

[BASE PROSPECTUS] [FINAL TERMS]

**Morgan Stanley**  
***Morgan Stanley & Co. International plc***  
*(incorporated as a public limited company in England and Wales)*  
*(as Issuer)*

**[Up to] [Quantity] [insert type] Certificates**  
**relating to the [insert relevant share(s)] [insert relevant index/indices]**

issued under its

**Certificate Programme**

**[Issue Price: ● per Certificate]**

[WKN/ISIN]

Under its Certificate Programme (the **Programme**), Morgan Stanley & Co. International plc (the **Issuer**) is authorised to issue certificates (**Certificates**) of any kind including, but not limited to, Certificates relating to [shares and/or indices]. The Issuer has determined that it will issue [up to] [quantity] [insert type] Certificates relating to the [Share] [Shares] [Index] [Indices] specified above on the terms and conditions set out in the terms and conditions (the **Conditions**) in each case set out in this document. The Conditions relating to such issue of Certificates will be attached to the Global Certificate (as defined below). References in the [Base Prospectus] [Final Terms] to [the] [an] **Underlying** shall be construed as reference to the [Share] [Shares] [Index] [Indices] set out above.

**Prospective purchasers of Certificates should ensure that they understand the nature of the Certificates and the extent of their exposure to risks and that they consider the suitability of the Certificates as an investment in the light of their own circumstances and financial condition. Certificates involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Certificates. See "Risk Factors" on page [11].**

The Issuer has a right of substitution as set out in Condition [16] (Substitution).

[Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for certificates to approve the Base Prospectus.] [The Certificates are intended to be [included in trading] [●] on the [unofficial market (*Freiverkehr*)] [●] of the [Frankfurt] Stock Exchange.] [The Certificates will be offered to the public in [●] [Luxembourg].] [The Certificates will not be admitted to the regulated market of any stock exchange.]

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or under any state securities laws and the Certificates may not be offered, sold, transferred, pledged, delivered, exercised or redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act (**Regulation S**)) (a **U.S. Person**). The Certificates may not be legally or beneficially owned at any time by any U.S. Person and accordingly are being offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S. Furthermore, trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, and no U.S. Person may at any time trade or maintain a position in the Certificates.

The issue of Certificates will be represented by a global certificate (the **Global Certificate**) which will be issued and deposited with [a common depository on behalf of] [Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**)] [Clearstream Banking AG, Frankfurt (**Clearstream AG**)] on the date of issue of the Certificates. Definitive Certificates will not be issued.

The Base Prospectus is dated 6 June 2007 and provides information with respect to various types of financial instruments which are capable of issue under the Programme. [This document constitutes, in relation to the Certificates only, Final Terms in a completed version of the Base Prospectus and is dated [●].]

[MORGAN STANLEY IQ]

## IMPORTANT NOTICES

Subject as provided below, the Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case and subject as provided below) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The nature of the responsibility taken by the Issuer for the information relating to [the] [each] Underlying contained in this document is contained in the Information Relating to [the] [each] Underlying below.

No person is authorised by the Issuer to give any information or to make any representation not contained or incorporated by reference into this document or any other document entered into in relation to the Certificates, and, if given or made, that information or representation should not be relied upon as having been authorised by the Issuer [or the manager[s]] of the Certificates (the Manager[s]). Neither the delivery of this document nor the offering, sale or delivery of the Certificates will in any circumstances create any implication that the information contained in this document is true subsequent to the date hereof or the date upon which this document has been most recently amended or supplemented or that there has been an adverse change in the financial situation of the Issuer since the date hereof or, as the case may be, the date upon which this document has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this document by reference, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied, or if different, the date indicated in the document containing the same. [The Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Certificates of any information coming to their attention.] Investors should review, *inter alia*, the most recently financial statements of the Issuer and/or the most recently published documents incorporated by reference into this document, when evaluating the Certificates or an investment therein.

[[No] [The] Manager has [not] separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Manager[s] as to the accuracy or completeness of the information contained in this document or any document incorporated by reference herein or any further information provided supplied in connection with the Certificates. The Manager[s] accept[s] no liability in relation to this document or any document incorporated by reference herein or their distribution or with regard to any other information supplied by or on behalf of the Issuer.]

[The Issuer has confirmed to the Manager[s] that this document is true, accurate and complete in all material aspects and is not misleading; that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this document the omission of which would, in the context of the Certificates, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.]

The distribution of this document and the offer or sale of Certificates may be restricted by law in certain jurisdictions. Persons into whose possession the document comes are required by the Issuer [and the Manager[s]] to inform themselves about and to observe those restrictions.

This document does not constitute, and may not be used for the purposes of, an offer to sell or the solicitation of an offer to buy the Certificates in any jurisdiction in which that offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction, and no action is being taken to permit an offering of the Certificates or the distribution of this document in any jurisdiction where any such action is required.

In particular, no action has been taken by the Issuer [nor the Manager[s]] which would permit a public offering of the Certificates or distribution of this document in any jurisdiction where action for that purpose is required and has not already been taken. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document or the Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this document and the offering and sale of the Certificates. In particular, there are restrictions on the distribution of this document and the offer or sale of Certificates in the United States and the European Economic Area (including the United Kingdom, the Netherlands and Italy), see "Offering and Sale".

[The Issuer may (but is not obliged to) include the Certificates [in trading on] [●] the [unofficial market (*Freiverkehr*)] [●] of the [Frankfurt] Stock Exchange [or another German stock exchange]. [The Issuer (or a company on behalf of the Issuer) may (but is not obliged to) [regularly] quote on the customary market conditions "buy" and "sell" prices for the Certificates. There is no legal obligation to quote "buy" or "sell" prices.] [The Certificates will be offered to the public in [●] [Luxembourg]].

This document is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" on page [6]). [This [document][Base Prospectus] shall be read and construed on the basis that such documents are incorporated and form part of this [document][Base Prospectus].

Neither this document nor any other information supplied in connection with the Programme or the Certificates constitutes an offer of or an invitation to subscribe for or purchase the Certificates and should not be considered as a recommendation by the Issuer [or the Manager[s]] that any recipient of this document should subscribe for or purchase the Certificates. This document is (i) not intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer [or the Manager[s]] that any recipient of this document or any other information supplied in connection with the Programme or the Certificates should purchase the Certificates. Each recipient of the document will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) and creditworthiness of the Issuer and the Certificates.

In this document references to ["U.S.\$" and "U.S. dollars" are to United States dollars, references to "pounds" and "£" are to pounds sterling and references to "euro", "€" and "EUR" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended].

## FORM OF DOCUMENT AND PUBLICATION

### Form of Document

This document [(the **Final Terms**)] constitutes [in relation to the Certificates only a completed version of] a base prospectus [(the **Base Prospectus**)] according to Art. 5 (IV) of Directive 2003/71/EC (the **Prospectus Directive**), as implemented by the relevant provisions of the EU member states, in connection with Regulation 809/2004 of the European Commission. The Base Prospectus does not contain information which was yet known at the time the Base Prospectus was approved and which can only be determined at the time of the individual issue of certificates under the Base Prospectus (**final terms**).

For each issue of Certificates under the Base Prospectus, the Final Terms repeat the information items contained in the Base Prospectus, completed and amended by the relevant final terms. Such amendments are made in places where the Base Prospectus contains blanks for Final Terms or otherwise.

The Final Terms also contain a completed version of the Summary contained in the Base Prospectus, presenting only the information relevant for the respective Certificates.

[Information repeated in this document and not forming part of the final terms does not constitute "final terms" for the purposes of the Prospectus Directive.]

