

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the Terms and Conditions of the Certificates which, unless the applicable Final Terms specify that Monte Titoli is the relevant clearing system or specify that a clearing system other than Clearstream, Luxembourg, Euroclear or Monte Titoli is applicable, will be attached to each Global Certificate (as defined below). The applicable Final Terms in relation to any issue of Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Certificates. The applicable Final Terms (or the relevant provisions thereof) will be attached to each Global Certificate, unless the applicable Final Terms specify that Monte Titoli is the relevant clearing system or specify that a clearing system other than Clearstream, Luxembourg, Euroclear or Monte Titoli is applicable. References in the Terms and Conditions to "Securities" are to the Securities of one Series only, not to all Securities that may be issued under the Programme.*

The Certificates will be issued in series (each a **Series**). The Certificates of each Series being intended to be interchangeable with all other Certificates of that Series. Series means a Tranche or Tranches of Certificates which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Payments Dates and/or Issue Prices. Each Series may be issued in Tranches (each a **Tranche**) on the same or different issue dates, the terms of which are identical in all respects (including as to listing). The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche (where applicable), will be identical to the terms of other Tranches of the same Series, including as to listing) will be set out in the applicable Final Terms.

Unless the applicable Final Terms specify that Monte Titoli is the relevant clearing system or specify that a clearing system other than Clearstream, Luxembourg, Euroclear or Monte Titoli is applicable, the series of Certificates described in the applicable Final Terms (in so far as it relates to such series of Certificates) (such Certificates being hereinafter referred to as the **Certificates**, which expression, unless the context otherwise requires, shall include the Global Certificates (as defined below)) are constituted by a global certificate (the **Global Certificate**) and are issued by the Issuer as specified in the applicable Final Terms and references to the Issuer shall be construed accordingly. If applicable, the Certificates are issued pursuant to an Agency Agreement dated 14 December 2006 (the **Agency Agreement**) between UniCredito Italiano S.p.A., UniCredit Banca Mobiliare S.p.A. and Kredietbank S.A. Luxembourgise as principal agent (the **Principal Agent**, which expression shall include any successor principal agent and, together with any additional agents, the **Agents**). UniCredit Banca Mobiliare S.p.A. shall undertake the duties of calculation agent (the **Calculation Agent**) in respect of the Certificates as set out below and in the applicable Final Terms, unless another entity is so specified as calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Certificates, include such other specified calculation agent.

Unless the applicable Final Terms specify that Monte Titoli is the relevant clearing system or specify that a clearing system other than Clearstream, Luxembourg, Euroclear or Monte Titoli is applicable, the applicable Final Terms for the Certificates is attached to the Global Certificates. No Certificates in definitive form will be issued. Unless the applicable Final Terms specify that Monte Titoli is the relevant clearing system or specify that a clearing system other than Clearstream, Luxembourg, Euroclear or Monte Titoli is applicable, the Global Certificates has been deposited with the Common Depository common to Clearstream, Luxembourg and Euroclear. If Monte Titoli is specified in the applicable Final Terms as the

relevant clearing system, no physical document of title will be issued to represent the Certificates. In this case, on issue the Certificates have been or will be registered in the books of Monte Titoli. The issue of any Certificates may be cancelled at any time until the Certificates are registered in the books of Monte Titoli.

**The applicable Final Terms for the Certificates supplement these Terms and Conditions and may specify or set out in full other terms and conditions which shall, to the extent so specified or set out or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Certificates.**

References herein to the "applicable Final Terms" are to the Final Terms (in the case of any further certificates issued pursuant to Condition 12 and forming a single series with the Certificates) relating to the Certificates.

Copies of the Agency Agreement (which contains the form of the Final Terms) and the applicable Final Terms (where applicable) may be obtained from the specified office of the Principal Agent, save that if the Certificates are unlisted, the applicable Final Terms will only be obtainable by a Holder and such Holder must produce evidence satisfactory to the Principal Agent as to identity.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Holders (as defined in Condition 1(B)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Agency Agreement (insofar as they relate to the Certificates) and the applicable Final Terms, which are binding on them.

## **1. Type, Title and Transfer**

### **(A) Type**

The Certificates are Index Certificates, Share Certificates, Fund Linked Certificates, Currency Certificates, Commodity Certificates or any other or further type of certificates as is specified in the applicable Final Terms. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Index Certificates, Share Certificates, Fund Linked Certificates, Currency Certificates or Commodity Certificates are set out in Condition 15.

The applicable Final Terms will indicate (i) whether settlement shall be by way of cash payment (**Cash Settled Certificates**) or physical delivery (**Physical Delivery Certificates**), (ii) whether Averaging (**Averaging**) will apply to the Certificates, and (iii) whether the Certificates may be exercised in Units. If Units are specified in the applicable Final Terms, the Certificates must be exercised in Units and any Voluntary Exercise Notice which purports to exercise the Certificates in breach of this provision shall be void and of no effect. If Averaging is specified as applying in the applicable Final Terms the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in Condition 3 below) applies. If so specified in the applicable Final Terms, interest shall be payable in respect of the Certificates.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Certificates shall be deemed to include references to Physical Delivery Certificates, which include

an option (as set out in the applicable Final Terms) at the Issuer's election to make cash settlement of such Certificate pursuant to Condition 6(C) and where settlement is to be by way of cash payment. References in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Certificates shall be deemed to include references to Cash Settled Certificates which include an option (as set out in the applicable Final Terms) at the Issuer's election to make physical delivery of the relevant underlying asset in settlement of such Certificate pursuant to Condition 6(C) and where settlement is to be by way of physical delivery.

(B) *Title to Certificates*

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Certificates (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall (except as otherwise required by law) be treated by the Issuer, the Principal Agent, Clearstream, Luxembourg, Euroclear and all other persons dealing with said person as the holder of such amount of Certificates for all purposes (and the expressions **Holder** and **Holder of Certificates** and related expressions shall be construed accordingly).

(C) *Transfers of Certificates*

All transactions (including transfers of Certificates) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of either Clearstream, Luxembourg or Euroclear, as the case may be.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to Monte Titoli or any additional or alternative clearing system approved by the Issuer and the Principal Agent from time to time and notified to the Holders in accordance with Condition 10.

Transfers of Certificates may not be made (directly or indirectly) to a person located in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended).

2. **Status of the Certificates**

The Certificates constituted direct, unsubordinated and unsecured obligations of the Issuer and rank equally among themselves and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (except as prescribed by law).

