mortgage Loan which is not a Principal Receipt (including any Early Repayment Charges on any Mortgage Loan) and whether as all or part of a Monthly Payment, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan, the revenue element of any consideration received from the Seller in respect of a Mortgage Loan repurchased by the Seller in accordance with the Mortgage Sale Agreement or otherwise (including pursuant to any Insurance Policy); and</li> <li>(b) any Revenue Redress Amounts.</li> </ul>
<b>"Revenue Redress Amount"</b>	Any part of a Redress Payment referable to the amount of a Mortgage Loan other than in respect of its principal amount.
<b>"Revenue Shortfall"</b>	Any deficit of Available Revenue Receipts to pay items (i) to (vi) of the Pre-Enforcement Revenue Priority of Payments on any Payment Date, as determined by the Cash Manager on the relevant Calculation Date.



<b>"RFTS"</b>	The ring-fencing transfer scheme under Part VII of the FSMA in relation to Barclays Bank PLC approved by the PRA and the High Court of England and Wales on 9 March 2018, effective on the RFTS Effective Date.
<b>"RFTS Effective Date"</b>	1 April 2018.
<b>"Right to Buy Mortgage Loan"</b>	A mortgage loan in respect of a property made in whole or in part to a borrower for the purpose of enabling that borrower to exercise his right to buy the relevant property under the Housing Act 1985, the Housing Act 1996 and the Housing (Scotland) Act 1987 (each as amended and updated from time to time).
<b>"Risk Weighted Assets"</b>	At any time, the aggregate amount, expressed in Sterling, of the risk weighted assets of Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group, as the case may be, at such time, as determined by the Seller, on an individual or sub-consolidated basis, as the case may be, in accordance with the Capital Regulations applicable to Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group, as the case may be, at such time, where the term <b>"risk weighted assets"</b> means the risk weighted assets or total risk exposure amount, as determined by the Seller, in accordance with the Capital Regulations applicable to Barclays Bank UK Solus or the Barclays Bank UK Regulatory Sub-Group, as the case may be.
<b>"Rule 144A"</b>	Rule 144A under the Securities Act.
<b>"Rule 144A Global Note Certificate"</b>	Any Global Note Certificate relating to any Class A Notes sold in reliance on Rule 144A.
<b>"Rule 144A Note"</b>	Each Series and Class of Notes which is not registered under the Securities Act and is offered in the United States or to US persons who are "qualified institutional buyers" (within the meaning of Rule 144A under the Securities Act) in reliance upon Rule 144A under the Securities Act (or, in the case of the initial subscription by the Dealers from the Issuer, in reliance upon Section 4(2) of the Securities Act).
<b>"Rule 2a-7"</b>	Rule 2a-7 of the US Investment Company Act of 1940, as amended.
<b>"S&amp;P"</b>	Standard & Poor's Credit Market Services Europe Limited, and any successor to its rating business.
<b>"Scottish Declaration of Trust"</b>	Each declaration of trust, substantially in the form scheduled to the Mortgage Sale Agreement, declared by the Seller in favour of the Issuer over its whole right, title, benefit and interest in and to the Scottish Trust Property specified therein.
<b>"Scottish Mortgage"</b>	A first-ranking standard security over a Scottish Property.
<b>"Scottish Mortgage Loan"</b>	A Mortgage Loan secured by a Scottish Mortgage.
<b>"Scottish Property"</b>	A Mortgaged Property situated in Scotland.
<b>"Scottish Supplemental Charge"</b>	Each assignation in security, substantially in the form scheduled to the Deed of Charge, granted by the Issuer in favour of the Security Trustee pursuant to the Deed of Charge in respect of the Issuer's right, title, interest and benefit in such Scottish Mortgage Loans, Scottish Mortgages and their Related Security as are sold to the Issuer on an Assignment Date (comprising the Issuer's beneficial interest under the corresponding Scottish Declaration of Trust).
<b>"Scottish Trust Property"</b>	The meaning given to it in each Scottish Declaration of Trust and, in relation to a Scottish Mortgage Loan, includes the Scottish Mortgage and other Related Security securing that Mortgage Loan including in each case all sums of

principal, interest and other sums payable or to become payable under such Scottish Mortgage Loan.

<b>"Second Account Bank"</b>	Elavon Financial Services DAC, UK Branch, in its capacity as the second account bank initially appointed pursuant to the Second Account Bank Agreement, or such other person for the time being acting as second account bank under the Second Account Bank Agreement.
<b>"Second Account Bank Agreement"</b>	The second account bank agreement entered into on or about the Programme Date between, among others, the Issuer, the Second Account Bank and the Security Trustee which provides for the operation of the Issuer Accounts named therein.
<b>"Second Transaction Account"</b>	The account in the name of the Issuer held at the Second Account Bank and maintained pursuant to the terms of the Second Account Bank Agreement, and such additional or replacement bank account of the Issuer as may, from time to time, be in place pursuant to the terms of the Second Account Bank Agreement.
<b>"Secured Creditor"</b>	The Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Note Trustee (in its own capacity and on behalf of the holders of the Notes), the Noteholders, the Seller, the Servicer, each Account Bank, the Cash Manager, each Swap Counterparty, the Corporate Services Provider, each Agent, the Class Z VFN Registrar and any Acceding Creditor who accedes to the Common Terms from time to time under a Deed of Accession or a supplemental deed of charge.
<b>"Securities Act"</b>	The US Securities Act of 1933, as amended.
<b>"Securitisation Regulation"</b>	Regulation (EU) 2017/2402 (together with any relevant regulatory and/or implementing technical standards adopted by the European Commission in relation thereto, any relevant regulatory and/or implementing technical standards applicable in relation thereto pursuant to any transitional arrangements made pursuant to Regulation (EU) 2017/2402, and, in each case, any official guidance in relation thereto published by the European Banking Authority, ESMA (or, in either case, any predecessor authority), the European Commission or the FCA).
<b>"Securitisation Repository Website"</b>	<p>(a) Until a securitisation repository has been registered under Article 10 of the Securitisation Regulation and appointed by the Issuer in relation to the Notes, the website of Barclays at <a href="https://home.barclays/">https://home.barclays/</a>, being a website that conforms with the requirements set out in Article 7(2) of the Securitisation Regulation; and</p> <p>(b) thereafter, the securitisation repository registered under Article 10 of the Securitisation Regulation appointed by the Issuer in relation to the Notes.</p>
<b>"Security"</b>	The Security Interests created by the Issuer pursuant to the terms of the Deed of Charge in favour of the Security Trustee for the benefit of the Secured Creditors, as described in the section entitled " <i>Security for the Issuer's Obligations</i> ".
<b>"Security Interest"</b>	Any mortgage or sub-mortgage, standard security, charge or sub-charge (whether legal or equitable), encumbrance, pledge, lien, hypothecation, assignment or assignation by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law).

<b>"Security Trustee"</b>	Citicorp Trustee Company Limited and its successors or any further or other security trustee appointed pursuant to the terms of the Deed of Charge.
<b>"Self-Certified Mortgage Loans"</b>	Mortgage Loans where the lender markets the fact that it will not verify income and charges a premium for the greater risk incurred.
<b>"Seller"</b>	Barclays Bank UK PLC, in its capacity as seller.
<b>"Seller's Policy"</b>	The originating, lending and underwriting, administration, arrears and enforcement policies and procedures which are applied from time to time by the Seller to mortgage loans and the related security for their repayment which are beneficially owned solely by the Seller and which may be amended or varied by the Seller from time to time.
<b>"Servicer"</b>	Barclays Bank UK PLC, in its capacity as servicer of the Mortgage Portfolio initially appointed pursuant to the Servicing Agreement, or such other person for the time being acting as servicer under the Servicing Agreement.
<b>"Servicer Report"</b>	A monthly report in relation to the Mortgage Loans in the Mortgage Portfolio prepared by the Servicer and made available to the Issuer and the Cash Manager on or before each Servicer Reporting Date.
<b>"Servicer Reporting Date"</b>	The date falling five Business Days before each Calculation Date.
<b>"Servicing Agreement"</b>	The servicing agreement entered into on or about the Programme Date between the Servicer, the Issuer, the Seller and the Security Trustee which provides for the administration of the Mortgage Loans in the Mortgage Portfolio, as described in the section entitled " <i>The Servicer and the Servicing Agreement</i> ".
<b>"Servicing Procedures"</b>	The administration, arrears and enforcement policies and procedures forming part of the Seller's Policy from time to time, pursuant to which the Servicer administers and enforces mortgage loans and the related security for their repayment which are beneficially owned by the Seller or, at any time when the Servicer is not also the Seller, the policies and procedures from time to time which would be adopted by a Prudent Mortgage Lender.
<b>"Share Trustee"</b>	CSC Corporate Services (UK) Limited, in its capacity as holder of the issued share capital of Holdings as trustee.
<b>"Shared Ownership Mortgage Loan"</b>	A mortgage loan in respect of a mortgaged property where the borrower acquires a percentage of the relevant mortgaged property and pays rent to a landlord in respect of the remaining interest in the mortgaged property.
<b>"SOFR"</b>	The Secured Overnight Financing Rate.
<b>"Solvency II Regulation"</b>	Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
<b>"SONIA"</b>	The Sterling Overnight Index Average.
<b>"Specified Currency"</b>	Subject to any applicable legal or regulatory restrictions, Euro, Sterling, US Dollars and such other currency or currencies for any Series of Class A Notes as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and specified in the applicable Final Terms.
<b>"Specified Currency Exchange Rate"</b>	In relation to a Series and Class of Notes of Non-Sterling Notes, the Original Exchange Rate or, if the Original Currency Swap has been terminated, the Spot