### Publication of Document

This document is published in English. In addition, the Base Prospectus, the Final Terms, the Summary and any other parts of both documents, may also be published in other languages. Investors who wish to receive information in languages other than English should not only review the translation of the Summary of the Base Prospectus (and, where applicable, other parts of the Base Prospectus), but also refer to the translation of the Summary in the relevant Final Terms (and where applicable, other parts of the Final Terms).

The Base Prospectus or the Summary, together with any translations thereof, has been published on the Issuer's website (●). The Base Prospectus and any documents incorporated by reference are also available free of charge at the registered office of the Issuer at 25 Cabot Square, Canary Wharf, London E14 4QA.

All Final Terms, together with any translations thereof, or of the Summary as amended by the relevant Final Terms, are published on the Issuer's website (●). These documents are available at the registered office of the Issuer.

The annual financial statements for 2005 and 2006 shall be produced on the Issuer's website (●). The annual financial statements for 2005 and 2006 are also included in the Registration Document of the Issuer which is (i) incorporated by reference into this document and (ii) published on the website of the Issuer (●).

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with the Base Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, the Base Prospectus:

1. the Registration Document dated 29 May 2007.

### Cross Reference List

Specific items contained in "*Documents Incorporated by Reference*"

#### Registration Document

1.	Issuer Description	Pages 1 to 25;
	(i) Persons responsible	Page 1
	(ii) Statutory auditors	Page 25
	(iii) Selected financial information	Pages 23 to 24
	(iv) Risk Factors	Pages 4 to 16
	(v) Information about the issuer	Page 18
	(vi) Business overview	Page 19
	(vii) Organisational structure	Page 21
	(viii) Trend Information	Page 25
	(ix) Profit forecasts or estimates	N/A
	(x) Administrative, management and supervisory bodies	Page 20
	(xi) Board practices	Page 21
	(xii) Major shareholders	Page 22
	(xiii) Financial information	Page 23 to 24 (and see paragraphs 2 and 3 below)
	(xiv) Additional information	Pages 18 to 22
	- share capital	Page 22
	- memorandum and articles of association	Page 18
	(xv) Material Contracts	N/A
	(xvi) Third party information and statement by experts and declarations of any interest	N/A
	(xvii) Documents on display	Page 25
2.	the auditors report and audited non-consolidated annual financial statements for the financial year ended 30 November 2005 including the information set out at the following pages in particular:	
	Balance Sheet.....	A2-6
	Cash Flow Statement.....	N/A
	Profit and Loss Account.....	A2-4
	Accounting Principles and Notes.....	A2-7 to 21
	Audit Report	A2-3
3.	the auditors report and audited non-consolidated annual financial statements for the financial year ended 30 November 2006 including the information set out at the following pages in particular:	

Balance Sheet.....	A1-7
Cash Flow Statement.....	A1-8
Profit and Loss Account.....	A1-5
Accounting Principles and Notes.....	A1-9 to 29
Audit Report	A1-4; and

any other information not listed above but contained in such document is incorporated by reference for information purposes only.

Following the publication of the Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in the Base Prospectus or in a document which is incorporated by reference in the Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Base Prospectus.

Copies of documents incorporated by reference in the Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Agent for the time being in Luxembourg. The Base Prospectus and the documents incorporated by reference are available for viewing at [www.bourse.lu](http://www.bourse.lu).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Certificates, prepare a supplement to the Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Certificates.

## SUMMARY

This summary must be read as an introduction to this document and any decision to invest in the Certificates should be based on a consideration of this document as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Issuer in any such Member State in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to information contained in the Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the document before the legal proceedings are initiated.

The following summary is qualified in its entirety by the remainder of the document and specifically by the terms and conditions of the Certificates.

### SUMMARY OF CERTIFICATES AND TERMS OF THE OFFER

*[Insert "high level" summary of Certificates]*

<b>Issuer:</b>	Morgan Stanley & Co. International plc
<b>Number of Certificates:</b>	[●] <i>[insert type of Certificates]</i>
<b>Agent[s]:</b>	[●] <i>[specify which is the Principal Agent if more than one Agent.]</i>
<b>Calculation Agent:</b>	Morgan Stanley & Co. International plc
<b>[Distribution:</b>	[Syndicated]/[non-syndicated] basis]
<b>Settlement Currency:</b>	[Euro] [U.S. dollars] <i>[other currency]</i>
<b>Issue Price:</b>	[●]
<b>Issue Date:</b>	[●]
<b>[Trade Date:</b>	[●]]
<b>[Subscription End Date:</b>	[●]]
<b>[Initial Reference Level:</b>	[●]]
<b>Initial Reference Valuation Date[s]:</b>	[●]
<b>[Final Reference Level:</b>	[●]]
<b>Offer Price:</b>	[Currency] [Amount]
<b>Form of the Certificates:</b>	The Certificates are represented by a Global Certificate.  The Global Certificate will be held by [a common depository for the relevant Clearing System(s)] [the Clearing System]. No definitive Certificates will be issued.
<b>Clearing Systems:</b>	[Euroclear or Clearstream, Luxembourg]  [Clearstream AG]
<b>Exercise Style of Certificates:</b>	[European]  [Bermudan]
<b>Exercise Date[s]:</b>	[●]
<b>[Exercise Period:</b>	[●]]
<b>Settlement:</b>	[Cash Settlement only/Cash or Physical Settlement]
<b>[Cash Settlement Amount:</b>	[●]]
<b>[Physical Settlement Amount:</b>	[●]]
<i>[Additional terms to be included from Condition 1.2 (Product Specific Definitions)]</i>	
<b>Underlying:</b>	[●] <i>[Include details of the Underlying from the definition of "Underlying" in Condition 1.2 (Product Specific Definition)]</i>
<b>[Ratio:</b>	[●]]
<b>[Valuation Date[s]:</b>	[●]]
<b>[Settlement Date(s):</b>	[●]]
<b>[Minimum Exercise Amount:</b>	[●] Certificates]
<b>[Maximum Exercise Amount:</b>	[●] Certificates]

<b>Status of Certificates:</b>	[The Certificates constitute senior, unsecured and unsubordinated obligations of the Issuer which rank <i>pari passu</i> among themselves]
<b>Taxation and Expenses:</b>	<p>A Certificateholder subscribing, purchasing or exercising a Certificate shall pay all Certificateholder Expenses in connection with the subscription, issue, purchase or exercise of such Certificate and payment and/or delivery as a result of such exercise. The Issuer may withhold or deduct Certificateholder Expenses from amounts payable under the Certificates or require reimbursement of Certificateholders.</p> <p>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, issue, transfer, exercise, settlement 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.</p>
<b>Governing law:</b>	The Certificates are governed by, and construed in accordance with, [English][German] law.
<b>Listing and admission to trading:</b>	[The Issuer may (but is not obliged) to include the Certificates [in trading on] [●] the [unofficial market ( <i>Freiverkehr</i> )] [●] of the [Frankfurt] [●] Stock Exchange [or another German stock exchange]. [The Issuer (or a company on behalf of the Issuer) may (but is not obliged to) [regularly] quote on the customary market conditions "buy" and "sell" prices for the Certificates. There is no legal obligation to quote "buy" or "sell" prices.] [No application has been made to admit to trading the Certificates on the regulated market of a stock exchange.]
<b>[ISIN:</b>	[●]
<b>[WKN:</b>	[●]
<b>[Common Code:</b>	[●]
<b>Selling Restrictions:</b>	There are restrictions on the offer, sale and transfer of the Certificates in the United States and the European Economic Area (including the United Kingdom, the Netherlands and Italy) [ <i>insert other restrictions as may be required in connection with the offering and sale of a particular series of Certificates</i> ], see " <i>Offering and Sale</i> ".
<b>Post-issuance information:</b>	The Issuer does not intend to provide any post-issuance information in relation to any Underlying for issues of certificates under this programme.
<b>[The Subscription Period][The Offering Period]:</b>	[Applications to subscribe for the Certificates may be made from [●] until the Subscription End Date [and applications to subscribe for the Certificates may be made at the offices of [●] during this Period]]. [The offer of the Certificates starts on [●].] [●]. The Issuer reserves the right for any reason to reduce the number of Certificates offered.] [ <i>Insert manner and date in which results of offers to the public are to be made</i> ]
<b>[Cancellation of the Issuance of the Certificates]:</b>	[The Issuer reserves the right for any reason to cancel the issuance of the Certificates.] <p>The issuance of the Certificates is conditional, amongst other matters, on the Issuer receiving valid subscriptions for Certificates amounting to an aggregate subscription value of at least [●] on or prior to the Subscription End Date. In the event that this condition is not satisfied, the Issuer may cancel the issuance of the Certificates as of the Subscription End Date.]</p>
<b>[Early Closing of the Subscription of the Certificates:</b>	The Issuer reserves the right for any reason to close the subscription period early. [If the aggregate subscription of the Certificates at any time on any Business Day prior to the Subscription End Date reaches [●], the Issuer will close the subscription of the Certificates at such time on such Business Day, without any prior notification.]]
	[ <i>insert additional product specific information</i> ]