3. **Definitions**

For the purposes of these Terms and Conditions, the following general definitions will apply:

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

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) If "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then:
  - (i) where the Certificates are Index Certificates relating to a single Index or Share Certificates relating to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with the definition of "Valuation Date" below;
  - (ii) where the Certificates are Index Certificates relating to a Basket of Indices or Share Certificates relating to a Basket of Shares, the Averaging Date for each Index or Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Index or Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index or Share. If the first succeeding Valid Date in relation to such Index or Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Index or Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with the definition of "Valuation Date" below; and

- (iii) where the Certificates are Fund Linked Certificates, Currency Certificates or Commodity Certificates, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Final Terms,

for the purposes of these Terms and Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur;

**"Business Day"** means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and a day on which Clearstream, Luxembourg and Euroclear are open for business and (ii) for the purposes of making payments in Euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

**"Cash Settlement Amount"** means, in relation to Cash Settled Certificates, the amount to which the Holder is entitled in the Settlement Currency in relation to each such Certificate (or, if Units are specified in the applicable Final Terms, each Unit, as the case may be), as determined by the Calculation Agent pursuant to the provisions set out in the applicable Final Terms, and which shall be rounded to the nearest four decimal places in the relevant Settlement Currency, 0.00005 being rounded upwards (the **"Rounding"**), unless otherwise specified in the applicable Final Terms;

**"Conflict of Interest"** means the conflicts as specified in the applicable Final Terms;

**"Disrupted Day"** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

**"Entitlement"** means, in relation to a Physical Delivery Certificate, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Holder is entitled to receive on the Settlement Date in respect of each such Certificate following payment of any sums payable (including Expenses as defined in Condition 12(A)) rounded down as provided in Condition 6(B)(4), as determined by the Calculation Agent including any documents evidencing such Entitlement;

**"Exchange"** means:

- (a) in respect of Index Certificates and in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in respect of Share Certificates and in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent

has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange);

**"Exchange Business Day"** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

**"Exercise Business Day"** means:

- (a) in the case of Cash Settled Certificates, a day that is a Business Day; and
- (b) in the case of Physical Delivery Certificates, a day that is a Business Day and a Scheduled Trading Day;

**"Exercise Date"** means the date as specified in the applicable Final Terms;

**"Maturity Date"** means the date as specified in the applicable Final Terms;

**"Parity"** means the amount indicated as such in the applicable Final Terms in relation to each Series of Certificates, to be used in connection with the calculation of the Cash Settlement Amount.

**"Related Exchange"** means, in respect of Index Certificates and in relation to an Index or in respect of Share Certificates and in relation to a Share, each exchange or quotation system specified as such for such Index or Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where **"All Exchanges"** is specified as the Related Exchange in the applicable Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or such Share;

**"Relevant Assets"** means, in respect of Physical Delivery Certificates, the relevant assets to which the Certificates relate;

**"Renouncement Date"** means the date as specified in the applicable Final Terms;

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Scheduled Trading Day"** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

**"Settlement Date"** means the date, as specified in the applicable Final Terms, on which the Cash Settlement Amount and the Entitlement (as applicable) shall be paid to the Holders;

**"Settlement Price"** means, in relation to each Cash Settled Certificate:

- (a) in respect of Index Certificates, subject to Condition 15(A) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
  - (i) in the case of Index Certificates relating to a Basket of Indices, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the official closing level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction, multiplied by the relevant Multiplier; and
  - (ii) in the case of Index Certificates relating to a single Index, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to (a) the official closing level of the Index as used by the relevant Related Exchange for the settlement of the Index, if so specified in the applicable Final Terms, or (b) the amount calculated and published by the relevant Index Sponsor, if so specified in the applicable Final Terms, or (c) the amount determined by the Calculation Agent, if so specified in the applicable Final Terms, on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction;

For the avoidance of doubt, with respect to item (a)(ii)(a) above:

(x) where the Certificates are traded on Italian regulated markets managed by Borsa Italiana S.p.A., the following shall apply: in case of delisting of the relevant options contracts related to each Index listed on the relevant Related Exchange, at any time between the Issue Date and the Exercise Date, both included, of any Series of Certificates, the Settlement Price will be an official price of the Index calculated by the relevant Index Sponsor on the Valuation Date. The Calculation Agent will notify the Holders of the Settlement Price of the Index used for the purpose of calculating the Cash Settlement Amount;

(y) where the Certificates are traded on a French regulated market and/or a German regulated or unregulated market the following shall apply: in case of delisting of the relevant options contracts related to each Index listed on the Related Exchange at any time between the Issue Date and the Exercise Date, both included, of any Series of Certificates, the Calculation Agent will notify the Holders of the Settlement Price of the Index used for the purpose of calculating the Cash Settlement Amount. In case of such

de-listing, the Issuer has the option to early settle the Certificates. The Issuer shall notify the Holders of any early settlement of the Certificates according to Condition 10.

- (b) in respect of Share Certificates, subject to Condition 15(B) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
  - (i) in the case of Share Certificates relating to a Basket of Shares, an amount equal to the sum of the values calculated for each Share at the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share (as defined in Condition 15(B)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction (or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent; and
  - (ii) in the case of Share Certificates relating to a single Share, an amount equal to (a) the official closing price quoted on the relevant Exchange for the settlement of such Share, if so specified in the applicable Final Terms, or (b) the amount determined by the Calculation Agent, if so specified in the applicable Final Terms, on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequent published correction (or if, in the opinion of the Calculation Agent, any such official closing price or amount cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so



specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent);

- (c) in respect of Fund Linked Certificates, subject to Condition 15(C) and as referred to in "Valuation Date" below or "Averaging Date" above:
  - (i) in the case of Fund Linked Certificates relating to a Basket of Funds, an amount equal to the sum of the net asset values (each, the **NAV**) as from time to time calculated for each Fund by the relevant responsible entity and as appearing on the relevant website or screen page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such NAV is not available, the arithmetic mean of the NAV levels for such Funds at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, as determined by the Calculation Agent in the applicable Final Terms; and
  - (ii) in the case of Fund Linked Certificates relating to a single Fund, an amount equal to the NAV for the Fund as from time to time calculated by the relevant responsible entity and as appearing on the relevant website or screen page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such NAV is not available, the arithmetic mean of the NAV levels for such Fund at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, as determined by the Calculation Agent in the applicable Final Terms;
- (d) in respect of Currency Certificates:
  - (i) in the case of Currency Certificates relating to a Basket of Subject Currencies, an amount equal to the sum of the values calculated for each Subject Currency at the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the

Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Multiplier; and

- (ii) in the case of Currency Certificates relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent);
- (e) in respect of Commodity Certificates, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms.

In the case of Share Certificates and Index Certificates, if the Shares (as defined below) are traded on Italian regulated markets managed by Borsa Italiana S.p.A., or the relevant Index (as defined below) is managed by Borsa Italiana S.p.A. or other companies with which Borsa Italiana S.p.A. has entered into specific agreements, **Settlement Price** shall mean:

- i. with respect to Share Certificates, the official reference price calculated by relevant Exchange;
- ii. with respect to Index Certificates, the official opening price as calculated by the relevant Index Sponsor and/or established by the relevant Related Exchange as specified in the applicable Final Terms.

