

SUMMARY OF THE SCHEME

1. INTRODUCTION

- 1.1 As part of its planning to ensure continuity of service provision to clients in the European Economic Area outside the United Kingdom (EEA), and in response to the proposed withdrawal of the United Kingdom from the European Union, the Barclays Group applied to the High Court of Justice of England and Wales to sanction a banking business transfer under Part VII of the Financial Services and Markets Act 2000 (the Scheme).
- 1.2 The Scheme will take effect over the period of just under 6 months from 1 February 2019, with the transfers under it being staggered across this period on a series of transfer dates so as to minimise disruption for EEA customers, clients and counterparties of the Barclays Group (collectively referred to here as clients).

2. TRANSFERRING BUSINESS

- 2.1 Under the Scheme, each of Barclays Bank PLC (BBPLC) and Barclays Capital Securities Limited (BCSL), two companies within the Barclays Group, transfer certain parts of the business carried on by them to Barclays Bank Ireland PLC (BBI), another member of the Barclays Group. BBI is incorporated in Ireland and authorised and regulated by the Central Bank of Ireland and since 1 January 2019, supervised by the European Central Bank to carry on banking activity in Ireland and the European Union.
- 2.2 The Scheme forms part of a wider reorganisation of the business of the Barclays Group to support the continued provision of service to clients following the anticipated withdrawal of the United Kingdom from the European Union.
- 2.3 This wider reorganisation includes other transfers of businesses, assets, liabilities and contracts taking place outside the Scheme. As a consequence of this wider reorganisation, including the Scheme, BBI will become the principal entity through which the Barclays Group provides banking services to EEA clients or those clients requiring access to EEA markets.
- 2.4 The client-facing businesses transferring to BBI from BBPLC are limited to the provision of certain products to certain EEA clients by BBPLC in London and to the provision of certain products to clients of BBPLC who transact with the branches of BBPLC in France, Germany, Italy or Spain. The products to be transferred are limited to those provided by certain existing businesses as follows:
 - a) as regards the corporate banking business: certain deposits, trade and working capital products, cash management products and corporate debt products;
 - b) as regards the investment banking business: certain derivatives transactions, repurchase transactions, securities lending transactions, secondary loans (trading) transactions, Schuldscheine (tradeable bilateral loans) and Namensschuldverschreibung (German registered notes); and
 - c) as regards the private banking and wealth businesses: certain deposits, banking and credit products and investment products.

- 2.5 The client-facing businesses transferring to BBI from BCSL are limited solely to the provision of certain products to certain EEA clients of the investment banking business as regards certain derivatives transactions, repurchase transactions and securities lending transactions.
- 2.6 Certain contracts falling within these definitions will not however be transferred under the Scheme, but will instead be duplicated, the existing agreements will be left in place and additional contracts with BBI created on identical terms as discussed further below.
- 2.7 All clients whose contracts fall within the Scheme have been made aware of this in advance, but in summary, the clients affected are limited to:
- a) clients of the French, German, Italian or Spanish branches of BBPLC;
 - b) clients of the corporate banking business of BBPLC who (broadly) are resident in an EEA state or wish to access banking facilities in an EEA state, but who will regardless have been notified of their inclusion in the Scheme;
 - c) clients of the investment banking business of BBPLC and BCSL who (broadly) are resident in an EEA state or wish to access banking facilities in an EEA state, but who will regardless have been notified of their inclusion in the Scheme; and
 - d) clients of the private banking business of BBPLC who are resident in an EEA state, or have otherwise been notified of their inclusion in the Scheme.
- 2.8 Along with the transfers of products and contracts with clients, the Scheme also makes provision for the transfer of certain supporting contracts, agreements and arrangements with those clients. These include terms and conditions of business, security and guarantee arrangements, interests in collateral and transaction offers and proposals previously made.
- 2.9 In addition, certain ancillary contracts, assets, liabilities, and other positions of the branches of BBPLC in France, Germany, Italy and Spain, including certain supplier contracts, will be transferred to the relevant branches of BBI in France, Germany, Italy or Spain.
- 2.10 As a result of these transfers under the Scheme and otherwise, clients of BBPLC's existing branches in France, Germany, Italy or Spain will see all of their products, services and arrangements transferred to branches of BBI in France, Germany, Italy or Spain respectively, as will any suppliers of those branches. Clients of BCSL and of BBPLC in London will see their affected products and services transferred to BBI in Dublin.

3. AMENDMENTS TO CONTRACTS

- 3.1 Most terms and conditions for client contracts will be unchanged by the Scheme, except insofar as required to reflect the change in identity of the contracting party to BBI or one of its overseas branches.
- 3.2 Consequential amendments are required to be made to all contracts and ancillary documents being transferred (and hence also to contracts duplicated as discussed below) under the Scheme to reflect this change of contracting party, and to ensure contractual

agreements operate as anticipated to ensure continuity of provision of service to clients. These amendments generally update contractual terms to refer to provision of service from an Irish bank, rather than a UK entity, and accordingly include updates to such matters as applicable banking and tax regulation and legislation, registered office, service agent, data protection, marketing permissions and the like.