## SUMMARY OF RISK FACTORS

### Risk Factors

#### *Issuer Risk Factors*

Prospective investors should consider all information provided in the Registration Document referred to in "*Documents Incorporated By Reference*" on page [6] of this document and consult with their own professional advisers if they consider it necessary. The following describes risk factors relating to the Issuer's ability to meet its obligations under the Certificates.

An investment in the Certificates issued by the Issuer bears the risk that the Issuer is not able to fulfil its obligations created by the issuance of such Certificates on the Issue Date.

## Ratings

Ratings assigned to the Issuer by certain independent rating agencies are an indicator of the Issuer's ability to meet its obligations in a timely manner. The lower the assigned rating is on the respective scale the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. As of the publication date of this summary, the following ratings were assigned to the Issuer:

Rating Agency	Long-term	Short-term
Standard & Poor's (S&P)	AA-	A-1+
Moody's	Aa3	P-1

Rating agencies may change their ratings at short notice. A ratings change may affect the price of certificates outstanding. A rating is not a recommendation to buy, sell or hold the Certificates and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

### Risks relating to the Certificates

[An investment in the Certificates entails certain risks which vary depending on the specification and type or structure of the Certificates. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Prospective investors should determine whether an investment in the Certificates is appropriate in its particular circumstances. An investment in the Certificates requires a thorough understanding of the nature of the Certificates. Prospective investors should be experienced with respect to an investment relating to Certificates linked to [the] [each] Underlying and be aware of the related risks. Potential Investors should only reach an investment decision after careful consideration, with their legal and financial advisers, of (i) the suitability of an investment in the Certificates in the light of their own particular circumstances; (ii) the information set out in this document and (iii) [the] [each] Underlying.

The Certificates may decline in value and investors may potentially lose all of their investment in the Certificates. The shorter the remaining term of the Certificates, the higher the risk of decline in value of the Certificates.

An investment in the Certificates should only be made after assessing the direction, timing and magnitude of potential future changes in the value of [the] [each] Underlying, and/or the in the composition or method of calculation of [the] [each] Underlying, as the return of any such investment will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effect with regard to the Certificates such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Certificates.

[Add additional product specific risk factors, if necessary]]

## SUMMARY OF ISSUER DESCRIPTION

### History and Development

The Issuer's legal and commercial name is Morgan Stanley & Co. International plc.

The Issuer was incorporated in England and Wales with registered number 2068222 on 28 October 1986.

The Issuer was incorporated as a company limited by shares under the Companies Act 1985 and operates under the Companies Act 1985. The Issuer was re-registered as a public limited company on 13 April 2007. The Issuer's registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA and the telephone number of its registered office is +44 20 7425 8000.

The principal activity of the Issuer is the provision of a wide range of financial and securities services which includes capital raising; financial advisory services, including advice on mergers and acquisitions, restructurings, real estate and project finance; sales, trading, financing and market-making activities in equity securities and related products and fixed income securities and related products, including foreign exchange and commodities; research; and global wealth management.

The Issuer provides its products and services to corporations, governments, financial institutions and individual investors. The Issuer operates globally with a particular focus in Europe. It operates branches in Korea, France, Greece, the Netherlands, New Zealand, the Dubai International Financial Centre and Qatar Financial Centre.

### The Group

The Issuer's ultimate parent undertaking is Morgan Stanley. Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Morgan Stanley was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. Morgan Stanley conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the United States and its principal offices in London, Tokyo, Hong Kong and other world financial centers. At 30 November 2006, Morgan Stanley had 55,310 employees worldwide.

Morgan Stanley maintains significant market positions in each of its business segments—Institutional Securities, Global Wealth Management Group, Asset Management and Discover.

#### **GENERAL DESCRIPTION OF THE PROGRAMME**

Under the Programme, the Issuer may from time to time issue Certificates in any currency, subject as set out herein. A summary of the terms of the Offer and the Certificates appears above, see "*Summary*". The applicable terms of any Certificates will be determined by the Issuer prior to the issue of the Certificates and will be set out in the Terms and Conditions of the Certificates which will be attached to the Global Certificate representing the Certificates.

Application for approval will be made to the CSSF in its capacity as competent authority under the Luxembourg Act relating to prospectuses for securities to approve this document as a Base Prospectus.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Certificates. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Certificates are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the inability of the Issuer to pay principal or other amounts on or in connection with the Certificates may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision.*

### Issuer Risk Factors

#### Factors that may affect the Issuer's ability to fulfill its obligations under Certificates issued under the Programme

Prospective investors should consider the section entitled "Risk Factors" provided in the Registration Document referred to in "Documents Incorporated by Reference" on page [6] of this document

#### Description of the Certificates

Certificates are investment instruments which, at expiry [pay an amount determined by reference to the level of one or more underlying [equities] [indices (including the index and its constituent elements)][deliver one or more [equities][constituents of the index]] [(the **Underlying**)] subject to the certificate entitlement. As such, the Certificates generally include, among other risks, the same level of risk as a direct investment in the Underlying. [Investors should be aware that their entire investment may be lost in the event that the Underlying is valued at zero.] [Certificates have a limited maturity and so, unlike direct investments, investors are not able to hold them beyond their stated expiry date in the expectation of a recovery in the price of the Underlying.]

The price at which a holder will be able to sell certificates prior to their expiry date may be at a substantial discount to the market value of the Certificates at the issue date, if, at such time and in addition to any other factors, the value of [the] [an] Underlying is below, equal to or not sufficiently above the value of the Underlying at the issue date.

#### General Risks Relating to the Certificates

##### *The Certificates may not be a suitable investment for all investors*

An investment in the Certificates entails certain risks, which vary depending on the specification and type or structure of the Certificates.

Each potential investor should determine whether an investment in the Certificates is appropriate in its particular circumstances. An investment in the Certificates requires a thorough understanding of the nature of the relevant transaction. Potential investors should be experienced with respect to an investment in Certificates and be aware of the related risks.

An investment in the Certificates is only suitable for potential investors who:

- have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Certificates and the information contained or incorporated by reference into this document;
- have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Certificates will have on their overall investment portfolio;
- understand thoroughly the terms of the Certificates and are familiar with the behaviour of [the] [each] Underlying and financial markets;
- are capable of bearing the economic risk of an investment in the Certificates until the expiry date of the Certificates;
- recognise that it may not be possible to dispose of the Certificates for a substantial period of time, if at all before the expiry date; and
- are familiar with the behaviour of [the] [each] Underlying and relevant financial markets and be able to evaluate (either alone or with the help of a financial and legal adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Certificates unless it has the expertise (either alone or with a financial and legal adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall

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<sup>1</sup> Do not include for reverse certificates

investment portfolio. The Issuer disclaims any responsibility to advise prospective investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Certificates.