"**Valuation Date**" means the Valuation Date specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Certificates are Index Certificates, the first succeeding Scheduled Trading Day that is not a Disrupted Day is deemed to be the Valuation Date, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In this latter case: (i) that eight Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and (ii) the Calculation Agent shall calculate the Settlement Price in its good faith and absolute discretion, by taking into account the market conditions, a price of the Index estimated on the basis of last announced prices of the components and such other conditions or factors that the Calculation Agent reasonably considers to be relevant;

- (b) where the Certificates are Share Certificates, the first succeeding Scheduled Trading Day that is not a Disrupted Day is deemed to be the Valuation Date, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In this latter case: (i) that eight Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and (ii) the Calculation Agent shall calculate the Settlement Price in its good faith and absolute discretion, by taking into account the market conditions, a price of the Shares estimated on the basis of last announced prices of the Shares and such other conditions or factors that the Calculation Agent reasonably considers to be relevant;
- (c) where the Certificates are Fund Linked Certificates, the first succeeding Business Day that is not a Disrupted Day for the relevant Fund shall be deemed to be the relevant Valuation Date, unless each of the eight Business Days immediately following the scheduled Valuation Date, is a Disrupted Day with respect to such Fund. In that case:
- (i) that eighth Business Day, with respect to the original Valuation Date, shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day with respect to the Fund; and
- (ii) the Calculation Agent shall calculate the NAV of the relevant Fund in its good faith and absolute discretion, by taking into account the market conditions, and/or a level of the NAV estimated on the basis of the last announced values for such Fund components, and/or such other conditions or factors that the Calculation Agent may reasonably consider to be relevant.
- (d) where the Certificates are Currency Certificates, the first succeeding Scheduled Trading Day that is not a Disrupted Day is deemed to be the Valuation Date, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In this latter case: (i) that eight Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and (ii) the Calculation Agent shall calculate the Settlement Price in its good faith and absolute discretion, by taking into account the market conditions and such other conditions or factors that the Calculation Agent reasonably considers to be relevant;
- (e) where the Certificates are Certificates other than those referred to under letters (a), (b) and (c) above, the Valuation Date shall be determined pursuant to the criteria specified in the applicable Final Terms.

In the case of Share Certificates and Index Certificates, if the Shares (as defined below) are traded on the Italian regulated markets managed by Borsa Italiana S.p.A., or the relevant Index (as defined below) is managed by Borsa Italiana S.p.A. or other companies with which Borsa Italiana S.p.A. has entered into specific agreements, **Valuation Date** shall mean:

- i. with respect to Share Certificates, in the case of Automatic Exercise, the Business Day immediately preceding the Exercise Date of the Certificates;
- ii. with respect to Index Certificates, in the case of Automatic Exercise, the Exercise Date of the Certificates.

**"Valuation Time"** means the Relevant Time specified in the applicable Final Terms or, in the case of Index Certificates or Share Certificates, if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Index or Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

#### 4. Interest

##### (A) *Interest Amount*

If so specified in the applicable Final Terms, each Certificate pays interest from and including the Issue Date at the Interest Rate payable in arrear on each Interest Payment Date.

The amount of interest payable in respect of each Certificate on each Interest Payment Date will amount to the Interest Amount for the Interest Period ending on (but excluding) such Interest Payment Date.

If interest is required to be calculated for a period ending other than on (but excluding) an Interest Payment Date, it will be calculated on the basis of the number of days from and including the most recent Interest Payment Date (or, if none, the Issue Date) to but excluding the relevant payment date and the Interest Rate Day Count Fraction.

##### (B) *Accrual of Interest*

Each Certificate will cease to accrue interest from and including its due date for settlement unless payment of the amount and/or delivery of any Entitlement due on settlement is improperly withheld or refused or unless default is otherwise made in respect of the payment or delivery in which case interest shall continue to accrue from the date such amount or delivery of such Entitlement was due until such amount or delivery of such Entitlement is paid or delivered, as the case may be. For the avoidance of doubt, no interest on the Certificates shall accrue beyond the Settlement Date in the event that delivery of any Entitlement is postponed due to the occurrence of a Settlement Disruption Event.

##### (C) *Definitions*

**"30/360 (Floating)"** or **"360/360"** or **"Bond Basis"** means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months each comprising 30 days each (unless (A) the last day of the Interest Period is the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a month comprising 30 days or (B) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days).

**"30/360"** or **"Eurobond Basis"** means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months each comprising 30 days without regard to the date of the first day or last day of the Interest Period, unless in the case of an Interest Period ending on the Settlement Date, the Settlement Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days).

**"Actual/360"** means the actual number of days in the Interest Period divided by 360.

**"Actual/365"** or **"Actual/Actual (ISDA)"** means the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365).

**"Actual/365 (Fixed)"** means the actual number of days in the Interest Period divided by 365.

**"Interest Amount"** means, in respect of each Interest Period and each Certificate, an amount calculated by the Calculation Agent as follows:

*Notional Amount per Certificate x Interest Rate x Interest Rate Day Count Fraction.*

**"Interest Period"** means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date.

## 5. Settlement of Certificates

Subject as provided in these Terms and Conditions and as specified in the applicable Final Terms, each Certificate will be settled by the Issuer:

- (i) in the case of a Cash Settled Certificate, by payment of the Cash Settlement Amount; or
- (ii) in the case of a Physical Delivery Certificate, subject as provided in Condition 6 below, by delivery of the Entitlement,

such settlement to occur in either case, subject as provided below, on the Settlement Date. If (i) the date for payment of any amount in respect of the Certificates is not a Business Day, the Holder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to any further payment in respect of such delay or (ii) the date for delivery of any Entitlement in respect of the Certificates is not a Settlement Business Day, the Holder thereof shall not be entitled to delivery of the Entitlement until the next following Settlement Business Day.

## 6. Exercise Procedure and Payments

### (A) Payments

Unless the applicable Final Terms specify that Monte Titoli is the relevant clearing system (in which case, should the Certificates be offered/traded on the regulated markets managed by Borsa Italiana S.p.A. in Italy, or on a French regulated market or on a German regulated or unregulated market, Conditions 6(F), 6(G) or 6(H), respectively, shall apply) or specify that a clearing system other than Clearstream, Luxembourg, Euroclear or Monte Titoli is applicable (in which case the relevant provisions will be set out in the applicable Final Terms) and, subject as provided below, the Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each Certificate by credit or transfer to the Holder's account with Clearstream, Luxembourg or Euroclear, as the case may be, for value on the Settlement Date less any Expenses, such payment to be made in accordance with the rules of Clearstream, Luxembourg or Euroclear, as the case may be.

Where the Certificates pay interest, subject as provided below, the Issuer shall pay or cause to be paid the Interest Amount for each Certificate in respect of each Interest Payment Date by credit or transfer to the Holder's account with Clearstream, Luxembourg or Euroclear, as the case may be, for value on the relevant Interest Payment Date, such payment to be made in accordance with the rules of Clearstream, Luxembourg or Euroclear, as the case may be.