- 3.3 In addition, specific amendments are proposed to be made to certain provisions within terms of business and other contracts to reflect updates required to conform those terms of business with local regulatory requirements and expectations. As a result of the scheme, all these contractual amendments will be deemed always to have had effect.

4. DUPLICATION OF CERTAIN AGREEMENTS

- 4.1 In addition to amendment of certain contracts under the Scheme, the Scheme also provides for the duplication of certain existing legal agreements entered into with BBPLC and / or BCSL with identical legal agreements with BBI.

- 4.2 The agreements being duplicated are:

- a) market standard documentation and terms of business for certain investment banking clients, who may or may not otherwise be affected by the Scheme, provided that in the case of BCSL clients who have not had any previous dealings with BBPLC or whose derivative positions are not a direct back-to-back hedge for, or otherwise commercially connected to, any other transferring BBPLC derivative position, such client's market standard documentation with BCSL shall not be duplicated;
- b) banking and deposit agreements and terms of business for certain corporate banking clients, who may or may not otherwise be affected by the Scheme; and
- c) banking and deposit agreements and terms of business for private banking clients whose business is being transferred under the Scheme.

- 4.3 In each case, the ambition is to provide clients with the greatest degree of flexibility as regards their future banking arrangements as permitted by the arrangements regarding the withdrawal of the United Kingdom from the European Union. In particular:

- a) investment banking clients are not expected to be required to transfer all existing derivative positions from BBPLC or BCSL to BBI. Accordingly, the terms of business and market standard documentation supporting such positions (such as ISDA Master Agreements, Protocols and Annexes, as well as GMSLAs and GMRAAs) will be duplicated to allow existing positions to remain with BBPLC or BCSL and new positions to be entered into with BBI;
- b) corporate banking clients who wish to have direct access to Euro clearing (not just those clients resident in an EEA jurisdiction) will have their existing banking and deposit terms of business duplicated with the German branch of BBI, which will be able to provide this service; and
- c) terms and conditions of business will be duplicated for all private banking clients to allow the client to commence banking with BBI prior to the transfer of existing arrangements under the Scheme.

- 4.4 In each case, the existing legal agreements will remain in force (and therefore will not be included in those agreements to be transferred). The existing legal agreements will instead be precisely duplicated, reflecting any terms as previously agreed with the relevant client, as well as any amendments made as part of the Scheme itself.
- 4.5 As a result of the Scheme, affected clients will remain clients of the original entity with their positions unaffected but will also become clients of BBI (although there may yet be no business with BBI), and the duplicated contracts will have come into effect.

5. **LIABILITIES AND PROCEEDINGS**

- 5.1 The Scheme contains provision for certain liabilities of BBPLC and BCSL to be transferred to BBI, but these expressly exclude any liability (whether arising before or after the relevant transfer date) relating to acts or omissions of BBPLC or BCSL.
- 5.2 BBPLC and BCSL will remain responsible for all existing litigation and proceedings brought against them prior to the relevant transfer date and also for any future claims or proceedings relating to acts or omissions of BBPLC or BCSL prior to the relevant transfer date. All existing litigation or proceedings brought by BBPLC or BCSL in respect of the transferring business shall transfer to BBI.

6. **RESIDUAL ASSETS AND RESIDUAL LIABILITIES**

- 6.1 The Scheme also contains provisions for dealing with certain assets and liabilities which, for whatever reason, cannot be transferred at the proposed time, referred to as Residual Assets and Residual Liabilities. Under the Scheme, the Residual Assets and Residual Liabilities will be transferred once it is possible to do so.

7. **WRONG POCKETS**

- 7.1 The Scheme provides a mechanism for BBI to agree (subject to notifying any affected client and such client not objecting to the transfer) to the transfer of any transaction, contract or other arrangement that is not otherwise transferred under the Scheme and that would, absent transfer, not be permitted to be held or entered into by BBPLC and/or BCSL. As a result of the Scheme, the arrangement will be treated as being transferred on the earlier of: (i) the date specified in the transfer notice circulated to the relevant client (such date not being earlier than 28 days after the date of the transfer notice); or (ii) as otherwise agreed between BBPLC and/or BCSL and the relevant client.
- 7.2 The Scheme also provides a mechanism for BBI to agree (subject to notifying any affected client) that any duplicated trade, transaction, contract, undertaking or arrangement that may result in BBI engaging in a Prohibited Activity shall transfer back to BBPLC or BCSL (as applicable). As a result of the Scheme, the arrangement will be treated as being transferred on the transfer date specified in the notice given by BBI to the relevant client.