#### ***Certificates Are Not Ordinary Debt Securities***

The terms of the Certificates differ from those of ordinary debt securities because the Certificates do not pay interest and, on exercise, depending on the performance of [the] [each] Underlying, may return less than the amount invested or nothing, or may return assets of an issuer that is not affiliated with Morgan Stanley & Co. International plc, the value of which is less than the amount invested. Prospective investors who consider purchasing the Certificates should reach an investment decision only after carefully considering the suitability of the Certificates in light of their particular circumstances. The price of the Certificates may fall in value as rapidly as it may rise, and investors in the Certificates may potentially lose all of their investment.

#### ***The Value of the Certificates Linked to the Underlying May Be Influenced by Unpredictable Factors***

The value of the Certificates may be influenced by several factors beyond the Issuer's and/or its Affiliates' control including:

1. ***Valuation of the Underlying[s].*** The market price or value of the Certificate at any time is expected to be affected primarily by changes in the level of [the] [each] Underlying to which the Certificates are linked. It is impossible to predict how the level of [the] [each] Underlying will vary over time. Factors which may have an affect on the value of [the] [each] Underlying include the rate of return of [the] [each] Underlying and the financial position and prospects of [the issuer of [the] [each] Underlying] [any component thereof]. In addition, the level of [the] [each] Underlying may depend on a number of inter-related factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Potential investors should also note that whilst the market value of the Certificates is linked to [the] [each] Underlying and will be influenced (positively or negatively) by [the] [each] Underlying, any change may not be comparable and may be disproportionate. It is possible that while [the] [each] Underlying is increasing in value, the value of the Certificates may fall. Further, where no market value is available for [the] [an] Underlying, the Calculation Agent may determine its value to be zero notwithstanding the fact that no Market Disruption Event and/or Potential Adjustment Event has occurred or exists;
2. ***Volatility.*** The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macroeconomic factors (i.e. those economic factors which have broad economic effects), speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than at other times) and different Underlyings will most likely have separate volatilities at any particular time;
3. ***Dividend Rates and other Distributions.*** The value of the Certificates could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or other distributions on [any components in] an Underlying;
4. ***Interest Rates.*** Investments in the Certificates may involve interest rate risk. The interest rate level may fluctuate on a daily basis and cause the value of the Certificates to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes of the market interest rate level. In general, the effects of this risk increase as the market interest rates increase;
5. ***Remaining Term.*** Generally, the effect of pricing factors over the term of the Certificates will decrease as the expiry date approaches. However, this reduction in the effect of pricing factors will not necessarily develop consistently up until the expiry date, but may undergo temporary acceleration and/or deceleration. Even if the price of [the] [each] Underlying rises or falls there may be a reduction or increase, as the case may be, in the value of the Certificates due to the other value determining factors. [Given that the term of the Certificates is limited, investors cannot rely on the price of the Underlying or the value of the Certificates recovering again prior to expiry];
6. ***Creditworthiness.*** Any prospective investor who purchases the Certificates is relying upon the creditworthiness of the Issuer and has no rights against any other person. If the Issuer becomes insolvent, investors may suffer potential loss of their entire investment irrespective of any favourable development of the other value determining factors, such as an Underlying; and
7. ***Exchange Rates.*** Even where payments in respect of the Certificates are not expressly linked to a rate or rates of exchange between currencies, the value of the Certificates could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Certificates is to be made and any currency in which an Underlying is traded, appreciation or depreciation of any such currencies and any existing or future or governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of the Certificates will be representative of the relevant rates of exchange used in computing the value of the Certificates at any time thereafter. Where Certificates are described as being "quantoed", the value of the Underlying will be converted from one currency (the **Underlying Currency**) into a new currency (the **Settlement Currency**) on the date and in the manner specified in, or implied by, the Conditions using a fixed exchange rate. The cost to the Issuer of maintaining such a fixing between the Underlying Currency and the Settlement Currency will have an implication on the value of the Certificates. The implication will vary during the term of the Certificates. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Underlying Currency and the Settlement Currency, a quanto feature in a Certificate would at any time enhance the return on the Certificate over a level of a similar security issued without such a quanto feature, and a quanto feature may worsen the return.

#### ***Certificates are Unsecured Obligations***

The Certificates constitute senior, unsecured and unsubordinated obligations of the Issuer, which rank pari passu among themselves.

#### ***Certain Considerations Regarding Hedging***

Any person intending to use the Certificates as a hedge instrument should recognise the "correlation risk" of doing this. Correlation risk is the potential differences in exposure for a potential investor that may arise from the ownership of more than one financial instruments. The Certificates may not hedge exactly an Underlying or portfolio of which an Underlying forms a part. In addition, it may not be possible to liquidate the Certificates at a level which directly reflects the price of [the] [each] Underlying or portfolio of which [the] [each] Underlying forms a part. Potential investors should not rely on the ability to conclude transactions during the term of the Certificates to offset or limit

the relevant risks. This depends on the market situation and the specific underlying conditions. It is possible that such transactions will only be concluded at an unfavourable market price, resulting in a corresponding loss for the Certificateholder.

#### ***Effect on the Certificates of hedging transactions by the Issuer***

The Issuer may use a portion of the total proceeds from the sale of the Certificates for transactions to hedge the risks of the Issuer relating to the Certificates. In such case, the Issuer or any of its Affiliates may conclude transactions that correspond to the obligations of the Issuer under the Certificates. As a rule, such transactions are concluded prior to or on the Issue Date, but it is also possible to conclude such transactions after issue of the Certificates. On or before a valuation date the Issuer or any of its Affiliates may take the steps necessary for closing out any hedging transactions. It cannot, however, be ruled out that the price of an Underlying will be influenced by such transactions. Entering into or closing out these hedging transactions may influence the probability of occurrence or non-occurrence of determining events in the case of Certificates with a value based on the occurrence of a certain event in relation to an Underlying.

#### ***Secondary Trading of the Certificates May Be Limited***

Potential investors should be willing to hold the Certificates until their expiry. The nature and extent of any secondary market in the Certificates cannot be predicted. As a consequence any person intending to hold the Certificates should consider liquidity in the Certificates as a risk. Where the Certificates are listed or quoted on an exchange or quotation system, this does not imply greater or lesser liquidity than if equivalent Certificates were not so listed or quoted and the Issuer cannot guarantee that the listing or quotation will be permanently maintained. Where the Certificates are not listed or quoted, it becomes more difficult to purchase and sell such Certificates and there may also be a lack of transparency with regard to pricing information.

Under normal market conditions, it is the intention of the Issuer and/or its Affiliates to regularly quote "buy" and "sell" prices for the Certificates. Nevertheless, neither the Issuer nor its Affiliates undertake any legal obligation whatsoever to Certificateholders that it will quote such prices at any time or that such prices are reasonable or will be accepted by the market. Therefore, investors should not rely on being able to sell at a certain time or at a certain price during the term of the Certificates.

The Issuer and/or its Affiliates may have voluntarily undertaken obligations to certain stock exchanges or quotation systems that it will quote "buy" and "sell" prices for certain volumes of orders of Certificates, provided that the market conditions are reasonable. Such undertaking is given only to the stock exchanges concerned and does not give rise to any rights on the part of third parties such as Certificateholders. Furthermore, the undertaking to the stock exchange or quotation system does not apply in exceptional situations, such as technical disruptions in the Issuer's and/or its Affiliates' operations (e.g. disruption to telephone service, technical disruptions or loss of power), in exceptional market situations (e.g. extraordinary market fluctuations in [the] [an] Underlying, exceptional situations on the local market of [the] [an] Underlying, or extraordinary events affecting the quoting of [the] [an] Underlying), in exceptional market situations caused by serious economic or political disturbances (e.g. terrorist attacks or market crashes), or in the event that the Issuer and/or its Affiliates are not holding a sufficient number of Certificates. In the latter case, only a "buy" price (and not a "sell" price) may be quoted.]