The Issuer will be discharged by payment to, or to the order of, Clearstream, Luxembourg or Euroclear, as the case may be, in respect of the amount so paid. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear, as the case may be, as the Holder of a particular amount of the Certificates must look solely to Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each such payment so made to, or to the order of, Clearstream, Luxembourg or Euroclear, as the case may be.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(B) *Physical Delivery*

(1) Asset Transfer Notices

Unless the applicable Final Terms specify that Monte Titoli is the relevant clearing system (in which case, should the Certificates be offered/traded on the regulated markets managed by Borsa Italiana S.p.A. in Italy, or on a French regulated market or on a German regulated or unregulated market, Conditions 6(F), 6(G) or 6(H), respectively, shall apply) or specify that a clearing system other than Clearstream, Luxembourg, Euroclear or Monte Titoli is applicable (in which cases the relevant provisions will be set out in the applicable Final Terms), in relation to Physical Delivery Certificates, in order to obtain delivery of the Entitlement(s) in respect of any Certificate, the relevant Holder must deliver to Clearstream, Luxembourg or Euroclear (as applicable), not later than 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the date (the **Cut-off Date**) falling three Business Days prior to the Settlement Date with a copy to the Principal Agent, a duly completed asset transfer notice (an **Asset Transfer Notice**) in the form set out in the Agency Agreement in accordance with the provisions set out in this Condition.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Principal Agent.

An Asset Transfer Notice may only be delivered in such manner as is acceptable to Clearstream, Luxembourg or Euroclear, as the case may be, which is expected to be by authenticated SWIFT message or tested telex.

The Asset Transfer Notice shall:

- (a) specify the name, address and contact telephone number of the relevant Holder and the person from whom the Issuer may obtain details for the delivery of the Entitlement;
- (b) specify the series number of the Certificates and the number of Certificates which are the subject of such notice;
- (c) specify the number of the Holder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with such Certificates;

- (d) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit the relevant Holder's account with the relevant Certificates;
- (e) include an undertaking to pay all Expenses and an authority to Clearstream, Luxembourg or Euroclear, as the case may be, debit a specified account of the Holder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Expenses;
- (f) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Holder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Cash Settlement Price, as applicable;
- (g) in the case of Currency Certificates only, specify the number of the Holder's account to Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the amount due upon settlement of the Certificates; and
- (h) certify, *inter alia*, the beneficial owner of each Certificate is not a U.S. person (as defined in the Asset Transfer Notice), the Certificate is not being settled within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or the account or benefit of, a U.S. person in connection with any settlement thereof; and
- (i) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

If Condition 6(C) applies, the form of Asset Transfer Notice required to be delivered will be different from that set out above. Copies of such Asset Transfer Notice may be obtained from Clearstream, Luxembourg, Euroclear and the Principal Agent.

(2) Verification of the Holder

Upon receipt of an Asset Transfer Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person delivering the Asset Transfer Notice is the Holder of the Certificates described therein according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Agent the series number and number of Certificates the subject of such notice, the relevant account details and the details for the delivery of the Entitlement of each Certificate. Upon receipt of such confirmation, the Principal Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Delivery Date debit the account of the relevant Holder with the relevant Certificates.

(3) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in each case, in consultation with the Principal Agent, and shall be conclusive and binding on the Issuer, the Principal Agent and the relevant Holder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in paragraph (1) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and the Principal Agent.

Clearstream, Luxembourg or Euroclear, as the case may be, shall use its best efforts promptly to notify the Holder submitting an Asset Transfer Notice if, in consultation with the Principal Agent, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent, Clearstream, Luxembourg or Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

No Asset Transfer Notice may be withdrawn after receipt thereof by Clearstream, Luxembourg, Euroclear or the Principal Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Holder may not transfer the Certificates which are the subject of such notice.

The Entitlement will be delivered at the risk of the relevant Holder, in the manner provided below on the Settlement Date (such date, subject to adjustment in accordance with this Condition, the **Delivery Date**), provided that the Asset Transfer Notice is duly delivered to Clearstream, Luxembourg, Euroclear, as the case may be, with a copy to the Principal Agent, as provided above on or prior to the Cut-Off Date.

If a Holder fails to give an Asset Transfer Notice as provided herein with a copy to the Principal Agent, on or prior to the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Settlement Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Holder in the manner provided below. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the Settlement Date and no liability in respect thereof shall attach to the Issuer.

The Issuer shall at the risk of the relevant Holder, deliver or procure the delivery of the Entitlement for each Certificate, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Holder in the relevant Asset Transfer Notice. All Expenses arising from the delivery of the Entitlement in respect of such Certificates shall be for the account of the relevant Holder and no delivery of the Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.



(4) General

Certificates held by the same Holder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates provided that the aggregate Entitlements in respect of the same Holder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof the relevant Holder will receive an amount in the Settlement Currency equal to the value of any such fractions after such aggregation as calculated by the Calculation Agent from such source(s) as it may select (and converted, if necessary, into the Settlement Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment of any such amount will be made to the Holder's account specified in the relevant Asset Transfer Notice for value on the Settlement Date.

For the purposes of any Certificate which is a Physical Delivery Security (i) the Issuer shall be under no obligation to register or procure the registration of any Holder or any other person as the registered shareholder in the register of members of any Share Company or Basket Company (both as defined in Condition 16(B)), as the case may be, and (ii) the Issuer shall not be obliged to account to any Holder or any person for any entitlement received or that is receivable in respect of any Shares, comprising the Entitlement in respect of any Certificate if the date on which the Shares are first traded on the relevant Exchange from such entitlement is on or prior to the Exercise Date.

Following the Delivery Date of a Share Certificate all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Holder will be paid to the account specified by the Holder in the relevant Asset Transfer Notice as referred to in Condition 6(B)(1)(f).

For such period of time after delivery of the Entitlement as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the Entitlement (the **Intervening Period**), none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Holder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Holder in respect of any loss or damage which such Holder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

(5) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms or such commercially reasonable manner as the Calculation Agent has determined it is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Certificate by delivering the Entitlement using such

other commercially reasonable manner as it may select and, in such event, the Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date.

For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Certificate by payment to the relevant Holder of the Disruption Cash Settlement Price (as defined below) on the third Business Day following the date that notice of such election is given to the Holders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 10 that a Settlement Disruption Event has occurred. No Holder shall be entitled to any payment in respect of the relevant Certificate in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

**"Disruption Cash Settlement Price"**, in respect of any relevant Certificate, shall be the fair market value of such Certificate (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion; and

**"Settlement Disruption Event"** means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

(6) Failure to Deliver due to Illiquidity

If "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **Affected Relevant Assets**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver**), then:

- (a) subject as provided elsewhere in the Terms and Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with Condition 5; and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Certificate by payment to the relevant Holder of the Failure to Deliver Settlement Price (as defined below) on the third Business Day following the date that notice of such election is given to the Holders in accordance

with Condition 10. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Holders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 10 that the provisions of this Condition 6(B)(5) apply.