	Rate or, if a replacement Currency Swap Agreement has been entered into, the Replacement Exchange Rate.
<b>"Specified Denomination"</b>	In respect of any Series and Class of Notes, the denomination specified as such for such Notes in the applicable Final Terms, which will be no less than £100,000 or, in respect of any note issued which has a maturity of less than a year, £100,000 (or, in each case, its equivalent in the relevant currencies as at the date of issue of such Notes).
<b>"Specified Office"</b>	As the context may require, in relation to any of the Agents, the office specified against the name of such Agent in the provisions for the giving of notice scheduled to the Incorporated Terms Memorandum or such other specified notice as may be notified to the Issuer and the Note Trustee pursuant to the Agency Agreement.
<b>"Spot Rate"</b>	On any day with respect to any Series or Class of Non-Sterling Notes, the spot rate of exchange available that day offered by a bank selected by the Cash Manager for the purchase of the relevant Specified Currency with Sterling.
<b>"Standard Documentation"</b>	The standard documentation referred to in the Mortgage Sale Agreement, or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Prudent Mortgage Lender.
<b>"Standard Security"</b>	A standard security in terms of Part II of the Conveyancing and Feudal Reform (Scotland) Act 1970.
<b>"Standard Variable Rate Mortgage Loan"</b>	Mortgage Loans which track and are subject to the Barclays Standard Variable Rate for the life of the Mortgage Loan.
<b>"Step-Up Date"</b>	In respect of any Series and Class of Notes, the Payment Date specified as such for such Notes in the applicable Final Terms.
<b>"Sterling Equivalent"</b>	In relation to any Note which is denominated in (a) a Specified Currency other than Sterling, the Sterling equivalent of such amount ascertained using the Original Exchange Rate and (b) Sterling, the applicable amount in Sterling.
<b>"Sterling Equivalent Principal Amount Outstanding"</b>	<p>In relation to any Sterling Note, the Principal Amount Outstanding of that Note and, in relation to any Non-Sterling Notes:</p> <ul style="list-style-type: none"> <li>(a) if the Original Currency Swap Agreement has not terminated early, the Sterling Equivalent of the Principal Amount Outstanding of such Non-Sterling Notes converted at the Original Exchange Rate (and rounded to the nearest whole penny); or</li> <li>(b) if the Original Currency Swap Agreement has terminated early (and irrespective of whether a replacement Currency Swap Agreement has been entered into), the Deemed Principal Amount Outstanding,</li> </ul> <p>as calculated by the Cash Manager.</p>
<b>"Sterling Equivalent Redemption Date"</b>	The Payment Date on which the Sterling Equivalent Principal Amount Outstanding of any Non-Sterling Notes is zero.
<b>"Sterling Note"</b>	Any Note whose Specified Currency is Sterling.
<b>"STS Note"</b>	Any Note in respect of which an STS Notification has been made, as specified in the applicable Final Terms.

<b>"STS Notification"</b>	A notification to ESMA pursuant to and in accordance with Article 27 of the Securitisation Regulation confirming that the STS Requirements have been complied with with respect to any Series and Class of STS Notes.
<b>"STS Requirements"</b>	The requirements of Articles 19 to 22 of the Securitisation Regulation that must be met in order that a securitisation may be considered "STS" or "simple, transparent and standardised".
<b>"Sub-Class"</b>	Any Sub-Class of a Class of Notes.
<b>"Subordinated Interest Provision Fund"</b>	The amount reserved from time to time in the Transaction Accounts and credited to the Subordinated Interest Provision Ledger in accordance with the Cash Management Agreement.
<b>"Subordinated Interest Provision Fund Required Amount"</b>	On each Calculation Date, for the Class Z VFNs of each Series that are not Monthly Notes, the amount of interest that would be due and payable on such Notes on the immediately succeeding Payment Date if such Notes were Monthly Notes.
<b>"Subordinated Interest Provision Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record amounts standing to the credit of the Subordinated Interest Provision Fund at any time, and which will be sub-divided into sub-ledgers in respect of the Class Z VFNs of each Series and, where applicable, each Sub-Class thereof that are not Monthly Notes
<b>"Subordinated Principal Provision Fund"</b>	The amount reserved from time to time in the Transaction Accounts and credited to the Subordinated Principal Provision Ledger in accordance with the Cash Management Agreement.
<b>"Subordinated Principal Provision Fund Required Amount"</b>	On each Calculation Date, for the Class Z VFNs of each Series that are not Monthly Notes and that are Pass-Through Redemption Notes or Controlled Amortisation Notes, the amount of principal expected to be due and payable on such Notes on the next Note Payment Date in respect of such Notes.
<b>"Subordinated Principal Provision Ledger"</b>	The ledger of the Transaction Accounts so named and maintained by the Cash Manager in the books of the Issuer pursuant to the Cash Management Agreement to record amounts standing to the credit of the Subordinated Principal Provision Fund at any time, and which will be sub-divided into sub-ledgers in respect of the Class Z VFNs of each Series and, where applicable, each Sub-Class thereof that are not Monthly Notes.
<b>"Subordination Deficit"</b>	In respect of a Calculation Date, the amount by which the Actual Subordination Amount, after the application of Available Principal Receipts in accordance with the relevant Priority of Payments on the immediately succeeding Payment Date, will be less than the greater of the Required Subordination Amount and the Required Retention Amount, if any.
<b>"Subscription Agreement"</b>	With respect to each Series of Notes, the subscription agreement in such form as may be agreed between the Issuer and the Arranger(s) (if any) and Dealer(s) for such Series of Notes.
<b>"Swap Agreements"</b>	The Interest Rate Swap Agreement and each Currency Swap Agreement.
<b>"Swap Collateral"</b>	At any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Counterparty to, or held by, the Issuer as collateral to support the performance by such Swap Counterparty of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset (if the Issuer is entitled to retain the same).

<b>"Swap Collateral Account"</b>	The account in the name of the Issuer held at the Second Account Bank and maintained pursuant to the terms of the Second Account Bank Agreement, the Cash Management Agreement, the Deed of Charge and the Swap Agreements, and such additional or replacement bank account of the Issuer as may, from time to time, be in place pursuant to the terms of the Second Account Bank Agreement.
<b>"Swap Collateral Available Amounts"</b>	At any time in respect of a Swap Agreement, the amount of Swap Collateral standing to the credit of the relevant Swap Collateral Ledger following the return of any Swap Collateral Excluded Amounts to the relevant Swap Counterparty after the termination of the relevant Swap Agreement.
<b>"Swap Collateral Excluded Amounts"</b>	At any time in respect of a Swap Agreement, the amount of Swap Collateral standing to the credit of the relevant Swap Collateral Ledger, which is required at such time, in accordance with the terms of the relevant Swap Agreement, to satisfy the Issuer's obligations to the relevant Swap Counterparty, including Swap Collateral which is to be returned to the relevant Swap Counterparty as a return amount (as defined in the relevant Swap Agreement) from time to time in accordance with the terms of the relevant Swap Agreement and, ultimately upon termination of such relevant Swap Agreement, to make a payment of any termination payment owed to the relevant Swap Counterparty.
<b>"Swap Collateral Ledger"</b>	A ledger maintained by the Cash Manager to record all payments, deliveries, transfers and receipts in connection with Swap Collateral relating to the Swap Agreements.
<b>"Swap Counterparty"</b>	Each of the Interest Rate Swap Counterparty and each Currency Swap Counterparty, or any one of them as the context requires.
<b>"Swap Counterparty Default"</b>	<p>(a) The occurrence of an event of default (as defined in the relevant Swap Agreement) where the relevant Swap Counterparty is the defaulting party (as defined in the relevant Swap Agreement); or</p> <p>(b) the occurrence of an additional termination event (as defined in the relevant Swap Agreement) as a result of the failure by the relevant Swap Counterparty to remedy a swap downgrade event in accordance with the relevant Swap Agreement where the relevant Swap Counterparty is the sole affected party (as defined in the relevant Swap Agreement); or</p> <p>(c) if applicable, the additional tax representation (as defined in the relevant Swap Agreement) proving to be incorrect or misleading in any material respect as a result of any action and/or any omission to take action by the relevant Swap Counterparty which could have prevented such breach of representation.</p>
<b>"Swap Early Termination Event"</b>	The circumstances in which some or all swap transactions (as the case may be) under a Swap Agreement can be terminated before their respective scheduled termination dates, as described in " <i>The Swap Agreements – Termination of the Swaps</i> " on page 178.
<b>"Swap Excess Reserve Account"</b>	Each account to be opened in the name of the Issuer with an Account Bank as soon as reasonably practicable following the termination of the Original Currency Swap Agreement with respect to any Non-Sterling Notes.
<b>"Swap Excluded Termination Amounts"</b>	Interest Rate Swap Excluded Termination Amounts and Currency Swap Excluded Termination Amounts.
<b>"Swap Replacement Premium"</b>	Any payment received from a replacement Swap Counterparty in order to enter into a replacement Swap Agreement with such replacement Swap Counterparty replacing a Swap Agreement.

<b>"Swap Termination Payment"</b>	The amount payable because of a Swap Early Termination Event.
<b>"Swaps"</b>	The Interest Rate Swap and the Currency Swaps, or any of them as the context requires.
<b>"Switch Date"</b>	In relation to a Product Switch, the date on which such Product Switch is granted.
<b>"Target Balance"</b>	For any Series and Class of Controlled Amortisation Notes, the amount for each Note Payment Date specified in the applicable Final Terms.
<b>"Tender Agent"</b>	For a Series and Class of Money Market Notes, the agent appointed to act as tender agent in respect of such Notes pursuant to the terms of the applicable Remarketing Agreement.
<b>"Title Deeds"</b>	For each Mortgage Loan and its Related Security and the Mortgaged Property relating to it, all conveyancing deeds and documents which make up the title to the Mortgaged Property and the security for the Mortgage Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage.
<b>"Transaction Accounts"</b>	The First Transaction Account and the Second Transaction Account, or any of them as the context requires.
<b>"Transaction Documents"</b>	In relation to a Series and Class of Notes, each Programme Document and each Programme Issuance Document relevant to such Series and Class of Notes.
<b>"Transaction Party"</b>	Any person who is a party to a Transaction Document and <b>"Transaction Parties"</b> means some or all of them.
<b>"Transparency Requirements"</b>	The information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of Article 7(1) of the Securitisation Regulation.
<b>"Trust Deed"</b>	The trust deed entered into on or about the Programme Date between the Issuer and the Note Trustee constituting the Notes.
<b>"UK Listing Authority"</b>	The Financial Conduct Authority in its capacity as competent authority under Part VI of the FSMA.
<b>"Underpayment"</b>	A situation where a Borrower makes a monthly payment on its Mortgage Loan which is less than the required monthly payment for that month.
<b>"United Kingdom"</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>"US Credit Risk Retention Requirements"</b>	The risk retention requirements under Section 15G of the Exchange Act and regulations promulgated thereunder.
<b>"US Paying Agent"</b>	Citibank, N.A., London Branch, in its capacity as US paying agent at its Specified Office initially appointed as a US paying agent pursuant to the Agency Agreement together with, if applicable, any successor US paying agent at its Specified Office.
<b>"US Person"</b>	A US person (as defined in Regulation S).
<b>"Valuation Report"</b>	The valuation report or reports for mortgage purposes, in the form of the pro-forma contained in the Standard Documentation, obtained by an Seller from a Valuer in respect of a Mortgaged Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender.