Investors should not assume that other market participants other than the Issuer and/or its Affiliates will quote "buy" and "sell" prices for the Certificates.

#### ***Restricted secondary trading if the electronic trading system is unavailable***

Trading in the Certificates may be conducted via one or more electronic trading systems so that "buy" and "sell" prices can be quoted for exchange and off-exchange trading. If an electronic trading system used by the Issuer and/or its Affiliates were to become partially or completely unavailable, such a development would have a corresponding effect on the ability of investors to trade the Certificates.

#### ***Risk associated with estimating the price of [the] [an] Underlying if its domestic market is closed while secondary trading in the Certificates is open***

If [the] [an] Underlying is traded on its domestic market during the opening hours for secondary trading in the Certificates by the Issuer or its Affiliates [or the stock exchanges on which the Certificates are listed], the price of [the] [each] Underlying is incorporated into the price calculation. In certain cases, however, the price of [the] [an] Underlying may need to be estimated if the Certificates are traded at a time when the market for the Underlying is closed. In general, this problem could apply to the Certificates irrespective of the time at which they are traded because the Issuer and/or its Affiliates currently offer off-exchange trading in the Certificates at times when [the] [an] Underlying is not traded on the local markets or stock exchanges. This problem applies in particular to an Underlying that is traded in time zones different from European time zones. The same problem arises if the Certificates are traded on days on which the domestic market for [the] [an] Underlying is closed because of a public holiday. If the Issuer and/or any of its Affiliates estimates the price of [the] [an] Underlying when the domestic market is closed, its estimate may prove to be accurate, too high or too low within just a few hours of the domestic market re-opening for trade in the Underlying. Correspondingly, the prices used by the Issuer and/or any of its Affiliates for the Certificates prior to the opening of business on the domestic market may subsequently prove to be too high or too low.

#### ***Potential Conflicts of Interest Between the Investor and the Calculation Agent***

The Issuer and/or its Affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with the [issuer] [publisher] of [the] [an] Underlying, their respective affiliates or any guarantor or any other person or entities having obligations relating to the [issuer] [publisher] of [the] [an] Underlying or their respective affiliates or any guarantor on a regular basis as part of their general broker-dealer and other businesses, regardless of whether any such action might have an adverse effect on the [issuer] [publisher] of [the] [an] Underlying, any of their respective affiliates or any guarantor.

The Issuer may from time to time be engaged in transactions (including, without limitation, hedging activities related to the Certificates) involving [the] [an] Underlying which may affect the market price, liquidity or value of the Certificates and which could be deemed to be adverse to the interests of the Certificateholders.

Potential conflicts of interest may arise between the Calculation Agent and the Certificateholders, including with respect to certain discretionary determinations and judgements that the Calculation Agent may make pursuant to the Conditions of the Certificates that may influence the amount receivable upon exercise of the Certificates.

As calculation agent for the Certificates, Morgan Stanley & Co. International plc will determine the amount payable and/or assets deliverable to the investor upon exercise. Morgan Stanley & Co. International plc and other Affiliates may also carry out hedging activities related to the Certificates including trading in any Underlying as well as in other instruments related to any Underlying. Morgan Stanley & Co. International plc and some of Morgan Stanley's other subsidiaries may also trade in [the] [an] Underlying and other financial instruments related to [the] [an] Underlying on a regular basis as part of their general broker-dealer and other businesses. Any of these activities could influence Morgan Stanley & Co. International plc's determination of adjustments made to the Certificates and any such trading activity could potentially affect the price of [the] [an] Underlying and, accordingly, could affect the value of an investor's return on the Certificates.

#### ***Provision of Information***

None of the Issuer or any of its Affiliates makes any representation as to the [issuer] [publisher] of [the] [an] Underlying. Any of such persons may have acquired, or during the term of the Certificates may acquire, non-public information with respect to the [issuer] [publisher] of [the] [an] Underlying, their respective affiliates or any guarantors that is or may be material in the context of the Certificates. The issue of Certificates will not create any obligation on the part of any such persons to disclose to the Certificateholders or any other party such information (whether or not confidential).

#### ***Independent Review and Advice***

Each prospective investor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Certificates is (i) fully consistent with its (or if it is acquiring the Certificates in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Certificates as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Certificates in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Certificates. The Issuer disclaims any responsibility to advise prospective investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Certificates.

#### ***Risks Relating to [the] [each] Underlying***

##### ***Valuation of [the] [each] Underlying***

An investment in the Certificates involves risk regarding the value of [the] [each] Underlying. The value of the Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macroeconomic factors and speculation. The historical value (if any) of [the] [an] Underlying does not indicate the future performance of [the] [an] Underlying. Changes in the value of [the] [an] Underlying will affect the trading price of the Certificates, but it is impossible to predict whether the value of [the] [an] Underlying will rise or fall. The basis of calculating the value of [the] [an] Underlying may from time to time be subject to change, which may affect the market value of the Certificates at any time and therefore the amount payable [or] [the assets deliverable] on settlement.

[Fluctuations in the value of any one component of [the] [an] Underlying may be offset or intensified by fluctuations in the value of other components. The historical value (if any) of [the] [an] Underlying or the components of [the] [an] Underlying does not indicate their future performance. Where the value of the components is determined in a different currency to the value of [the] [an] Underlying, investors may be exposed to exchange rate risk.]<sup>2</sup>

##### ***Issuer's and publisher's disclosure***

[No] [The] [issuer] [publisher] of [the] [an] Underlying has [not] participated in the preparation of this document or in establishing the Conditions of the Certificates and neither the Issuer nor any of its Affiliates will make any investigation or enquiry in connection with such offering with respect to any information concerning [any] [the] [issuer] [publisher] of [the] [an] Underlying contained in this document or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the issue date (including events that would affect the accuracy or completeness of any publicly available information described in this document) that would affect the trading price and/or level of [the] Underlying will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning [the] [an] [issuer] [publisher] of [the] [an] Underlying could affect the trading price and/or level of [the] [an] Underlying and therefore the trading price of the Certificates.

##### ***No Affiliation with Underlying***

[No] [The] [issuer] [publisher] of [the] [an] Underlying is [not] an affiliate of the Issuer.

The Issuer or its Affiliates may presently or from time to time engage in business with the [issuer] [publisher] of [the] [an] Underlying or any specified entity, including entering into loans with, or making equity investments in, such entity, or its affiliates or subsidiaries or providing investment advisory services to such entity, including merger and acquisition advisory services. Moreover, the Issuer does not have the ability to control or predict the actions of the [issuer] [publisher] of [the] [an] Underlying, including any actions [or reconstitution of index components] of the type that would require the calculation agent to adjust the amount [payable] [or] [deliverable] to the investor on exercise. [The] [No] [issuer] [publisher] of [the] [an] Underlying is [not] involved in the offering of the Certificates in any way or has any obligation to consider the investor's interest as an owner of the Certificates in taking any corporate actions that might affect the value of the Certificates. None of the money an investor pays for the Certificates will go to the [issuer] [publisher] of [the] [an] Underlying (unless the [issuer] [publisher] is also a Selling Agent, who may receive certain fees in its capacity as a Selling Agent of Certificates).