For the purposes hereof:

**"Failure to Deliver Settlement Price"** in respect of any relevant Certificate shall be the fair market value of such Certificate (taking into account the Relevant Assets comprising the Entitlement which have been duly delivered as provided above), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

(C) *Issuer's Option to Vary Settlement*

If the applicable Final Terms specify that the Issuer has an option to vary settlement in respect of the Certificates, the Issuer may at its sole and absolute discretion in respect of each such Certificate, elect not to pay the relevant Holders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Holders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Holders, as the case may be. Notification of such election will be given to Holders in accordance with Condition 10.

(D) *Rights of Holders and Calculations*

None of the Issuer, the Calculation Agent and the Principal Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Certificates does not confer on any Holder of such Certificates any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

(E) *Prescription*

Claims against the Issuer for payment of principal or interest in respect of the Certificates shall become void unless made within five years from the Settlement Date and no claims shall be made after such date.

(F) *Trading on Italian regulated markets managed by Borsa Italiana S.p.A.*

Save as specified in the applicable Final Terms, if the Certificates are traded on the Italian regulated markets of Borsa Italiana S.p.A. and Monte Titoli is specified in the applicable Final Terms as the relevant clearing system, the following provisions shall apply.

The exercise of each Series of Certificates is automatic on the Exercise Date. Any Cash Settlement Amount shall be credited, on the Settlement Date, through the Calculation Agent, to the account of the relevant intermediary in Monte Titoli.

The Calculation Agent and the Issuer shall not apply any charge for the automatic exercise of the Certificates. Other taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities

transfer and/or other taxes or duties which may arise in connection with the automatic exercise of the Certificates are in charge of the Holder.

Each Holder has the right to renounce to the exercise of the relevant Certificates held by it (subject as set out below). In this case, a duly completed renouncement notice (a **Renouncement Notice**) must be delivered by facsimile to the Calculation Agent prior to 10.00 a.m. Milan time on the Renouncement Date at the facsimile number set out in the form of Renouncement Notice attached to the applicable Final Terms.

The Holder must deliver the completed Renouncement Notice to its intermediary which will be in charge of sending it by facsimile to the Calculation Agent.

The Calculation Agent and the Issuer shall not apply any charge for the renouncement to the exercise of the Certificates. Other taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties which may arise in connection with the renouncement of any Certificates duties are in charge of the Holder.

In the event that a Holder does not perform its obligations and so deliver, where applicable, a duly completed Renouncement Notice in accordance with the provisions hereof, such Certificates shall be exercised automatically and shall be repaid in the manner set out herein, and the Issuer's obligations in respect of such Certificates shall be discharged and no further liability in respect thereof shall attach to the Issuer.

The number of Certificates specified in the Renouncement Notice must be a multiple of the Minimum Exercise Number, otherwise such number of Certificates so specified shall be rounded down to the preceding multiple of the Minimum Exercise Number and the Renouncement Notice shall not be valid in respect of the Certificates exceeding such rounded number of Certificates.

The minimum number of Certificates specified in the Renouncement Notice must be equal to the Minimum Exercise Number, otherwise the Renouncement Notice shall not be valid.

The Calculation Agent will, in its sole and absolute discretion, determine whether the above conditions are satisfied and its determination will be final, conclusive and binding on the Issuer and on the Holders.

The Renouncement Notice is irrevocable.

(G) *Trading on French regulated markets*

Save as specified in the applicable Final Terms, if the Certificates are traded on French regulated markets and Monte Titoli is specified in the applicable Final Terms as the relevant clearing system, the following provisions shall apply.

The Holder has the right to exercise the relevant Certificates on the Exercise Date. A duly completed voluntary exercise notice (the **Voluntary Exercise Notice**) must be delivered by facsimile to the Calculation Agent and the Paying Agent in Euroclear France S.A., prior to 10.00 a.m. (Milan time) on the Exercise Date, at the respective facsimile numbers set out in the form of Voluntary Exercise Notice attached to the applicable Final Terms. In addition, in order for the Voluntary Exercise Notice to be valid, the Certificates in respect of which such Voluntary

Exercise Notice has been delivered must be transferred to the account of the Paying Agent in Euroclear France prior to 5.00 p.m. (Milan time) on the Exercise Date, the account details of which are set out in the form of Voluntary Exercise Notice. The form of Voluntary Exercise Notice is also available at [www.tradinglab.fr](http://www.tradinglab.fr).

The Calculation Agent and the Issuer shall not apply any charge for the exercise of the Certificates. Other taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties which may arise in connection with the exercise of the Certificates are in charge of the Holder.

Subject to the relevant Holder performing its obligations in respect of each Certificate in accordance with the Conditions, the Settlement Date for such Certificates shall be as set out in these Final Terms.

In the event that a Holder does not so deliver a duly completed Voluntary Exercise Notice prior to 10.00 a.m. (Paris time) on the Exercise Date and fulfil its other obligations in accordance with the provisions hereof, such Certificates shall be deemed to be repaid, the Issuer's obligations in respect of such Certificates shall be discharged and no further liability in respect thereof shall attach to the Issuer.

Any Cash Settlement Amount shall be credited to the bank account notified by the Holder in the relevant Voluntary Exercise Notice.

The Calculation Agent will, in its sole and absolute discretion, determine whether the above conditions for the payment of the Cash Settlement Amount are satisfactorily met and its determination will be final, conclusive and binding on the Issuer and on the Holders.

(H) *Trading on German regulated and unregulated markets*

Save as specified in the applicable Final Terms, if the Certificates are traded on a German regulated and/or unregulated market and Monte Titoli is specified in the applicable Final Terms as the relevant clearing system, the following provisions shall apply.

The exercise of each Series of Certificates is automatic on the Exercise Date. Any Cash Settlement Amount shall be credited, on the Settlement Date, through the Calculation Agent, to the account of the relevant intermediary in Clearstream Frankfurt.

The Calculation Agent and the Issuer shall not apply any charge for the automatic exercise of the Certificates. Other taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties which may arise in connection with the automatic exercise of the Certificates are in charge of the Holder.

Each Holder has the right to renounce to the exercise of the relevant Certificates. The renouncement procedures of the Certificates shall be enacted for the benefit of the Holder by an appropriate intermediary. The intermediary shall ensure that the relevant renouncement procedures comply with all relevant regulations in force in Germany from time to time.

**7. Minimum and Maximum Number of Certificates exercisable**

The number of Certificates exercisable by any Holder on the Exercise Date, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Voluntary Exercise Notice which purports to exercise Certificates in breach of this Condition shall be void and of no effect.