<b>"Valuer"</b>	An Associate or Fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was at the relevant times either a member of a firm which was on the list of Valuers approved by or on behalf of the Seller from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by an Seller acting for the Seller in respect of the valuation of a Mortgaged Property.
<b>"Variable Mortgage Rate"</b>	The rate of interest which determines the amount of interest payable each month on a Variable Rate Mortgage Loan.
<b>"Variable Rate Mortgage Loan"</b>	Standard Variable Rate Mortgage Loans and Discounted Variable Rate Mortgage Loans.



**APPENDIX 1  
FORM OF FINAL TERMS**

**IMPORTANT – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**Final Terms dated [•] (to the base prospectus dated 10 November 2020 [, as supplemented on [•]])**

## **GRACECHURCH MORTGAGES PLC**

*(incorporated in England and Wales with limited liability under registered number 12134081 and  
LEI 635400QXR6GVFIQQN30)*

### **Issue of Series [•] Notes under its Residential Mortgage-Backed Note Programme**

The Series [•] Notes will comprise the following Classes of Notes:

<b>Initial Principal Amount</b>	<b>Class</b>	<b>Interest Rate</b>	<b>Final Maturity</b>	<b>Issue Price</b>	<b>Expected Ratings</b>			
					<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>[•]</b>
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

Terms used herein will be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated 10 November 2020 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "Base Prospectus") for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.

The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the offices of the Principal Paying Agent at [•] [and the offices of the Dealer(s) at [insert address]] and copies are

available at the registered address of the Issuer at 10th Floor, 5 Churchill Place, London E14 5HU. These Final Terms may be used to offer and sell the Series [•] Notes only if accompanied by the Base Prospectus.

This document is not a prospectus for the purposes of Section 12(a)(2) or any other provision or rule under the US Securities Act of 1933, as amended (the "**Securities Act**"). The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to "**US persons**" (as defined in Regulation S of the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may only be offered, sold or delivered [to non-US persons (as defined in Regulation S) outside the United States in reliance on Regulation S]/[to persons that are "qualified institutional buyers" (each, a "**QIB**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**")].

[Except with the prior written consent of the Seller and where such sale falls within the exemption provided by Section 20 of the US Risk Retention Requirements, the Notes offered and sold may not be purchased by, or for the account or benefit of, any "US person" as defined in the US Risk Retention Requirements ("**Risk Retention US Persons**"). Prospective investors should note that the definition of "US person" in the US Risk Retention Requirements is substantially similar to, but not identical to, the definition of "US person" in Regulation S. Each purchaser of Notes, including beneficial interests therein, will be deemed to have made certain representations and agreements, including that it (a) is not a Risk Retention US Person (unless it has obtained a prior written consent of the Seller), (b) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (c) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the US Risk Retention Requirements.]<sup>3</sup>

**The Notes set forth will be admitted**

An application has been made for the Notes to be admitted to the Official List and application has been made to the London Stock Exchange for the Notes to be admitted to tracking on its regulated market.

The Base Prospectus, its supplements and the Final Terms will be made available in electronic form on the website of the regulated market of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

**Arranger**  
[•]

**Dealer[s]**

[•]

[•]

The following are the specific terms and conditions relating to the Series [•] Notes and form part of the Conditions as applied to the Series [•] Notes (and solely with respect to the Series [•] Notes) by the Trust Deed.

1. **ISSUE OF THE NOTES**

1.1 **Issuer**

Gracechurch Mortgages PLC

1.2 **Series**

Series [•]

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<sup>3</sup> To be included only for Series relying on the Section 20 Exemption, and not for those where an EVI is retained.

1.3 **Closing Date**

[•]

1.4 **Initial Principal Amount Outstanding**

<b>Class</b>	<b>Initial Principal Amount Outstanding</b>
Class [•] Notes .....	[•]

1.5 **Issue Price**

<b>Class</b>	<b>Percentage of Initial Principal Amount Outstanding</b>
Class [•] Notes .....	[•]

1.6 **Ratings**

<b>Class</b>	<b>Ratings</b>			
	<b>Moody's</b>	<b>Fitch</b>	<b>S&amp;P</b>	<b>[•]</b>
Class [•] Notes .....	[•]	[•]	[•]	[•]

1.7 **Selling restrictions**

The Notes may be offered and sold only in compliance with applicable laws and regulations. See "Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions" in the Base Prospectus.

1.8 **Post-issuance reporting**

Each Investor Report and Loan Level Report will be made available on the website of [•] at [•], being [a website that conforms with the requirements set out in Article 7(2) of the Securitisation Regulation][a securitisation repository registered under Article 10 of the Securitisation Regulation], simultaneously no later than one month following the relevant Payment Date.

Each Cash Manager Report will be made available electronically through the website of [•] at [•] by no later than each Payment Date, provided that the Cash Manager receives the relevant Servicer Report by the relevant Servicer Reporting Date.

1.9 **Simple, transparent and standardised**

[Not Applicable / The Seller (as originator for the purposes of the Securitisation Regulation) has procured, in accordance with Article 27 of the Securitisation Regulation, (a) that an STS Notification be submitted to ESMA confirming that the STS Requirements have been satisfied with respect to the Series [•] Notes and (b) that the FCA be informed of that notification.] See "Securitisation Regulation" below.

1.10 **US Credit Risk Retention Requirements**

[The Seller intends to retain an eligible vertical interest (EVI) equal to at least 5 per cent. of the Class A Notes and each Sub-Class of Class Z VFNs, in each case determined as of the Closing Date specified herein.]

[The Seller does not intend to retain at least 5 per cent. of the credit risk of the related Series, but rather intends to rely on the exemption provided for in Section 20 of the US Credit Risk Retention Requirements regarding non-US transactions.]

2. **FORM AND HOLDING OF THE NOTES**

2.1 **Regulation S and Rule 144A**

[[All of the Series [•] Notes][The Class [•] Notes] are Regulation S Notes.][[All of the Series [•] Notes][The Class [•] Notes] are Rule 144A Notes.]

[Regulation S Global Note Certificates are registered in the name of a nominee of a Common Depository for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg]

[The Rule 144A Global Note Certificate[s] [denominated in a currency other than US Dollars] [is][are] registered in the name of a nominee of a Common Depository for Euroclear and Clearstream, Luxembourg/ a Common Safekeeper for Euroclear and Clearstream, Luxembourg.]

[The Rule 144A Global Note Certificate[s] [denominated in US Dollars] are registered in the name of Cede & Co. as nominee of, DTC.]

2.2 **Specified Currency and Specified Denominations**

<u>Class</u>	<u>Specified Currency</u>	<u>Specified Denomination</u>
Class [•] Notes .....	[•]	[•], and integral multiples of [•] in excess thereof

2.3 **Principal Financial Centre and Additional Business Centre(s)**

[Not Applicable/[•]]

2.4 **Estimate of total expenses related to admission to trading**

[•]

3. **PROVISIONS RELATING TO INTEREST PAYABLE**

3.1 **Interest Commencement Date**

[•]

3.2 **Fixed Rate Note provisions**

[Not Applicable / Applicable to [each Class of Series [•] Notes / the Class [•] Notes].]

(a) **Rate(s) of Interest**

<u>Class</u>	<u>Rate of Interest</u>
Class [•] Notes .....	[•] per cent. per annum

(b) **Note Payment Dates**

For [the Class [•] Notes / each Class of Series [•] Notes], (i) the Payment Date[s] falling in [•], [•], [•] and [•] in each year, with the first such Note Payment Date being the Note Payment Date falling in [•], (ii) each Payment Date while a Trigger Event is continuing, (iii) each Payment Date following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, and (iv) each Payment Date following the the Step-Up Date (if any) for such Notes, in each case up to and including the Final Maturity Date.

(c) **Fixed Coupon Amounts**

<u>Class</u>	<u>Fixed Coupon Amount(s)</u>
Class [•] Notes .....	[•] per [•] in nominal amount

(d) **Broken Amounts**

<u>Class</u>	<u>Broken Amount(s)</u>
Class [•] Notes .....	[•] per [•] in nominal amount, payable on the Note Payment Date falling in [•].

(e) **Day Count Fraction**

<u>Class</u>	<u>Day Count Fraction</u>
Class [•] Notes .....	[Actual/Actual – ICMA / 30/360 / other]

### 3.3 Floating Rate Note provisions

[Not Applicable / Applicable to [each Class of Series [•] Notes / the Class [•] Notes].]

(a) **Note Payment Dates**

For [the Class [•] Notes / each Class of Series [•] Notes], (i) the Payment Date[s] falling in [•], [•], [•] and [•] in each year, with the first such Note Payment Date being the Note Payment Date falling in [•], (ii) each Payment Date while a Trigger Event is continuing, (iii) each Payment Date following the occurrence of a Stop Revolving Event until the redemption of all STS Notes then outstanding, and (iv) each Payment Date following the Step-Up Date (if any) for such Notes, in each case up to and including the Final Maturity Date.

(b) **Business Day Convention**

<u>Class</u>	<u>Business Day Convention</u>
Class [•] Notes.....	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / other]

(c) **Screen Rate Determination**

[Not Applicable / Applicable to [each Class of Series [•] Notes / the Class [•] Notes].]

<u>Class</u>	<u>Reference Rate</u>	<u>Interest Determination Date(s)</u>	<u>Relevant Screen Page</u>
Class [•] Notes.....	[SONIA / EURIBOR / SOFR / €STR / other] <i>(additional information is required if other)</i>	[•] / [•] London Banking Days prior to the end of each Interest Period	[•]

(i) **Floating Rate Notes which do not reference SONIA, SOFR or €STR**

[Not Applicable]

<u>Class</u>	<u>Relevant Time</u>	<u>Linear Interpolation</u>
Class [•] Notes.....	[•]	[Not Applicable / Applicable]

(i) **Floating Rate Notes which reference SONIA, SOFR or €STR**

[Not Applicable]

<u>Class</u>	<u>Calculation Method</u>	<u>Observation Method</u>	<u>Observation Look-back period</u>
Class [•] Notes.....	[Compounded Daily / Weighted Average]	[Lag / Lock-out / Observation Shift]	[[•] Business Days / Not Applicable <i>(where Lock-out is the Observation Method)</i> ]

(d) **ISDA determination**

[Not Applicable / Applicable to [each Class of Series [•] Notes / the Class [•] Notes].]