##### ***Investors Have No Shareholder Rights***

The Certificates convey no interest in [the] [an] Underlying, including any voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to [the] [an] Underlying. The Issuer and/or its Affiliates may choose not to hold [the] [an] Underlying or any derivatives contracts linked to [the] [an] Underlying. Neither the Issuer nor its Affiliates is restricted from

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<sup>2</sup> Include where an Underlying is an Index.

selling, pledging or otherwise conveying all right, title and interest in [the] [an] Underlying or any derivatives contracts linked to [the] [an] Underlying by virtue solely of it having issued the Certificates.

#### ***Effect of the liquidity of [the] [an] Underlying on Certificate pricing***

The Issuer's and/or its Affiliates' hedging costs tend to be higher the less liquidity [the] [each] Underlying has or the greater the difference between the "buy" and "sell" prices for [the] [each] Underlying or derivatives contracts referenced to [the] [an] Underlying. When quoting prices for the Certificates, the Issuer and/or its Affiliates will factor in such hedging costs and will pass them on to the Certificateholders by incorporating them into the "buy" and "sell" prices. Thus, Certificateholders selling their Certificates on [an exchange or on] the over-the-counter market may be doing so at a price that is substantially lower than the actual value of the Certificates at the time of sale.

#### ***Actions taken by the Calculation Agent may affect the Underlying***

The Calculation Agent may make such adjustments as it considers appropriate as a consequence of certain corporate actions affecting [the] [an] Underlying. In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required but has the discretion to make adjustments with respect to each and every corporate action.

#### **Risks Relating to the Market Generally**

##### ***Risks Associated with Certificates Held in Global Form***

The Certificates will be represented by a Global Certificate which will be held by or on behalf of one or more Clearing Systems. The Global Certificate will be deposited with [a common depository for Euroclear and Clearstream Luxembourg] [Clearstream AG]. Certificateholders will not be entitled to receive definitive Certificates. [Consequently, investors will be able to trade their interests in the Certificates only through the clearing systems.]

The Issuer will discharge its payment obligations under the Certificates by making payments to [the bearer of the Global Certificate who will distribute such payments to]<sup>3</sup> the clearing systems for distribution to the Certificateholders. The Certificateholders must therefore rely on the procedures of the Clearing Systems to receive payments under the Certificates. The Issuer does not have responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Certificate.

##### ***Expenses and Taxation***

When Certificates are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Certificate. These incidental costs may significantly reduce or eliminate any profit from holding the Certificates. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Certificateholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), potential investors must also take into account any follow-up costs (such as custody fees). Potential investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Certificates before investing in the Certificates.

A Certificateholder subscribing, purchasing or exercising a Certificate is required to pay all applicable stamp duty, stamp duty reserve tax, estate, inheritance, gift, transfer, capital gains, corporation, income, property, withholding or other taxes and any duties, charges or expenses payable in connection with the subscription, issue, purchase or exercise of such Certificate and any payment and/or delivery as a result of such exercise.

The Issuer is not liable for or otherwise be obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, issue, transfer exercise, settlement or enforcement of any Certificates and all payments made by the Issuer will be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Prospective investors who are in doubt as to their tax position should consult their own independent tax advisers. In addition, prospective investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

##### ***Illegality***

The Issuer has the right to terminate the Certificates if it determines that its performance under the Certificates has become or will be unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation judgment, order or directive of any governmental, administrative, legislative or judicial authority or power.

In such circumstances the Issuer will, if and to the extent permitted by applicable law, pay to each Certificateholder in respect of each Certificate an amount determined by the Calculation Agent as representing the fair market value of such Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent.

##### ***Change of law***

The Conditions are based on [English] [German] law in effect as at the date of this document. No assurance can be given as to the impact of any possible judicial decision or change to [English] [German] law or in [England] [Germany] administrative practice after the date of this document.

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<sup>3</sup> Insert where the Certificates are governed by English law and the relevant clearing systems are Euroclear and Clearstream, Luxembourg.

### ***Selling Agent Remuneration***

The Issuer may enter into distribution agreements with various financial institutions and other intermediaries as determined by the Issuer (each a **Selling Agent**). Each Selling Agent will agree, subject to the satisfaction of certain conditions, to subscribe for the Certificates at a price equivalent to or below the Issue Price. Any difference between the price at which the Selling Agent subscribes the Certificates and the price at which the Selling Agent sells the Certificates to investors will be a remuneration of the Selling Agent. In addition, a periodic fee may also be payable to the Selling Agents in respect of all outstanding Certificates up to and including the expiry date at a rate determined by the Issuer and which may vary from time to time. Any remuneration received by the Selling Agent including any periodic payments may influence the Selling Agents recommendation of the Certificates to potential investors and may also increase the purchase price to be paid by the investor. Each Selling Agent will agree to comply with the selling restrictions set out in the document as amended and supplemented by the additional selling restrictions set out in the relevant distribution agreements.

### ***Subscription Periods***

The Issuer has the right to close the offering of the Certificates prior to the end of the subscription period in case of adverse market conditions, as determined by the Issuer in its reasonable discretion, including but not limited to increased equity market volatility and increased currency exchange rate volatility.

### ***[Time Lag after Exercise***

Upon their exercise, there may be a time lag between the time exercise occurs and the time the Cash Settlement Amount relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of such Certificates arising from, as described below, any daily maximum exercise limitation or, as described below, upon the determination by the calculation agent that a Market Disruption Event has occurred at any relevant time. The Cash Settlement Amount could decrease or increase from what it would have been but for such delay.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Certificates.]<sup>4</sup>

### ***[Maximum Exercise Amount***

The Issuer has the right to limit the number of Certificates exercisable on any date (other than the final exercise date) to the maximum number specified in the Conditions and, in conjunction, with such limitation, to limit the number of Certificates exercisable by an person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Certificates being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Certificates exercisable on such date, a Certificateholder may not be able to exercise on such date all Certificates that such Certificateholder desires to exercise. In any such case, the number of Certificates to be exercised on such date will be reduced until the total number of Certificates exercised on such date no longer exceeds such maximum, such Certificates being selected at the discretion of the Issuer. The Certificates tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Certificates may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Prospective investors should review the Conditions to ascertain whether and how such provisions apply to the Certificates.]<sup>5</sup>

### ***[Minimum Exercise Amount***

A Certificateholder may have to tender a specified number of Certificates at any one time in order to exercise. Thus, Certificateholders with fewer than the specified minimum number of Certificates will either have to sell their Certificates or purchase additional Certificates, incurring transaction costs in each case, in order to realise their investment. Furthermore, such Certificateholders incur the risk that there may be differences between the trading price of such Certificates and [the Cash Settlement Amount [or] [the value of [the] [each] Underlying] upon exercise.]<sup>6</sup>

### ***[Settlement Risk***

If prior to the delivery of any specified asset(s), the Calculation Agent for the Certificates determines that a settlement disruption event (as defined in the Conditions, a **Settlement Disruption Event**) is subsisting, then the obligation to deliver such asset(s) shall be postponed to the first following business day on which no Settlement Disruption Event is subsisting. Prospective investors should note that any such determination may affect the value of the Certificates and/or may delay settlement in respect of the Certificates.

Prospective investors should note that for so long as any delivery of any part of the specified asset(s) is not practicable by reason of a Settlement Disruption Event, then the Issuer may, in its sole and absolute discretion, satisfy its obligations to deliver such part of the specified asset(s) by payment of a disrupted cash settlement price (as defined in the Conditions, the "**Disrupted Cash Settlement Price**"). Prospective investors should note that the Disrupted Cash Settlement Price will reflect the fair market value of the Certificates less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements and that any such determination may affect the value of the Certificates.]<sup>7</sup>

### ***[Exercise notice and certifications***

If the Certificates are subject to provisions concerning [transfer of the relevant Certificates being exercised to the Agent,]<sup>8</sup> delivery of an exercise notice and such notice is received by the relevant Agent after the latest exercise time specified in the Conditions, it will not be deemed to be duly delivered until the next following exercise date. [Such deemed delay may increase or decrease the cash amount payable or value of any specified asset(s) deliverable at settlement from what it would have been but for such deemed delivery.] [Any exercise

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<sup>4</sup> Insert if the Certificates may be cash settled

<sup>5</sup> Insert if Maximum Exercise Amount applies.