## **8. Cancellation due to Illegality or Taxation**

### **(A) *Illegality***

In the event that the Issuer determines in good faith that either the performance of its obligations under the Certificates or any arrangements made to hedge its position under the Certificates has or will become illegal in whole or in part for any reason, the Issuer may, on giving notice to Holders in accordance with Condition 11, cancel all but not some only of the Certificates.

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

If the Issuer cancels the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay to each Holder in respect of each Certificate held by such Holder an amount equal to the fair market value of a Certificate, notwithstanding such illegality, as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 11.

### **(B) *Taxation***

In the event that the Issuer determines in good faith that either the performance of its obligations under the Certificates or any arrangements made to hedge its position under the Certificates (i) has resulted in or (ii) will result in, for any reason, the Issuer and/or any of its Affiliates not being entitled to tax relief in respect of any losses, costs or expenses incurred in relation to the Certificates or such hedging arrangements or any other adverse tax consequences, the Issuer may cancel the Certificates by giving notice to Holders in accordance with Condition 11.

If the Issuer cancels the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay to each Holder in respect of each Certificate held by such Holder an amount equal to the fair market value of a Certificate, as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 11.

## **9. Purchases**

Any of the Issuer and its Affiliates may, but is not obliged to, at any time purchase Certificates at any price in the open market or by tender or private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## **10. Agents, Determinations, Meetings Provisions and Modifications**

### **(A) *Principal Agent***

The specified office of the Principal Agent is as set out at the end of this Prospectus.

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Agent and to appoint further or additional Agents, provided that no termination of appointment of the Principal Agent shall become effective until a replacement Principal Agent shall have been appointed and provided that, so long as any of the Certificates are listed on a stock exchange, there shall be a Principal Agent having a specified office in each location required by the rules and regulations of the relevant listing authority or stock exchange. Notice of any termination of appointment and of any changes in the specified office of an Agent will be given to Holders in accordance with Condition 11. In acting under the Agency Agreement, an Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders and any determinations and calculations made in respect of the Certificates by an Agent shall be made in its sole discretion and in good faith and shall (save in the case of manifest error or where the Agent has acted outside the scope of the Agency Agreement) be final, conclusive and binding on the Issuer and the Holders.

(B) *Calculation Agent*

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent, provided that no termination of appointment of the Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination of appointment of the Calculation Agent will be given to Holders in accordance with Condition 11.

In relation to each issue of Certificates, the Calculation Agent (whether it be UniCredit Banca Mobiliare S.p.A. or another entity) acts solely as agent of the Issuer, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. All calculations and determinations made in respect of the Certificates by the Calculation Agent shall be made in its sole discretion and in good faith and shall (save in the case of manifest error or where the Calculation Agent has acted outside the scope of the calculation agency agreement) be final, conclusive and binding on the Issuer and the Holders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate, and any determination or calculation by any such delegate shall be deemed to be a determination or calculation by the Calculation Agent.

(C) *Determinations by the Issuer*

Any determination made by the Issuer pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders.

(D) *Meetings of Holders*

Meetings of the Holders will be convened from time to time to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined below) of a modification of the Terms and Conditions or the Agency Agreement. At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to Holders. Such a meeting may be convened by the Issuer, or Holders holding not less than 5 per cent. (by number) of the Certificates for the time being remaining outstanding. The quorum at a meeting of the Holders

(except for the purpose of passing an Extraordinary Resolution) will be two or more persons holding or representing not less than 20 per cent. (by number) of the Certificates for the time being remaining outstanding, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Certificates so held or represented. The quorum at a meeting of Holders for the purpose of passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. (by number) of the Certificates for the time being remaining outstanding or at any adjourned meeting two or more persons being holding or representing not less than 10 per cent. (by number) of the Certificates the time being remaining outstanding. A resolution will be an extraordinary resolution (the **Extraordinary Resolution**) when it has been passed at a duly convened meeting by not less than three fourths of the votes cast by Holders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(E) *Modifications*

The Issuer may modify these Terms and Conditions and/or the Agency Agreement without the consent of the Holders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Holders or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein. Notice of any such modification will be given to the Holders in accordance with Condition 11 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

**11. Notices**

All notices to Holders shall be valid (i) if delivered and so long as the Certificates are held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, to Clearstream, Luxembourg and Euroclear for communication by them to the Holders and (ii) if and so long as the Certificates are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange and (iii) as otherwise specified in the applicable Final Terms. If the Certificates are listed on the Luxembourg Stock Exchange, and so long as the rules of the Luxembourg Stock Exchange so require, notices shall be published in a daily newspaper with general circulation in Luxembourg which is expected to be the *r d'Wort* or the *Tageblatt*. Any such notice shall be deemed to have been given on the second Business Day following such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

If the Certificates are traded on the Italian regulated markets of Borsa Italiana S.p.A. and so long as the applicable rules so require, all notices to the Holders shall be valid if published by Borsa Italiana S.p.A. All notices to the Holders shall also be published by the Calculation Agent on the website [www.tradinglab.it](http://www.tradinglab.it). In the case the notices have been published both by Borsa Italiana S.p.A. and the Calculation Agent, such notices will be considered valid from the date of publication of Borsa Italiana S.p.A..

**12. Expenses and Taxation**

- (A) A Holder of Certificates must pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration,



securities transfer and/or other taxes or duties arising from the settlement of the Certificates and/or the delivery or transfer of the Entitlement (as applicable) pursuant to the terms of the Certificates (**Expenses**) relating to such Certificates as provided above. In relation to any Certificate, no payment of any Cash Settlement Amount or delivery of any Entitlement will be made until all Expenses have been paid or discharged to the satisfaction of the Issuer.

- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or enforcement of any Certificate and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

### **13. Further Issues**

The Issuer shall be at liberty from time to time without the consent of Holders to create and issue further Certificates which are expressed to be consolidated and form a single series with the outstanding Certificates.

### **14. Substitution of the Issuer**

- (A) The Issuer shall be entitled at any time, without the consent of the Holder, to substitute any company within its group in place of the Issuer (the New Issuer) with respect to all obligations under or in connection with the Certificates, provided that:
- (i) the New Issuer assumes all obligations of the Issuer in relation to the Holders under or in connection with the Certificates;
  - (ii) the New Issuer has obtained all necessary authorisations, if any, by the competent authorities, under which the New Issuer may perform all obligations arising under or in connection with the Certificates and transfer payments to the Paying Agent; and
  - (iii) the Issuer unconditionally and irrevocably guarantees the obligations of the New Issuer, except in the case where the Issuer is UniCredit Banca Mobiliare S.p.A. and the New Issuer is UniCredito, in which case such guarantee is not required.
- (B) In case of any such substitution of the Issuer, any reference in these Terms and Conditions to the Issuer shall be construed as a reference to the New Issuer.
- (C) The substitution of the Issuer shall be final, binding and conclusive on the Holders and will be notified to the Holders without undue delay in accordance with Condition 11.
- (D) In connection with such right of substitution the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Holder shall be entitled to claim from the Issuer or New Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Holder.