<u>Class</u>	<u>Floating Rate Option</u>	<u>Designated Maturity</u>	<u>Reset Date</u>
Class [•] Notes.....	[•]	[•]	[•]

(a) **Margin(s) and Step-Up Date**

<u>Class</u>	<u>Margin</u>		<u>Step-Up Date</u>
	<u>Each Floating Interest Period up to (but excluding) the Step-Up Date</u>	<u>Each Floating Interest Period from (and including) the Step-Up Date</u>	
Class [•] Notes.....	[•] per cent. per annum	[•] per cent. per annum	The Note Payment Date falling in [•]

(b) **Maximum Rate of Interest and Minimum Rate of Interest**

Class	Each Floating Interest Period up to (but excluding) the Step-Up Date		Each Floating Interest Period from (and including) the Step-Up Date	
	Minimum Rate of Interest	Maximum Rate of Interest	Minimum Rate of Interest	Maximum Rate of Interest
Class [•] Notes.....	[•] per cent. per annum	[•] per cent. per annum	[•] per cent. per annum	[•] per cent. per annum

(c) **Day Count Fraction**

Class	Day Count Fraction
Class [•] Notes.....	[Actual/Actual / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 30E/360 / Sterling/FRN / Actual/Actual – ICMA / other]

(d) **Party responsible for calculating the rate of interest and interest amount (if not the Agent Bank)**

[Not Applicable / [•]]

4. **PROVISIONS RELATING TO REDEMPTION**

(a) **Type of Note and redemption**

Class	Type of Note	Optional redemption in part	Redemption Amount
Class [•] Notes.....	[Bullet Redemption Notes / Controlled Amortisation Notes / Pass-Through Redemption Notes]	[Not Applicable / Applicable]	[•]

(b) **Details relating to Bullet Redemption Notes**

[Not Applicable]

Class	Bullet Redemption Date
Class [•] Notes.....	The Note Payment Date falling in [•]

(c) **Details relating to Controlled Amortisation Notes**

[Not Applicable]

Controlled Amortisation Dates	Class [•] Notes	
	Target Balance (Sterling Equivalent)	Target Balance (Specified Currency)
The Note Payment Date falling in: [•].....	£[•]	[•]

(d) **Final Maturity Date**

Class	Final Maturity Date
Class [•] Notes.....	The Note Payment Date falling in [•]

5. **MONEY MARKET NOTES**

(a) **Money Market Note Mandatory Transfer Arrangements**

[Not Applicable / Applicable to [each Class of Series [•] Notes / the Class [•] Notes].]

(b) **Name of Remarketing Agent**

[•]

(c) **Name of Conditional Note Purchaser**

[•]

(d) **Money Market Note Mandatory Transfer Dates**

[For the Class [•] Notes, the Payment Date falling in [•] and each [subsequent] Payment Date falling in each [•] thereafter]

(e) **Maximum reset margin**

[For the Series [•] Class [•] Notes, [•]]

6. **OTHER PROVISIONS**

(a) **Required Subordination Percentage**

[•] per cent.

(b) **General Reserve Fund Required Percentage**

[•] per cent.

(c) **Principal Reserve Fund Threshold Percentage**

[•] per cent.

(d) **Post-Perfection Trigger Event minimum Barclays Standard Variable Rate**

[•] per cent.

(e) **Minimum Mortgage Portfolio Yield Margin**

[•] per cent. per annum

7. **DETAILS OF THE CURRENCY SWAPS RELATING TO THE NOTES**

[Not Applicable / Applicable to [each Class of Series [•] Notes / the Class [•] Notes].]

(a) **Currency Swap Counterparty**

[[*Name and address*]. See further "*The Currency Swap Counterparty*" below.]

(b) **Original Exchange Rate and frequency of payment**

<u>Class</u>	<u>Original Exchange Rate</u>	<u>Frequency of payment</u>
Class [•] Notes.....	£1.00/[•]	[Each Note Payment Date]

8. **OPERATIONAL INFORMATION**

8.1 **Eurosystem eligibility**

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8.2 **Bank of England collateral eligibility**

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to constitute eligible collateral for the purposes of Bank of England financing schemes. It does not necessarily mean that the Notes will be recognised as eligible collateral for these purposes either upon issue or at any or all times during their life. Such recognition will depend upon the Bank of England being satisfied that the relevant eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Bank of England eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be used as collateral for the purposes of Bank of England financing schemes. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for these purposes at any time during their life. Such recognition will depend upon the Bank of England being satisfied that the relevant eligibility criteria have been met.]

8.3 **Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg**

[Not Applicable/[•]]

8.4 **Delivery**

<u>Class</u>	<u>Delivery</u>
Class [•] Notes .....	Delivery [against / free of] payment

8.5 **Clearing System Codes**

<u>Class</u>	<u>CUSIP number</u>	<u>Common code</u>	<u>ISIN</u>	<u>[FISN]</u>	<u>[CFI]</u>	<u>[other]</u>
Class [•] Notes .....	[•]	[•]	[•]	[•]	[•]	[•]

9. **DISTRIBUTION**

9.1 **Stabilisation manager(s), if any**

[Not Applicable / *give names*]



**[REMARKETING AGENTS AND CONDITIONAL NOTE PURCHASERS]**

[•]

**OTHER INFORMATION**

**Other Series of Notes issued**

Immediately following the Closing Date for the Series [•] Notes, the aggregate Sterling Equivalent Principal Amount Outstanding of Notes issued by the Issuer, including the Notes described in these Final Terms, will be:

<u>Class</u>	<u>Sterling Equivalent Principal Amount Outstanding</u>
Class A Notes .....	£[•]
Class Z(R) VFN .....	£[•]
Class Z(S) VFN .....	£[•]

## MATURITY AND REPAYMENT CONSIDERATIONS

The average life of each Class of the Series [•] Notes cannot be stated because the actual rate of repayment of the Mortgage Loans and redemption of the mortgages and a number of other relevant factors are unknown. Calculations of the possible average life of each Class of the Series [•] Notes can be made, however, based on certain assumptions. The assumptions used to calculate the possible average lives of each Class of the Series [•] Notes in the following table include that:

- (a) the Security is not enforced;
- (b) the aggregate Current Balance of Mortgage Loans in the Mortgage Portfolio will not fall below an amount equal to the product of [•] and the Principal Amount Outstanding of all Notes of the Issuer at any time;
- (c) no Trigger Event or Stop Revolving Event occurs;
- (d) no event occurs that would cause payments on each Class of the Series [•] Notes to be deferred;
- (e) [the Issuer exercises its option to redeem each Class of the Series [•] Notes on the Step-Up Date, if any, relating to such Notes];
- (f) the Series [•] Notes are issued on the Closing Date specified herein [and all Notes of any Series other than the Series [•] Class [•] Notes are at their respective target balances on the interest payment date falling in [•]];
- (g) each payment made by the Issuer to the Noteholders is paid on the [•] day of the relevant month in which such payment is payable, regardless of whether such date is a business day;
- (h) no interest or fees are paid from Issuer available principal receipts, funding available principal receipts or Available Principal Receipts;
- (i) the Mortgage Loans are not subject to any defaults or losses, and no Mortgage Loan falls into arrears; and
- (j) no further Series of Notes are issued after the Closing Date specified herein.

Assumptions (e) and (f) reflect the Issuer's current expectations, although no assurance can be given that repayment of the Notes will occur as described. Assumptions (a) to (d) and (h) to (k) relate to unpredictable circumstances.

Based upon the foregoing assumptions, the approximate average lives of the Series [•] Notes, at various CPRs for the Mortgage Loans, would be as follows:

CPR (% per annum)	Possible average life of the Series [•] Class [•] Notes (in years)
5% .....	[•]
10% .....	[•]
15% .....	[•]
20% .....	[•]
25% .....	[•]
30% .....	[•]
35% .....	[•]

The average life of each Class of the Series [•] Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that these assumptions and estimates are realistic and they must therefore be viewed with considerable caution. For more information relating to the risks involved in the use of these estimated average lives, see the section of the Base Prospectus entitled "*Risk factors – Risks relating to the availability of funds to pay the Notes – Effects of prepayments on, or redemptions or repurchases of, the Mortgage Loans on the yield to maturity of the Notes*".

## THE CUT-OFF DATE MORTGAGE PORTFOLIO

The statistical and other information contained in these Final Terms has been compiled by reference to the Mortgage Loans in the Cut-Off Date Mortgage Portfolio as of [•] (the "Cut-Off Date"). The Cut-Off Date Mortgage Portfolio comprised an aggregate Current Balance of £[•]. The Mortgage Loans in the Cut-Off Date Mortgage Portfolio were originated between [•] and [•].

A Mortgage Loan included in the Cut-Off Date Mortgage Portfolio (and which has not been assigned to the Issuer pursuant to the terms of the Mortgage Sale Agreement) will not be so assigned to the Issuer if, in the period up to (and including) the [Closing Date]/[applicable Assignment Date], it is repaid in full or if it does not comply with the terms of the Mortgage Sale Agreement on or about the [Closing Date]/[applicable Assignment Date], or is a Mortgage Loan which is a [•].

[In addition to the Mortgage Loans assigned from the Cut-Off Date Mortgage Portfolio, the Seller is also expected to assign to the Issuer on the [Closing Date]/[applicable Assignment Date] other Mortgage Loans originated between [•] and [•]. No such Mortgage Loan will be so assigned to the Issuer if it does not comply with the terms of the Mortgage Sale Agreement on or about the [Closing Date]/[applicable Assignment Date]. These Mortgage Loans have not been included in the statistical and other information contained in these Final Terms relating to the Cut-Off Date Mortgage Portfolio. The statistical and other information contained in these Final Terms relating to the Cut-Off Date portfolio is therefore merely representative of the Mortgage Loans to be assigned to the Issuer on the Closing Date.]

[For the avoidance of doubt, the Cut-Off Date Mortgage Portfolio includes certain Mortgage Loans to be assigned to the Issuer between the Cut-Off Date and the Closing Date.]

Once the determination has been made as to the anticipated initial Principal Amounts Outstanding of the Notes to be issued and the corresponding size of the Mortgage Portfolio that would be required ultimately to support payments on the Notes, the Seller will then randomly select the Mortgage Loans to be assigned to the Issuer on the Closing Date from the Mortgage Loans available to be so assigned on such date. It is expected that the aggregate Current Balance of the loans to be assigned to the Issuer on the [Closing Date]/[applicable Assignment Date] will not exceed [•].