<sup>6</sup> Insert if Minimum Exercise Amount applies.

<sup>7</sup> Insert if the Certificates are physically settled Certificates.

<sup>8</sup> Insert if the governing law of the Certificates is German law.

notice, if not delivered by the latest time specified in the Conditions, shall be void.]<sup>9</sup>

The failure to deliver any certifications required by the Conditions could result in the loss or inability to receive amounts or deliveries otherwise due under the Certificates. Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Certificates.]

#### ***Market Disruption Event, Disrupted Day, Adjustments and Early Termination of Certificates***

The Calculation Agent may determine that a Market Disruption Event or a failure to open of an Exchange or Related Exchange has occurred or exists on a relevant date of valuation, and any consequential postponement of such date of valuation may have an adverse effect on the value of the Certificates.

In addition the Calculation Agent may make adjustments to the Certificates to account for relevant adjustments or events in relation to [the] [an] Underlying including, but not limited to, determining a successor to [the] [an] Underlying or its sponsor. In addition, in certain circumstances, the Issuer may terminate early the Certificates following any such event. In this case, in relation to each Certificate, the Issuer will pay an amount, if any, determined as provided in the Conditions.

Prospective investors should review the Conditions to ascertain whether and how such provisions apply to the Certificates and what constitutes a Market Disruption Event or relevant adjustment event.

#### ***Exchange Rates and Exchange Controls May Affect the Certificates' Value or Return***

*General Exchange Rate and Exchange Control Risks.* An investment in the Certificates may involve significant risks. These risks include the possibility of significant changes in rates of exchange between an investor's home currency and the other relevant currencies and the possibility of the imposition or modification of exchange controls by the relevant governmental authorities. These risks generally depend on economic and political events over which the Issuer has no control.

*Exchange Rates Will Affect the Investor's Investment.* In recent years, rates of exchange between some currencies have been highly volatile and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of the Certificates. Depreciation against the investor's home currency or the currency in which the Certificates are payable would result in a decrease in the effective yield of the Certificates and could result in an overall loss to an investor on the basis of the investor's home currency. In addition, depending on the specific terms of the Certificates, changes in exchange rates relating to any of the relevant currencies could result in a decrease in its effective yield and in the investor's loss of all or a substantial portion of the value of the Certificates.

*The Issuer Has No Control Over Exchange Rates.* Currency exchange rates can either float or be fixed. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank, the imposition of regulatory controls or taxes, or changes in interest rate to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

The Issuer will not make any adjustment or change in the terms of the Certificates in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting any currency. Investors will bear those risks.

*Some Currencies May Become Unavailable.* Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of the Settlement Currency. Even if there are no actual exchange controls, it is possible that the Settlement Currency for any the Certificates would not be available when payments on such Certificates are due.

*Currency Exchange Information.* The investor should not assume that any historic information concerning currency exchange rates will be representative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future.

#### ***Issuer's Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold Certificates and may be revised or withdrawn by the rating agency at any time.

#### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Certificates are legal investments for it, (ii) Certificates can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

#### ***Market price risk – Historic performance***

The historic price of the Certificates should not be taken as an indicator of future performance of the Certificates. The Issuer gives no guarantee that the spread between "buy" and "sell" prices is within a certain range or remains constant.

#### ***Representations and acknowledgments by Certificateholders***

*Representations and acknowledgments by Certificateholders.* Each Certificateholder shall be deemed to represent and acknowledge to the Issuer on acquiring any Certificate that:

- (a) neither the Issuer nor any Affiliate nor any of their agents is acting as a fiduciary for it or provides investment, tax, accounting, legal or other advice in respect of the Certificates and that such Certificateholder and its advisors are not relying on any communication (written or oral and including, without limitation, opinions of third party advisors) of the Issuer or any Affiliate as (a) legal, regulatory, tax, business, investment, financial, accounting or other advice, (b) a recommendation to invest in any Certificates or (c) an assurance or guarantee as to the expected results of an investment in the Certificates (it being understood that information and explanations related to the terms and conditions of the Certificates shall not be considered to be any such advice, recommendation, assurance or guarantee and should be independently confirmed by the recipient and its advisors prior to making any such investment);
- (b) such Certificateholder (a) has consulted with its own legal, regulatory, tax, business, investments, financial and accounting advisors to the extent that it has deemed necessary, and has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer or any Affiliate or any of their agents and (b) is acquiring Certificates with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks; and
- (c) the Issuer and/or any Affiliates may have banking or other commercial relationships with issuers of any securities to which the Certificates relate and may engage in proprietary trading in any equity securities, indices or other property to which the Certificates relate or options, futures, derivatives or other instruments relating thereto (including such trading as the Issuer and/or any Affiliate deem appropriate in their sole discretion to hedge the market risk on the Certificates and other transactions between the Issuer and/or any Affiliates and any third parties), and that such trading (a) may affect the price or level thereof and consequently the amounts payable under the Certificates and (b) may be effected at any time.

*[Insert product specific risk factors if required]*

## TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates which will be attached to the Global Certificate representing the Certificates.

### 1. DEFINITIONS

#### 1.1 General Definitions

"Affiliate" means any entity which is (a) an entity controlled, directly or indirectly, by the Issuer, (b) an entity that controls, directly or indirectly, the Issuer or (c) an entity directly or indirectly under common control with the Issuer;

"Agent" means [●] [(each an "Agent" and together the "Agents")]<sup>10</sup>;

*[Insert if Certificates will only be cash-settled:]*

"Business Day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in [London] *[Specify additional business day centre(s)]* and a day on which each Clearing System is open for business and, for the purpose of making payments in euro, if applicable, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open;

*[Insert if Certificates may be physically-settled:]*

"Business Day" means (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in [London] *[Specify additional business day centre(s)]* and a day on which each Clearing System is open for business and, for the purposes of making payments in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open and (ii) if applicable, in relation to delivery of the Physical Settlement Amount, [a Physical Settlement Clearance System Business Day/ *specify relevant business day for other physical delivery method*];

"Calculation Agent" means [●], subject to the provisions of Condition [8] (Agents, Calculation Agent and Determinations);

"Certificates" means [up to] *[Insert name of certificates]* certificates relating to the Underlying represented by the Global Certificate and each a "Certificate";

"Certificateholder Expenses" has the meaning ascribed thereto in Condition [9] (Taxation and Certificateholder Expenses);

"Clearing System" means [Clearstream, Luxembourg, société anonyme, Euroclear Bank S.A./N.V.] [Clearstream Banking AG, Frankfurt] and such further or alternative clearing agent(s) or clearing system(s) as may be approved by the Issuer from time to time and notified to the Certificateholders in accordance with Condition [11] (Notices), which term will include any depositary holding the Global Certificate on behalf of the Clearing System);

"Exchange" means, in respect of the Underlying, the Exchange specified for such Underlying in the "Exchange" set out in the definition of "Underlying", or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in [the securities underlying]<sup>11</sup> such Underlying has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to [the securities underlying]<sup>2</sup> such Underlying on such temporary substitute exchange or quotation system as on the original Exchange);

*[If the Settlement Currency is not the same as all Underlying Currencies and if the Certificate is not a quanto security insert:]*

"Exchange Rate" means in relation to any Underlying and in respect of any day, the rate of exchange prevailing at the time as specified in the "Time of Exchange Rate Determination" set out in the definition of "Underlying" (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between such Underlying Currency and the Settlement Currency (expressed as the number of units of such Underlying Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

*[If European style insert:]*

"Exercise Date" means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[If Bermudan style insert:]*

"Exercise Notice" means the notice described in Condition 4 (Exercise and Exercise Rights);]

*[If Bermudan style insert:]*

<sup>10</sup> If more than one Agent is appointed, specify which Agent is the Principal Agent. If the Clearing System is Clearstream Banking AG, specify the German Agent.