## 15. Governing Law and Jurisdiction

The Agency Agreement is governed by, and shall be construed in accordance with, English law. The Issuer irrevocably agrees for the exclusive benefit of each Holder that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and that accordingly any suit, action or proceeding (together in this Condition referred to as **Proceedings**) arising out of or in connection with the Agency Agreement may be brought in such courts.

If Italian law is specified as the governing law of the Certificates in the applicable Final Terms, the Certificates are governed by, and shall be construed in accordance with, Italian law and the Issuer irrevocably agrees for the exclusive benefit of each Holder that the courts of Milan are to have jurisdiction to settle any disputes which may arise out of or in connection with the Certificates and that accordingly any Proceedings arising out of or in connection with the Certificates may be brought in such courts, or, where the Holder of the Certificates falls within the definition of "consumer" pursuant to legislative decree no. 206 of 6 September 2005 (the Consumer Code), in the courts where the Holder of the Certificates has his residence or domicile.

If English law is specified as the governing law of the Certificates in the applicable Final Terms, the Certificates are governed by, and shall be construed in accordance with, English law and the Issuer irrevocably agrees for the exclusive benefit of each Holder that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Certificates and that accordingly any Proceedings arising out of or in connection with the Certificates may be brought in such courts.

The Issuer agrees that process in connection with Proceedings in the courts of England will be validly served on it if served upon UniCredit Banca Mobiliare S.p.A., London branch at its offices for the time being (being at the date hereof at 95 Queen Victoria Street, London EC4V 4HN, United Kingdom).

Nothing contained in this Condition shall limit the right of any Holder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

## 16. Terms and Conditions for Index Certificates, Share Certificates, Fund Linked Certificates, Currency Certificates and Commodity Certificates

### (A) *Index Certificates*

For the purposes of this Condition 15:

**"Indices"** and **"Index"** mean, subject to adjustment in accordance with this Condition 15(A), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly; and

**"Index Sponsor"** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any related to such Index and (b) announces (directly or through an agent) the level

of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

(1) **Market Disruption**

**"Market Disruption Event"** means, in relation to Certificates relating to a single Index or Basket of Indices, in respect of an Index:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
  - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
    - (A) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
    - (B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
  - (ii) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/ commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 11 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date, provided that the failure by the Calculation Agent to notify the Holders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day. A copy of such notice shall be sent to the Luxembourg Stock Exchange, if the Securities are listed in Luxembourg.

(2) **Adjustments to an Index**

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent (the **Successor Index Sponsor**), or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to a Valuation Date or an Averaging Date the relevant Index Sponsor or, if applicable, the Successor Index Sponsor, announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an **Index Modification**), or permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (ii) on a Valuation Date or an Averaging Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption** and, together with an Index Modification and an Index Cancellation, each an **Index Adjustment Event**), then

- (i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Certificates and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or
- (ii) on giving notice to Holders in accordance with Condition 11, the Issuer shall early settle all but not some only of the Certificates, each Certificate being settled by payment of an amount equal to the fair market value of a Certificate taking into account the Index Adjustment Event, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Condition 11; or

(iii) the Calculation Agent shall determine whether such Index Modification has a diluting or concentrative effect on the value of the Index and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect, and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Index Adjustment Event made by an options exchange to options on the Index traded on that options exchange.

(c) Notice

The Calculation Agent shall, as soon as practicable, notify the Principal Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and the Principal Agent shall make available for inspection by Holders copies of any such determinations. A copy of such notice shall be sent to the Luxembourg Stock Exchange, if the Securities are listed in Luxembourg.

(3) **Correction of an Index**

Unless otherwise specified in the applicable Final Terms, if the level of an Index published or announced on a given day and used or to be used by the Calculation Agent to calculate the value of the Index (the **Original Determination**) is subsequently corrected and the correction (the **Corrected Level**) published by the Index Sponsor or the Successor Index Sponsor within 30 days of the original publication, then the Calculation Agent shall notify the Issuer of the Corrected Level as soon as reasonably practicable and shall, on the day of the publication of the Corrected Level (the **Correction Publication Date**), re-determine the value of the Index (the **Replacement Determination**) using the Corrected Level.

If the result of the Replacement Determination is different from the result of the Original Determination, to the extent that it determines to be necessary, the Calculation Agent may adjust any relevant terms accordingly.

A notice of the above correction will be published in order to inform the investors.

(B) *Share Certificates*

For the purposes of this Condition 15:

"**Basket Company**" means a company whose shares are included in the Basket of Shares and "**Basket Companies**" means all such companies;

"**Shares**" and "**Share**" mean, subject to adjustment in accordance with this Condition 15(B), in the case of an issue of Certificates relating to a Basket of Shares, each share and, in the case of an issue of Certificates relating to a single Share, the share, specified in the applicable Final Terms and related expressions shall be construed accordingly; and

**"Share Company"** means, in the case of an issue of Certificates relating to a single Share, the company that has issued such share.

(1) **Market Disruption**

**"Market Disruption Event"** means, in relation to Certificates relating to a single Share or a Basket of Shares, in respect of a Share:

- (a) the occurrence or existence any time during the one hour period that ends at the Valuation Time for such Share:
- (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise:
- (A) relating to the Share on the relevant Exchange; or
- (B) in futures or options contracts relating to the Share on any relevant Related Exchange; or
- (ii) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions, in or obtain market values for, the Share on the relevant Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 11 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date, provided that failure by the Calculation Agent to notify the Holders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

(2) **Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency**

- (a) **"Potential Adjustment Event"** means any of the following:
- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or Certificates or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (v) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, Certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that (a) no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share, and (b) the Calculation Agent may in its sole and absolute discretion resolve not to make any adjustment where the relevant adjustment factor, necessary to make such adjustment, is in the range of 0.98 and 1.02) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by

reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 11, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

- (b) **"De-Listing"** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, or (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Certificates, the last occurring Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging



Date in respect of the relevant Certificate or (b) in the case of Physical Delivery Certificates, the relevant Settlement Date.