Unless indicated otherwise, the following description relates to types of Mortgage Loans that could be included in the Mortgage Portfolio as of the [Closing Date]/[applicable Assignment Date] or on any subsequent date.

The Borrowers in respect of [•] per cent. of the aggregate Current Balance of the Mortgage Loans in the Cut-Off Date Mortgage Portfolio as of [•] have agreed to have their scheduled mortgage payments to the Seller directly debited from their bank accounts.

[•] per cent. of the aggregate Current Balance of the Mortgage Loans in the Cut-Off Date Mortgage Portfolio as of the Cut-Off Date were Fixed Rate Mortgage Loans. The remaining [•] per cent. of the aggregate Current Balance of the Mortgage Loans in the Cut-Off Date Mortgage Portfolio as of the Cut-Off Date were Standard Variable Rate Mortgage Loans, Discounted Variable Rate Mortgage Loans or Tracker Rate Mortgage Loans, as described below.

As of the Cut-Off Date, the Barclays Standard Variable Rate was [•] per cent. per annum.

The tables set out below show statistical and other information relating to all Mortgage Loans in the Cut-Off Date Mortgage Portfolio as of the Cut-Off Date.

Columns stating percentage amounts may not add up to 100 per cent. due to rounding.

### Type of Mortgage Loan Occupation Status

Occupation Status	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
Owner Occupied.....	[•]	[•]	[•]	[•]
Second / Holiday Home.....	[•]	[•]	[•]	[•]
<b>Total</b> .....	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

## Tenure

Tenure	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
Feehold .....	[•]	[•]	[•]	[•]
Freehold .....	[•]	[•]	[•]	[•]
Leasehold .....	[•]	[•]	[•]	[•]
Unknown.....	[•]	[•]	[•]	[•]
<b>Total .....</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

## Seasoning of Mortgage Loans at closing

The following table shows the length of time since the Mortgage Loans were originated as of the Cut-Off Date.

Age of Mortgage Loans (months)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•] .....	[•]	[•]	[•]	[•]
<b>Total .....</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

The weighted average seasoning of Mortgage Loans, as of the Cut-Off Date, was [•] months. The maximum seasoning of such Mortgage Loans, as of the Cut-Off Date, was [•] months and the minimum seasoning of such Mortgage Loans, as of the Cut-Off Date, was [•] months.

## Years to maturity at closing

Years to maturity	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•] .....	[•]	[•]	[•]	[•]
<b>Total .....</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

The weighted average remaining term of the Mortgage Loans, as of the Cut-Off Date, was [•] years. The maximum remaining term, as of the Cut-Off Date, was [•] years. The minimum remaining term, as of the Cut-Off Date, was [•] years.

## Geographical distribution of Mortgaged Properties

The following table shows the spread of Mortgaged Properties securing the Mortgage Loans throughout England, Wales, Scotland and Northern Ireland as of the Cut-Off Date. No Mortgaged Properties are situated outside England, Wales, Scotland and Northern Ireland. The geographical location of a property has no impact upon the Lending Criteria and credit scoring tests.

Region	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
East Anglia.....	[•]	[•]	[•]	[•]
East Midlands .....	[•]	[•]	[•]	[•]
Greater London.....	[•]	[•]	[•]	[•]
North .....	[•]	[•]	[•]	[•]
North West.....	[•]	[•]	[•]	[•]
Northern Ireland.....	[•]	[•]	[•]	[•]
Scotland .....	[•]	[•]	[•]	[•]
Northern Ireland.....	[•]	[•]	[•]	[•]
South East .....	[•]	[•]	[•]	[•]
South West.....	[•]	[•]	[•]	[•]
Wales .....	[•]	[•]	[•]	[•]
West Midlands.....	[•]	[•]	[•]	[•]
Yorkshire and Humberside.....	[•]	[•]	[•]	[•]
<b>Total .....</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

### Original LTV Ratios

Original LTV Ratio (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•]	[•]	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

The weighted average original LTV Ratio of the Mortgage Loans, as of the Cut-Off Date, was [•] per cent.

### Current LTV Ratios

The following table shows the range of current LTV Ratios, which express the Current Balance of a Mortgage Loan, as of the Cut-Off Date, divided by the value of the Mortgaged Property securing that Mortgage Loan at the same date.

Current LTV Ratio (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•]	[•]	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

The weighted average current LTV Ratio of the Mortgage Loans, as of the Cut-Off Date, was [•] per cent.

### Current indexed LTV Ratios

The following table shows the range of current indexed LTV Ratios, which express the Current Balance of a Mortgage Loan, as of the Cut-Off Date, divided by the indexed value of the Mortgaged Property securing that Mortgage Loan, as of the same date (calculated using the Nationwide House Price Index).

Current Indexed LTV Ratio (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•]	[•]	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

The weighted average current indexed LTV Ratio of the Mortgage Loans, as of the Cut-Off Date, was [•] per cent.

### Current Balances

The following table shows the Current Balances of the Mortgage Loans (including Capitalised fees and/or charges, if applicable), as of the Cut-Off Date:

Current Balance (£)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•]	[•]	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

The largest Mortgage Loan has a Current Balance, as of the Cut-Off Date, of £[•]. The average Current Balance, as of the Cut-Off Date, was approximately £[•].

### Mortgage loan products

Mortgage loan products	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•]	[•]	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

### Employment status

Employment status	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•] .....	[•]	[•]	[•]	[•]
<b>Total</b> .....	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

### Distribution of Fixed Rate Mortgage Loans

Fixed rate (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•] .....	[•]	[•]	[•]	[•]
<b>Total</b> .....	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

### Month/year in which fixed rate period ends

Month/year in which fixed rate period ends	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•] .....	[•]	[•]	[•]	[•]
<b>Total</b> .....	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

### Repayment terms

Type of repayment plan	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•] .....	[•]	[•]	[•]	[•]
<b>Total</b> .....	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

### Arrears table

Months in arrears <sup>(1)</sup>	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
[•] .....	[•]	[•]	[•]	[•]
<b>Total</b> .....	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

<sup>(1)</sup> Mortgage Loans subject to payment holidays granted in accordance with FCA guidance in connection with the COVID-19 pandemic are not classified as being in arrears.

## ARREARS, DELINQUENCIES AND LOSSES

Since the establishment of the Mortgage Portfolio, total losses on Mortgage Loans in the Mortgage Portfolio (including Mortgage Loans which previously formed part of the Mortgage Portfolio) were £[•] as at the Cut-Off Date.

The following table summarises loans in arrears and repossession experience for Mortgage Loans in the Mortgage Portfolio (including Mortgage Loans which previously formed part of the Mortgage Portfolio) as at the Cut-Off Date. It is a requirement of the Eligibility Criteria that each Mortgage Loan to be transferred to the Issuer on the Closing Date has an aggregate amount in arrears which is no more than the amount of the Monthly Payment then due.

The Mortgage Loans used for statistical purposes in the tables below are administered in accordance with the Seller's Policy. The method by which the Seller classifies Mortgage Loans as being in arrears is described in the Base Prospectus under "*The Servicer and the Servicing Agreement – Arrears practice in respect of the Mortgage Loans*", and is important in helping to understand the Seller's arrears and repossession experience for Mortgage Loans in the Mortgage Portfolio as set forth in the following table. Mortgage Loans subject to payment holidays granted in accordance with FCA guidance in connection with the COVID-19 pandemic are not classified as being in arrears.

Year ending .....	31 Dec [•]	31 Dec [•]
Current Balance of Mortgage Loans (£) .....	[•]	[•]
<b>Current Balance of Mortgage Loans in arrears (£)</b>		
1-2 months in arrears.....	[•]	[•]
2-3 months in arrears.....	[•]	[•]
3-6 months in arrears.....	[•]	[•]
6-12 months in arrears .....	[•]	[•]
>12 months in arrears.....	[•]	[•]
<b>Total</b> .....	[•]	[•]
Current Balance of Mortgage Loans >1 month in arrears as a percentage of total Current Balance (%) .....	[•]	[•]
Current Balance of Mortgage Loans >3 months in arrears as a percentage of total Current Balance (%) .....	[•]	[•]
Current Balance of Mortgage Loans in possession (inc. interest) (£)	[•]	[•]
Current Balance of Mortgage Loans with sold Mortgaged Properties (£).....	[•]	[•]
Current Balance of Mortgage Loans with Mortgaged Properties sold in period (£).....	[•]	[•]
Average net loss on sold Mortgaged Properties (£).....	[•]	[•]
Total net loss on sold Mortgaged Properties (£) .....	[•]	[•]
Total net loss on sold Mortgaged Properties as a percentage of total Current Balance of Mortgage Loans sold to the Issuer (%) <sup>(1)</sup> .....	[•]	[•]
<b>Number of Mortgage Loans in arrears (£)</b>		
1-2 months in arrears.....	[•]	[•]
2-3 months in arrears.....	[•]	[•]
3-6 months in arrears.....	[•]	[•]
6-12 months in arrears .....	[•]	[•]
>12 months in arrears.....	[•]	[•]
<b>Total</b> .....	[•]	[•]
Number of Mortgage Loans >1 month in arrears as a percentage of total number (%) .....	[•]	[•]
Number of Mortgage Loans >3 months in arrears as a percentage of total number (%) .....	[•]	[•]
Number of Mortgage Loans in possession.....	[•]	[•]
Number of Mortgage Loans with Mortgaged Properties sold in period:.....	[•]	[•]

<sup>(1)</sup> Mortgage Loans sold to the Issuer to date as at the period end



## STATIC POOL DATA

This section sets out, to the extent material, certain static pool information with respect to the Mortgage Loans in the Mortgage Portfolio.

The Issuer has not included static pool information on prepayments in this section, as this information is not separately identified by the Servicer. However, prepayment rates in respect of the Mortgage Loans in the Mortgage Portfolio are set out in the [Cash Manager Reports].

The sale of Additional Mortgage Loans by the Seller to the Issuer is subject to conditions, including conditions required by the Rating Agencies, designed to maintain certain credit-related and other characteristics of the Mortgage Portfolio. These include limits on Mortgage Loans in arrears in the Mortgage Portfolio at the time of sale, the aggregate balance of Mortgage Loans sold, changes in the WAFF and the WALs and the maximum LTV Ratio for the Mortgage Loans in the Mortgage Portfolio after the sale. See further the section of the Base Prospectus entitled "*Assignment of the Mortgage Loans and Related Security – Portfolio Criteria*".