**"Nationalisation"** means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

If a De-listing, Insolvency, Merger Event, Nationalisation or Tender Offer is specified as applying in the applicable Final Terms and a De-listing, Insolvency, Merger Event, Nationalisation or Tender Offer occurs in relation to a Basket Company or Share Company, as the case may be, the Issuer in its sole and absolute discretion may:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Insolvency, Merger Event, Nationalisation or Tender Offer, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Certificates. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange; or
- (ii) in the case of Share Certificates relating to a Basket of Shares, early settle the Certificates in part by giving notice to Holders in accordance with Condition 11. If the Certificates are so settled in part, the portion (the **Early Settled Amount**) of each Certificate representing the affected Share(s) shall be settled and the Issuer will (i) pay to each Holder in respect of each Certificate held by him an amount equal to the fair market value of the Early Settled Amount, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, all as determined by the Calculation Agent in its sole and absolute discretion; and (ii) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for such settlement in part. For the avoidance of doubt the remaining part of each Certificate after such cancellation and adjustment shall remain outstanding with full force and effect. Payments

will be made in such manner as shall be notified to the Holders in accordance with Condition 11; or

- (iii) on giving notice to Holders in accordance with Condition 11, early settle all but not some only of the Certificates, each Certificate being settled by payment of an amount equal to the fair market value of a Certificate taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Condition 11; or
  - (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the **Options Exchange**), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.
- (c) Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 11 stating the occurrence of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(C) *Fund Linked Certificates*

(1) Market Disruption

**"Market Disruption Event"** shall mean any event, occurrence or reason (including, without limitation, a material change in the political, financial, economic, regulatory or market situation whether at a domestic or international level) which in the opinion of the Calculation Agent at any time prohibits, impairs or otherwise prevents the net asset value (the **NAV**) of the relevant Fund from being determined.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 11 that a Market Disruption Event has occurred.

(2) **"Fund Event"**

Upon the occurrence in respect of the relevant Fund (the "**Affected Fund**"): a) of a Fund Event referred to under letters (vi), (vii) and (viii) below, the Calculation Agent shall replace the Affected Fund; and b) of a Fund Event referred to under letters (i), (ii), (iii), (iv), (v) and (ix) below, the Calculation Agent may, but is not obliged to, replace the Affected Fund. In such events, the Calculation Agent shall use reasonable efforts to determine an alternative investment fund (the "**Substitute Fund**") to replace the Affected Fund and the date for the replacement of the Affected Fund (the "**Replacement Date**") shall be as elected by the Calculation Agent.

Following any such determination pursuant to the above paragraph, the Substitute Fund shall replace the Affected Fund for the purposes of the Securities on and from the relevant Replacement Date and the Calculation Agent shall make corresponding adjustment(s) which it determines to be appropriate to any variable, calculation methodology, valuation, settlement, payment terms or any other terms relevant to the Securities.

**"Fund Event"** means in respect of the relevant Fund, each of the following events:

- (i) Modification/breach of the conditions of the Fund, of its nature or objectives as set out in the rules of the Fund;
- (ii) The NAV of the Fund, in respect of two following NAV calculation days, is not determined;
- (iii) Alteration of the currency of denomination of the Fund;
- (iv) Modification of any fees and/or other charges as set out in the rules of the Fund;
- (v) As a result of wrongdoing, breach of any rule or regulation or any similar reason, the activities of the Fund, or of its investment manager or administrator, is under investigation by a regulatory body;
- (vi) The Fund is to be wound up or terminated or any regulatory approval or registration is cancelled;
- (vii) The Fund merges or is to merge with another fund and, in the reasonable opinion of the Calculation Agent, there results a significant change in its investment strategy;
- (viii) Insolvency, liquidation, bankruptcy or any analogous proceedings of the Fund or its investment manager or administrator;
- (ix) The investment manager fails to comply with the investment guidelines as set out in the rules of the Fund.

If, in the opinion of the Calculation Agent, is impossible to select an adequate Substitute Fund, the Calculation Agent shall select a substitute index (the "**Substitute Index**") having the same or substantially similar characteristics of the Affected Fund last in effect prior to the occurrence of one or more Fund Events.

(D) *Commodity Certificates*

## Market Disruption

**"Market Disruption Event"** shall mean the suspension of or limitation imposed on trading on either any exchange on which the commodity or any of the commodities (in the case of a basket of commodities) are traded or on any exchange on which options contracts or futures contracts with respect to the commodity or any of the commodities (in the case of a basket of commodities) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 11 that a Market Disruption Event has occurred.

(E) *Currency Certificates*

## Market Disruption

**"Market Disruption Event"** shall mean the suspension or limitation of trading on any exchange on which options contracts or futures contracts with respect to the currency or any of the currencies (in the case of a basket of currencies) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether a Market Disruption Event has occurred, any reduction in the trading hours or days (provided that it is a reduction duly announced by the relevant exchange), any termination of the trading in respect of the currency or any of them (in the case of a basket of currencies) and any termination of the related derivative contracts, shall not be taken into account.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 11 that a Market Disruption Event has occurred.

(F) *Additional Disruption Events*

- (a) **"Additional Disruption Event"** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

**"Change in Law"** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (i) it has become illegal to hold, acquire or dispose of any relevant Share (in the case of Share Certificates) or any relevant security/commodity comprised in an Index (in the case of Index Certificates) or (ii) it will incur a materially increased cost in performing its obligations in relation to the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Shares"** means the number of Shares (in the case of Share Certificates) or securities/commodities comprised in an Index (in the case of Index Certificates) that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Certificates.

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Increased Cost of Stock Borrow"** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share (in the case of Share Certificates) or any security/commodity comprised in an Index (in the case of Index Certificates) that is greater than the Initial Stock Loan Rate.

**"Initial Stock Loan Rate"** means, in respect of a Share (in the case of Share Certificates) or a security/commodity comprised in an Index (in the case of Index Certificates), the initial stock loan rate specified in relation to such Share, security or commodity in the applicable Final Terms.

**"Insolvency Filing"** means that a Share Company or Basket Company, as the case may be, institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company, as the case may be, shall not be deemed an Insolvency Filing.

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any relevant Share (in the case of Share Certificates) or any securities/commodities comprised in an Index (in the case of Index Certificates) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**"Maximum Stock Loan Rate"** means, in respect of a Share (in the case of Share Certificates) or a security/commodity comprised in an Index (in the case of Index Certificates), the Maximum Stock Loan Rate specified in the applicable Final Terms.

- (b) If any of the Additional Disruption Events is specified in the applicable Final Terms and an Additional Disruption Event so specified occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) on giving notice to Holders in accordance with Condition 11, early settle all but not some only of the Certificates, each Certificate being settled by payment of an amount equal to the fair market value of a Certificate on a day selected by the Issuer in its sole discretion and taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Condition 11.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 11 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

#### 17. Adjustments for European Monetary Union

The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with Condition 11:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Certificates shall be redenominated in Euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Certificates is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Certificates will be made solely in Euro as though references in the Certificates to the Settlement Currency were to Euro;
- (B) where the Exchange Rate and/or any other terms of these Terms and Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the **Original Currency**) of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, Euro at the Established Rate; and

- (C) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in Euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or any other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or such other terms of these Terms and Conditions.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Principal Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Holders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty (as defined below);

**"Established Rate"** means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 111(4) of the Treaty;

**"Euro"** means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"National Currency Unit"** means the unit of the currency of a country, as such unit is defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

**Treaty** means the treaty establishing the European Community signed in Rome on 25 March 1957, as amended.

#### **18. Contracts (Rights of Third Parties) Act 1999**

If English law is specified as the governing law of the Certificates in the applicable Final Terms, the Certificates do not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Certificates but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

#### **19. Severability**

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