The following table shows, for each of the last [•] years of origination, the distribution of mortgage loans originated in that year by delinquency category as at each year end starting 31 December [•]. Mortgage Loans subject to payment holidays granted in accordance with FCA guidance in connection with the COVID-19 pandemic are not classified as being in arrears.

### Mortgage loan arrears by year of origination

#### Mortgage loans originated in [2015]

Months in arrears	Year ending											
	31 December 2015				31 December 2016				31 December 2017			
	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
0-1 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
1-2 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
2-3 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
3-6 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
6-12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
>12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
<b>Total.....</b>	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

Months in arrears	Year ending							
	31 December 2018				31 December 2019			
	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
0-1 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
1-2 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
2-3 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
3-6 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
6-12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
>12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
<b>Total.....</b>	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

### Mortgage loans originated in [2016]

Months in arrears	Year ending											
	31 December 2016				31 December 2017				31 December 2018			
	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
0-1 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
1-2 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
2-3 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
3-6 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
6-12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
>12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
<b>Total.....</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>

Months in arrears	Year ending			
	31 December 2019			
	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
0-1 .....	[*]	[*]	[*]	[*]
1-2 .....	[*]	[*]	[*]	[*]
2-3 .....	[*]	[*]	[*]	[*]
3-6 .....	[*]	[*]	[*]	[*]
6-12 .....	[*]	[*]	[*]	[*]
>12 .....	[*]	[*]	[*]	[*]
<b>Total.....</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>

### Mortgage loans originated in [2017]

Months in arrears	Year ending											
	31 December 2017				31 December 2018				31 December 2019			
	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
0-1 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
1-2 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
2-3 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
3-6 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
6-12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
>12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
<b>Total.....</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>

### Mortgage loans originated in [2018]

Months in arrears	Year ending							
	31 December 2018				31 December 2019			
	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
0-1 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
1-2 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
2-3 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
3-6 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
6-12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
>12 .....	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
<b>Total .....</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>

### Mortgage loans originated in [2019]

Months in arrears	Year ending			
	31 December 2019			
	Current Balance (£)	Percentage by Current Balance (%)	Number of Mortgage Loans	Percentage by Number (%)
0-1 .....	[*]	[*]	[*]	[*]
1-2 .....	[*]	[*]	[*]	[*]
2-3 .....	[*]	[*]	[*]	[*]
3-6 .....	[*]	[*]	[*]	[*]
6-12 .....	[*]	[*]	[*]	[*]
>12 .....	[*]	[*]	[*]	[*]
<b>Total .....</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>	<b>[*]</b>

## SECURITISATION REGULATION REQUIREMENTS

### [STS Requirements

The Seller (as originator for the purposes of the Securitisation Regulation) has procured, pursuant to and in accordance with Article 27 of the Securitisation Regulation, (a) that an STS Notification be submitted to ESMA confirming that the STS Requirements have been complied with with respect to the Series [•] Notes and (b) that the FCA be informed of that notification. It is expected that the STS Notification will be available on the website of ESMA (<https://www.esma.europa.eu/policy-activities/securitisation/simple-transparentand-standardised-sts-securitisation>). For the avoidance of doubt, this website and the contents thereof do not form part of this final terms.]

[The Seller [has not used the services of]/[has used the services of [•] as] an authorised verification agent authorised under Article 28 of the Securitisation Regulation to assess whether the Series [•] Notes comply with the STS Requirements and prepare an STS assessment.] [It is expected that the STS assessment prepared by the authorised verification agent will be available on the website of such agent ([•]) together with a detailed explanation of its scope at [•]. For the avoidance of doubt, this website and the contents thereof do not form part of this Final Terms.]]

### [Mitigation of interest rate and currency risks

The Mortgage Loans and the Notes are affected by interest rate and exchange rate risks (see the sections of the Base Prospectus entitled "*Risks Factors – Risks relating to the Structure and the Notes – The Notes may be subject to exchange rate and interest rate risks*" and "*Risk Factors – Risks relating to the Mortgage Loans – Certain factors affecting the economic performance and value of the Mortgage Portfolio*"). The Issuer aims to mitigate the relevant interest rate and exchange rate risks in respect of the Mortgage Loans and the Notes, as applicable, by entering into certain Swap Agreements (see the section of the Base Prospectus entitled "*The Swap Agreements*").

Interest rate risks are also managed through:

- a requirement in the Servicing Agreement that any discretionary rates set by the Servicer in respect of the Mortgage Loans are set at a minimum rate following the occurrence of a Perfection Trigger Event (subject to the terms of the Mortgage Loans and Applicable Law) (see the section of the Base Prospectus entitled "*The Servicer and the Servicing Agreement – Undertakings by the Servicer*");
- with respect to Tracker Rate Mortgage Loans, interest on which is calculated by reference to the Bank of England base rate, the correlation between the Bank of England base rate and the relevant benchmark rate in respect of the Series [•] Notes (see further the table set out below);
- with respect to Standard Variable Rate Mortgage Loans, interest on which is calculated by reference to the Barclays Standard Variable Rate, and Discounted Variable Rate Mortgage Loans which become subject to a rate linked to the Barclays Standard Variable Rate, the correlation between the Barclays Standard Variable Rate and the relevant benchmark rate in respect of the Series [•] Notes (see further the table set out below); and
- the entry by the Issuer into the Interest Rate Swap Agreement with respect to the Fixed Rate Mortgage Loans.

The following table shows the correlation between the interest rates indicated for the period from [•] to [•]:

	Bank of England Base Rate	Barclays Standard Variable Rate	[Reference Rate]
Bank of England base rate .....	[•]	[•]	[•]
Barclays Standard Variable Rate.....	[•]	[•]	[•]
[Reference Rate] .....	[•]	[•]	[•]

Source: [Barclays, Bloomberg]

**[Verification of data**

An appropriate and independent third party has prepared a report dated [•] (the "**AUP Report**") on the outcome of an agreed upon procedures review on a sample of the Mortgage Loans in the Cut-Off Date Mortgage Portfolio to review certain information on those Mortgage Loans and to confirm that the actual errors in that information, within a total population, are contained within the range of a predetermined precision limit. That third party also performed agreed upon procedures to verify that the data disclosed in respect of the Mortgage Loans in the Cut-Off Date Mortgage Portfolio is accurate. That third party was also provided with a data file containing information on the Mortgage Loans in the Mortgage Portfolio to review conformity of each of those Mortgage Loans with the Eligibility Criteria. No significant adverse findings arose from such reviews.

That third party only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein. The AUP Report has been filed with the US Securities and Exchange Commission on [•] and is publicly available.

**[Liability cashflow model**

The Seller has made available a liability cashflow model on the website of [•] at [•]. For the avoidance of doubt, this website and the contents thereof do not form part of this Final Terms.]

**GENERAL**

**[Interests of natural and legal persons involved in the issue**

[•]

**Listing and admission to trading application**

This document comprises the final terms required for the Series [•] Notes described herein to be admitted to the Official List maintained by the FCA and admitted to trading on the London Stock Exchange's regulated market pursuant to the Residential Mortgage-Backed Note Programme of Gracechurch Mortgages PLC.

**Responsibility**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Gracechurch Mortgages PLC:

By: .....  
Duly authorised

## INDEX OF DEFINED TERMS

\$.....	viii	Banking Act.....	24
£.....	viii	Barclays Bank UK Regulatory Sub-Group ...	266
€.....	viii	Barclays Bank UK Solus .....	266
€STR .....	206, 208, 262	Barclays Group .....	112, 266
1999 Regulations.....	50	Barclays Parties.....	34
2010 Act.....	55	Barclays Standard Variable Rate .....	267
2012 Act.....	55	Base Prospectus .....	267, 306
30/360.....	212	Basel III .....	27
30E/360 .....	212	Basel IV .....	27
360/360.....	212	Basic Terms Modification.....	267
Acceding Creditor .....	262	BB UK PLC Group.....	267
Account Bank Agreements.....	262	BBUKPLC .....	112
Account Bank Required Ratings .....	175, 262	BCBS .....	27
Account Banks .....	262	BD.....	208
Accrual Period.....	212	Benchmark Rate Disruption.....	267
Accrued Interest .....	262	Benchmark Rate Eligibility Requirement .....	268
Actual Ratings Confirmation.....	262	Benchmark Rate Modification .....	231
Actual Subordination Amount.....	262	Benchmark Rate Modification Certificate ...	231
Actual/360 .....	212	Benchmark Rate Modification Noteholder Notice.....	233
Actual/365 .....	211	Benchmarks Regulation .....	269
Actual/365 (Fixed) .....	212	Benefit Plan Investor.....	ix, 248, 255, 256
Actual/365 (Sterling).....	212	Bond Basis .....	212
Actual/Actual .....	211	Book-Entry Interests .....	30
Actual/Actual - ICMA.....	213	Borrower .....	269
Actual/Actual - ISDA.....	211	BRRD .....	25
Additional Interest.....	214	BRRD Order .....	25
Additional Mortgage Loan .....	262	Bullet Redemption Amount .....	269
Additional Mortgage Portfolio .....	262	Bullet Redemption Date.....	269
Additional Mortgage Portfolio Sale Notice..	262	Bullet Redemption Notes.....	269
Additional Rating Agency.....	103, 230, 263	Business Day.....	208, 269
Advance Date .....	136	Buy-to-Let Mortgage Loans.....	269
Affected Investor.....	263	Calculation Agent .....	205
Agency Agreement.....	263	Calculation Date .....	269
Agent Bank.....	263	Calculation Method.....	269
Agents.....	263	Calculation Period.....	269
Alternative Benchmark Rate .....	231, 263	Capital Adequacy Trigger Event.....	270
Anticipated Cash Accumulation Period	160, 263	Capital Regulations.....	270
applicable Final Terms .....	199	Capitalised .....	270
Applicable Law .....	263	Capitalised Arrears.....	270
Applicable Period.....	208	Capitalised Interest .....	270
Appointee .....	263	Cash Accumulation Ledger.....	270
Arranger .....	263	Cash Accumulation Liability .....	270
Arrears of Interest.....	263	Cash Accumulation Period .....	160, 270
Article 50.....	40	Cash Accumulation Requirement .....	270
Asset Trigger Event.....	163, 263	Cash Accumulation Shortfall.....	270
assign.....	ix	Cash Management Agreement.....	270
assigned .....	ix	Cash Manager .....	271
Assignment Date .....	263	Cash Manager Report .....	271
AUP Report.....	327	CCA .....	56
Authorised Investments.....	264	Certificate of Title.....	271
Authorised Verification Agent .....	21	CET1 Capital .....	271
Automatic Remarketing Termination Event.	264	CFI .....	260
Available Funds.....	264	Charged Property .....	271
Available Further Advance Principal Amount .....	264	CIGA.....	24
Available Principal Receipts .....	264	Class.....	199, 271
Available Revenue Receipts.....	265	Class A Enforcement Notice.....	221
Bank Rate .....	206	Class A Foreign Currency Notes .....	244



Class A Noteholders .....	200, 271	Current Payment Date .....	152, 293
Class A Notes .....	200, 271	Current Valuation .....	275
Class A Principal Deficiency Sub-Ledger ....	271	Cut-Off Date .....	275, 317
Class Z Enforcement Notice .....	223	Cut-Off Date Mortgage Portfolio .....	275
Class Z VFN Holder .....	271	d .....	208
Class Z VFN Holders .....	200	D .....	208
Class Z VFN Maximum Principal Amount		d <sub>0</sub> .....	208
Outstanding .....	271	D <sub>1</sub> .....	213
Class Z VFN Registrar .....	271	D <sub>2</sub> .....	213
Class Z VFNs .....	200, 271	Data Protection Legislation .....	275
Class Z(R) Increase .....	271	Day Count Fraction .....	211, 275
Class Z(R) VFN .....	272	Dealers .....	275
Class Z(S) Increase .....	272	Deed of Accession .....	275
Class Z(S) Principal Deficiency Sub-Ledger	272	Deed of Charge .....	275
Class Z(S) VFN .....	272	Deemed Principal Amount Outstanding .....	275
Clearing Obligation .....	28	Deemed Ratings Confirmation .....	276
Clearing Systems .....	272	Deferred Consideration .....	276
Clearstream, Luxembourg .....	272	Deferred Interest .....	214, 216
Closing Date .....	272	Definitive Regulation S Note .....	276
CMA .....	51, 52	Definitive Rule 144A Note .....	276
CMA Guidance .....	52	Designated Maturity .....	205
Code .....	ix, 255, 256	Direct Debit .....	276
Collateral Obligation .....	28	Direct Debiting Scheme .....	276
Collateral Option .....	272	Discounted Variable Rate Mortgage Loans ..	119
Collection Account .....	272	disqualified persons .....	247
Collection Account Bank .....	272	Distance Marketing Regulations .....	135
Collection Account Declaration of Trust .....	272	Distribution Compliance Period .....	276
Common Depository .....	272	distributor .....	viii, 306
Common Safekeeper .....	272	DM Regulations .....	50
Common Terms .....	272	Dodd-Frank Act .....	276
Compounded Daily Reference Rate .....	208	Dollars .....	viii
Condition .....	199	DTC .....	276
Conditional Note Purchase Agreement .....	272	DTC Custodian .....	276
Conditional Note Purchaser .....	273	DTC Money Market Note Mandatory Transfer	
Conditions .....	199, 273, 306	Price .....	198
Consumer Rights Act .....	50	DTC Money Market Noteholders .....	197
Controlled Amortisation Amount .....	273	DTC Money Market Notes .....	197
Controlled Amortisation Dates .....	273	Early Repayment Charge .....	276
Controlled Amortisation Notes .....	273	ECB .....	276
Controlled Amortisation Requirement .....	273	EEA .....	viii, 306
Corporate Services Agreement .....	273	Eligibility Criteria .....	128
Corporate Services Provider .....	273	EMIR .....	28, 228
COVID-19 .....	10	EMIR Refit .....	28
CPR .....	273	EMMI .....	43
CPUTR .....	51, 53	Enforcement Notice .....	276
CRA Regulation .....	273	Enforcement Procedures .....	277
CRD .....	273	English Mortgage .....	277
CRD IV .....	27, 273	English Mortgage Loan .....	277
Credit Support Annex .....	274	English Property .....	277
cross-class cram down .....	24	equitable assignment .....	130
CRR .....	274	ERISA .....	ix, 247, 255, 256
CRR Amending Regulation .....	274	ERISA Plans .....	247
Currency Swap .....	274	ESMA .....	277
Currency Swap Agreements .....	274	EU Risk Retention Requirements .....	iv, 277
Currency Swap Counterparty .....	274	EU27 .....	41
Currency Swap Excluded Termination Amount		EURIBOR .....	277
.....	274	Euro .....	viii
Currency Swap Rights .....	247, 255	Eurobond Basis .....	212
Current Balance .....	274	Euroclear .....	277
Current LTV Ratio .....	275	Euroclear Operator .....	192

Euroclear/Clearstream Money Market Note Call Notice .....	197	Global Note Certificates .....	30
Euroclear/Clearstream Money Market Note Mandatory Transfer Price.....	197	Help to Buy Mortgage Loan .....	279
Euroclear/Clearstream Money Market Note Transfer Notice.....	197	HMRC.....	240
Euroclear/Clearstream Money Market Noteholders .....	197	Holder .....	201
Euroclear/Clearstream Money Market Notes	197	Holdings.....	279
Event of Default .....	277	i .....	208
EVI .....	60	IBORs .....	19
Exchange Act .....	193	ICSDs.....	279
Exchange and Transfer Agent .....	277	IGAs.....	245
Existing Rating Agency Reappointment	103, 235	Immediate Cash Requirement.....	279
Existing Rating Agency Removal .....	103, 235	Implementation Period.....	40
Extraordinary Resolution.....	277	incoming DTC Money Market Noteholder...	198
Fast-track Mortgage Loan .....	277	Incoming Euroclear/Clearstream Money Market Noteholder .....	197
FATCA.....	245	Incorporated Terms Memorandum .....	280
FCA .....	277	Individual Note Certificate .....	280
FCs .....	28	Individual Note Certificates.....	30
FC-s .....	28	Initial Advance.....	279
Final Maturity Date .....	277	Initial Further Advance Purchase Price.....	280
Final Terms .....	277	Initial Mortgage Loan .....	280
First Account Bank.....	277	Initial Mortgage Portfolio .....	262, 280
First Account Bank Agreement .....	277	Initial Purchase Price .....	281
First Account Bank Minimum Rating .....	278	Insolvency Event.....	281
First Account Bank Minimum Ratings.....	175	Insurance Distribution Directive .....	viii
First Closing Date.....	278	Insurance Policies .....	282
First Transaction Account .....	278	Interest Commencement Date .....	282
FISN .....	260	Interest Determination Date .....	282
Fitch.....	iii, 278	Interest Only Mortgage Loan.....	282
Fixed Coupon Amount .....	278	Interest Only Mortgage Loans .....	121
Fixed Interest Period .....	278	Interest Period.....	282
Fixed Rate Mortgage Loan.....	278	Interest Provision Fund .....	282
Fixed Rate Mortgage Loans .....	119	Interest Provision Fund Required Amount ...	282
Fixed Rate Note.....	278	Interest Provision Ledger .....	282
Flexible Feature Payments .....	278	Interest Rate Swap .....	282
Flexible Mortgage Loan .....	121, 278	Interest Rate Swap Agreement.....	282
Floating Interest Amount.....	211	Interest Rate Swap Counterparty .....	283
Floating Interest Period .....	278	Interest Rate Swap Excluded Termination Amount .....	283
Floating Rate .....	205	Interest Rate Swap Floating Rate.....	283
Floating Rate Note.....	278	Investment Company Act .....	283
Floating Rate Option .....	205	Investment Plan.....	283
Following Business Day Convention .....	204	Investor Report .....	57, 143, 283
foreign passthru payments.....	245	<i>ipso facto</i> termination provisions.....	24
Form ABS-15G .....	62	IRS .....	242
FSA .....	47, 278	ISDA .....	283
FSMA.....	278	ISDA Definitions .....	283
Fully Loaded CET1 Ratio .....	278	ISDA Determination .....	205
Further Advance .....	279	ISDA Master Agreements.....	283
Further Advance Amount.....	279	ISDA Rate.....	205
Further Advances and/or Product Switches Notice .....	136, 137	ISINs .....	260
Further Class Z VFN Subscription .....	238	Issuance Tests .....	117, 283
General Reserve Deficit .....	279	Issuer.....	283
General Reserve Fund .....	279	Issuer Accounts.....	283
General Reserve Fund Required Amount....	279	Issuer Profit Amount.....	283
General Reserve Fund Required Percentage	279	Issuer Profit Ledger.....	283
General Reserve Ledger .....	279	Issuer Standard Variable Rate.....	284
Global Note Certificate.....	279	LCR.....	27
		LCR Regulation .....	284
		Lending Criteria .....	284
		Liabilities .....	284

LIBOR.....	284	New Mortgage Product.....	288
Liquidity Coverage Ratio.....	27, 229	New York Federal Reserve's Website.....	209
Listing Rules.....	284	NFC+s.....	28
Loan Level Report.....	57, 143, 284	NFCs.....	28
Lock-out Period.....	208	NFC-s.....	28
London Business Day.....	284	n <sub>i</sub> .....	209
London Stock Exchange.....	284	Non-Asset Trigger Event.....	163, 288
Losses.....	284	Non-Compliant Mortgage Loan.....	139
LTV Ratio.....	284	Non-Hired NRSRO.....	44
M <sub>1</sub> .....	212	Non-Monthly Notes.....	288
M <sub>2</sub> .....	213	Non-Responsive Rating Agency.....	39
Mandatory Transfer.....	284	Non-Sterling Noteholders.....	288
Margin.....	284	Non-Sterling Notes.....	288
Master Definitions Schedule.....	200, 284	Northern Irish Mortgage.....	289
Maximum Rate of Interest.....	284	Northern Irish Mortgage Loan.....	289
Maximum Reset Margin.....	284	Northern Irish Property.....	289
MCD Order.....	49	Note Certificates.....	30, 289
MCOB.....	48, 285	Note Principal Allocation Amount.....	162
Member State.....	285	Note Principal Allocation Excess.....	162
MH/CP Documentation.....	285	Note Principal Payment.....	216, 289
MiFID II.....	306	Note Rate Maintenance Adjustment.....	233
Minimum Mortgage Portfolio Yield Margin.....	285	Note Trustee.....	289
Minimum Rate of Interest.....	285	Noteholder.....	289
Minimum Specified Denomination.....	285	Noteholders.....	289
Modification Certificate.....	230	Notes.....	199, 289
Modified Following Business Day Convention.....	204	NSS.....	289
Money Market Note Mandatory Transfer.....	188	Observation Method.....	289
Money Market Note Mandatory Transfer Arrangements.....	285	Observation Period.....	209, 289
Money Market Note Mandatory Transfer Date.....	188, 285	Official List.....	289
Money Market Note Mandatory Transfer Price.....	285	Offset Mortgage Loan.....	289
Money Market Note Reset Margin.....	285	OFT.....	289
Money Market Notes.....	285	OID.....	243
Monthly CPR.....	285	Ombudsman.....	55
Monthly Notes.....	285	Optional Remarketing Termination Event.....	289
Monthly Payment.....	285	Original Currency Swap.....	290
Monthly Payment Date.....	285	Original Currency Swap Agreement.....	290
Moody's.....	iii, 286	Original Exchange Rate.....	290
mortgage.....	122	Original LTV Ratio.....	290
Mortgage.....	286	p.....	209
Mortgage Conditions.....	286	Part and Part Mortgage Loans.....	121, 290
Mortgage Credit Directive.....	47	parties in interest.....	247
Mortgage Deed.....	286	Pass-Through Redemption Notes.....	290
Mortgage Financial Year.....	121	Pass-Through Redemption Requirement.....	290
Mortgage Loan.....	286	Paying Agents.....	290
Mortgage Loan Agreement.....	286	Payment Date.....	289, 290
Mortgage Loan Files.....	286	Perfection Trigger Event.....	130, 290
Mortgage Loan Guarantee.....	286	Permitted Product Switch.....	290
Mortgage Loan Warranties.....	286	Plan Asset Regulation.....	ix, 247
Mortgage Portfolio.....	286	Plan Fiduciary.....	248, 255
Mortgage Portfolio Yield.....	286	Plans.....	247
Mortgage Regulation Date.....	47	Pool Factor.....	216
Mortgage Sale Agreement.....	288	port.....	119
Mortgaged Property.....	288	Portfolio Criteria.....	128
mortgagee.....	122	Post-Enforcement Priority of Payments.....	165, 291
Most Senior Class.....	288	PRA.....	291
MoU.....	51	Preceding Business Day Convention.....	205
		Pre-Enforcement Post-Trigger Principal Priority of Payments.....	164, 291
		Pre-Enforcement Pre-Trigger Principal Priority of Payments.....	159, 291

Pre-Enforcement Principal Priority of Payments .....	158, 291	Redress Payment.....	296
Pre-Enforcement Revenue Priority of Payments .....	157, 291	Reference Day.....	210
PRIIPs Regulation .....	viii, 306	Reference Rate .....	296
PRIN 6.....	44	Register .....	296
PRIN 7.....	44	Registers of Scotland .....	296
Principal Amount Outstanding .....	216, 291	Registrar.....	296
Principal Deficiency Deficit .....	291	Regulated Mortgage Contract .....	47, 296
Principal Deficiency Ledger.....	291	Regulation S.....	296, 307
Principal Deficiency Sub-Ledger .....	292	Regulation S Global Note Certificates.....	296
Principal Excess Amounts.....	161, 215, 292	Regulation S Note.....	296
Principal Financial Centre .....	292	Related Security .....	296
Principal Ledger .....	292	release date.....	185
Principal Paying Agent.....	292	Relevant Bullet Redemption Notes.....	160
Principal Provision Fund .....	292	relevant date.....	221
Principal Provision Fund Required Amount.....	292	Relevant Rating Agencies.....	296
Principal Provision Ledger .....	292	Relevant Screen Page.....	296
Principal Receipts.....	292	Relevant Time.....	296
Principal Redress Amount.....	292	Remaining Revenue Shortfall .....	296
Principal Repayment Rules .....	293	Remarketing Agent .....	297
Principal Reserve Fund .....	293	Remarketing Agreement .....	297
Principal Reserve Fund Retention Event.....	152, 293	Remarketing Termination Event .....	189
Principal Reserve Fund Threshold Amount .....	293	Removed Rating Agency .....	103, 235
Principal Reserve Fund Threshold Percentage .....	293	Repayment Mortgage Loans .....	120
Principal Reserve Ledger .....	293	Replacement Exchange Rate.....	297
Principal Shortfall.....	293	Required Retention Amount .....	297
Principal Shortfall Amount.....	293	Required Subordination Amount .....	297
Principal Shortfall Amounts .....	161, 215	Reset Date .....	205
Prior Payment Date .....	152, 293	Reset Ledger .....	297
Priorities of Payments .....	293	Revenue Ledger .....	297
Product Switch .....	293	Revenue Receipts.....	297
Programme .....	294	Revenue Redress Amount.....	297
Programme Agreement.....	294	Revenue Shortfall .....	297
Programme Date.....	294	RFTS.....	298
Programme Documents .....	294	RFTS Effective Date.....	298
Programme Issuance Documents.....	295	Right to Buy Mortgage Loan .....	298
Programme Resolution .....	226	$r_{i-pBD}$ .....	210
Prospectus Regulation .....	iii, 306	Risk Retention US Persons .....	61, 307
Prospectus Rules.....	295	Risk Weighted Assets .....	298
Prudent Mortgage Lender.....	295	Rule 144A .....	298, 307
PTCE .....	247	Rule 144A Global Note Certificate.....	298
QIB .....	295, 307	Rule 144A Note .....	298
QIBs .....	x	Rule 17g-5 Information Provider.....	62
Qualified Institution .....	295	Rule 17g-5 Website.....	62
Qualified Institutional Buyer.....	254	Rule 2a-7.....	298
r .....	209	S&P .....	iii, 298
RAO .....	47	sale .....	ix, 130
Rate of Interest .....	295	Scottish Declaration of Trust .....	298
Rating Agencies .....	295	Scottish Mortgage .....	298
Ratings Confirmation .....	295	Scottish Mortgage Loan .....	298
Ratings Modification Event.....	103, 235	Scottish Mortgaged Property .....	298
Realisation.....	225, 295	Scottish Sasine Sub-Security .....	56
Reapplication Rule .....	162	Scottish Supplemental Charge .....	298
Receiver.....	295	Scottish Trust Property .....	298
Record Date.....	220	Screen Rate Determination .....	205
Redemption Amount .....	219	Second Account Bank.....	299
Redress .....	295	Second Account Bank Agreement .....	299
		Second Transaction Account .....	299
		Section 20 Exemption.....	60
		Secured Creditor .....	299
		Securities Act.....	254, 256, 299, 307

Securitisation Regulation.....	299	Swap Collateral Account .....	303
Securitisation Repository Website.....	299	Swap Collateral Available Amounts.....	303
Security.....	299	Swap Collateral Excluded Amounts .....	303
Security Interest.....	299	Swap Collateral Ledger.....	303
Security Trustee.....	300	Swap Counterparties .....	303
Self-Certified Mortgage Loans.....	300	Swap Counterparty Default.....	303
Seller .....	300	Swap Early Termination Event.....	303
Seller's Policy .....	300	Swap Excess Reserve Account .....	303
Series .....	199	Swap Excluded Termination Amounts .....	303
Servicer.....	300	Swap Rate Modification .....	232
Servicer Report.....	300	Swap Rate Modification Certificate.....	232
Servicer Reporting Date .....	300	Swap Replacement Premium .....	303
Servicer Termination Event.....	148	Swap Termination Payment.....	304
Servicing Agreement.....	300	Swaps.....	304
Servicing Procedures.....	300	Switch Date.....	304
Share Trustee.....	300	Target Balance .....	304
Shared Ownership Mortgage Loan.....	300	TARGET System .....	269
Short Term Obligations .....	243	Tender Agent .....	304
Similar Law .....	ix, 247, 255, 256	Title Deeds.....	304
SOFR.....	206, 210, 300	Tracker Rate Mortgage Loans.....	119
sold .....	130	Transaction Accounts.....	304
Solvency II Regulation.....	300	Transaction Documents .....	304
SONIA.....	206, 210, 300	Transaction Parties.....	247, 255, 304
Specified Currency .....	300	Transaction Party .....	304
Specified Currency Exchange Rate .....	300	Transparency Requirements.....	57, 304
Specified Denomination .....	301	Trust Deed.....	304
Specified Office.....	301	TSC Regulations .....	25
Spot Rate .....	301	UK.....	viii
Standard Documentation .....	301	UK Listing Authority.....	304
Standard Security .....	301	Underpayment.....	304
Standard Variable Rate Mortgage Loan .....	301	Unfair Practices Directive.....	53
Standard Variable Rate Mortgage Loans.....	119	United Kingdom .....	viii, 304
Step-Up Date .....	301	United States .....	ix
Sterling .....	viii	US .....	ix
Sterling Equivalent.....	301	US Credit Risk Retention Requirementsiv,	60, 304
Sterling Equivalent Principal Amount Outstanding .....	301	US Dollars.....	viii
Sterling Equivalent Redemption Date .....	301	US Federal Income Tax Counsel .....	243
Sterling Note .....	301	US Government Securities Business Day .....	210
Sterling/FRN .....	213	US holder .....	242
Stop Revolving Event.....	163	US Paying Agent .....	304
STS Assessment .....	21	US Person .....	304
STS Note .....	301	US persons .....	307
STS Notification.....	302	US Required Risk Retention Interest .....	60
STS Requirements.....	302	US\$ .....	viii
STS Securitisations.....	21	UTCCR .....	50
Sub-Class.....	199, 302	Valuation Report.....	304
Subordinated Interest Provision Fund .....	302	Valuer .....	305
Subordinated Interest Provision Fund Required Amount.....	302	Variable Mortgage Rate.....	305
Subordinated Interest Provision Ledger .....	302	Variable Rate Mortgage Loan.....	305
Subordinated Principal Provision Fund.....	302	Variable Rate Mortgage Loans .....	119
Subordinated Principal Provision Fund Required Amount.....	302	VAT .....	102
Subordinated Principal Provision Ledger .....	302	Volcker Rule .....	v, 63
Subordination Deficit .....	302	WAFF .....	129
Subscription Agreement .....	302	WALS .....	129
Sunset Date.....	60	Weighted Average Reference Rate .....	211
Swap Agreements.....	302	Withdrawal Agreement.....	40
Swap Collateral .....	302	Y <sub>1</sub> .....	212
		Y <sub>2</sub> .....	212

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