<sup>11</sup> Insert in the case of Certificates relating to an Index.

"Exercise Date" means, subject to the provisions of Condition 4 (Exercise and Exercise Rights), the [last] [●] Business Day of each [January] [●] during [the Exercise Period] [●];]

*[If Bermudan style insert and Exercise Period is applicable:*

"Exercise Period" means the period commencing on (and including) [●] up to (and including) [●]<sup>12</sup> [or, [in either case] if such day is not a Business Day, the first succeeding Business Day];]

*[If the Final Reference Level is used<sup>13</sup> and is determined on a single Valuation Date insert:*

"Final Reference Level" means, subject to adjustment in accordance with Condition 5 (Adjustment Provisions) and as provided in the definition of "Valuation Date", an amount equal to the Reference Level on the Valuation Date as determined by the Calculation Agent;]

*[If the Final Reference Level is used<sup>13</sup> and is determined on multiple consecutive Valuation Dates insert:*

"Final Reference Level" means, subject to adjustment in accordance with Condition 5 (Adjustment Provisions) and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent;]

"Global Certificate" has the meaning ascribed thereto in Condition 4 (Exercise and Exercise Rights);

*[If the Initial Reference Level is used<sup>14</sup> and is fixed before issuance insert:*

"Initial Reference Level" means, subject to adjustment in accordance with Condition 5 (Adjustment Provisions), [●];]

*[If the Initial Reference Level is used<sup>14</sup> and is determined on a single Valuation Date insert:*

"Initial Reference Level" means, subject to adjustment in accordance with Condition 5 (Adjustment Provisions) and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent;]

*[If the Initial Reference Level is used<sup>14</sup> and is determined on multiple consecutive Valuation Dates insert:*

"Initial Reference Level" means, subject to adjustment in accordance with Condition 5 (Adjustment Provisions) and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Initial Reference Valuation Dates as determined by the Calculation Agent;]

*[If the Initial Reference Level or the initial valuation of the Underlying is determined on one single day and the Certificates relate to a single share or index, insert:*

"Initial Reference Valuation Date" means [●] [the [●] [Scheduled Trading Day] [calendar day] following the Subscription End Date] [or, if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day]<sup>15</sup> unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Initial Reference Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been the Initial Reference Valuation Date is a Disrupted Day. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Initial Reference Valuation Date notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

*[If the Initial Reference Level or the initial valuation of the Underlying is determined on one single day and the Certificates relate to a Basket or are Alpha Express Certificates/Worst-Of Alpha Express Certificates, insert:*

"Initial Reference Valuation Date" means [●] [the [●] [Scheduled Trading Day] [calendar day] following the Subscription End Date] [or, if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day]<sup>16</sup> unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. *[If a Disrupted Day occurs in relation to any Underlying and as a result the Initial Reference Valuation Date for all the Underlyings is deferred, insert:* If such day is a Disrupted Day in respect of any Underlying, then the Initial Reference Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Underlying, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been the Initial Reference Valuation Date is a

<sup>12</sup> Insert "the Issuer Call Date (if any)" for Bermudan style Certificates that are open-ended (i.e. Certificates without a fixed final Exercise Date).

<sup>13</sup> Final Reference Level is not applicable for Alpha Express Certificates and Worst-Of Alpha Express Certificates.

<sup>14</sup> Initial Reference Level is not applicable for Alpha Express Certificates and Worst-Of Alpha Express Certificates.

<sup>15</sup> Insert if the Initial Reference Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

<sup>16</sup> Insert if the Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

Disrupted Day in respect of any Underlying. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Initial Reference Valuation Date notwithstanding the fact that such day is a Disrupted Day in respect of an Underlying and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date using (i) in respect of each Underlying that is not affected by the occurrence of a Disrupted Day, the relevant Underlying Level and (ii) in respect of each Underlying that is affected by the occurrence of a Disrupted Day, the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; *[If a Disrupted Day occurs in relation to any Underlying and as a result the Initial Reference Valuation Date for the affected Underlying only is deferred, insert:* If such day is a Disrupted Day, then the relevant Initial Reference Valuation Date for each Underlying not affected by the occurrence of a Disrupted Day shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an "Initially Affected Item") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Initially Affected Item, unless each of the eight Scheduled Trading Days immediately following the original date which (but for the occurrence of an event causing a Disrupted Day) would have been the Initial Reference Valuation Date is a Disrupted Day. In that case, (A) the eighth Scheduled Trading Day shall be deemed to be the Initial Reference Valuation Date for the Initially Affected Item notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Initially Affected Item and, if the Underlying is an Index, of each asset included in the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level or the initial valuation of the Underlying is determined on multiple days and the Certificates relate to a single share or index, insert:*

"Initial Reference Valuation Dates" means each of [●]<sup>17</sup> [and] [[each [Scheduled Trading Day][calendar day] [[●] of each [week][month][calendar quarter][calendar year]] from and including [●] up to and including [●]]<sup>18</sup> [or, if any such day is not a Scheduled Trading Day, the next following Scheduled Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day]<sup>19</sup>. If any such day is a Disrupted Day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Initial Reference Valuation Date is a Disrupted Day. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Initial Reference Valuation Date notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Initial Reference Level or the initial valuation of the Underlying is determined on multiple days and the Certificates relate to a Basket, insert:*

"Initial Reference Valuation Dates" means each of [●]<sup>20</sup> [and] [[each [Scheduled Trading Day][calendar day] [[●] of each [week][month][calendar quarter][calendar year]] from and including [●] up to and including [●]]<sup>21</sup> [or, if any such day is not a Scheduled Trading Day, the next following Scheduled Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day]<sup>22</sup>. *[If a Disrupted Day occurs in relation to any Underlying and as a result the Initial Reference Valuation Date for all the Underlyings is deferred, insert:* If any such day is a Disrupted Day in respect of any Underlying, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Initial Reference Valuation Date is a Disrupted Day in respect of any Underlying. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Initial Reference Valuation Date notwithstanding the fact that such day is a Disrupted Day in respect of an Underlying and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date using (i) in respect of each Underlying that is not affected by the occurrence of a Disrupted Day, the relevant Underlying Level and (ii) in respect of each Underlying that is affected by the occurrence of a Disrupted Day, the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;] *[If a Disrupted Day occurs in relation to any Underlying and as a result the Initial Reference Valuation Date for the affected Underlying only is deferred, insert:* If any such day is a Disrupted Day, then the relevant Initial Reference Valuation Date for each Underlying not affected by the occurrence of a Disrupted Day shall be the originally designated Initial Reference Valuation Date and the Initial Reference Valuation Date for each Underlying affected (each an "Initially Affected Item") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Initially Affected Item, unless each of the eight Scheduled Trading Days immediately following the original date which (but for the occurrence of an event

<sup>17</sup> Insert specific dates if necessary.

<sup>18</sup> Use one of these formulation if valuation takes place on a regular basis (e.g. daily or weekly) within a specified period of time.

<sup>19</sup> Insert if the Initial Reference Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

<sup>20</sup> Insert specific dates if necessary.

<sup>21</sup> Use one of these formulation if valuation takes place on a regular basis (e.g. daily or weekly) within a specified period of time.

<sup>22</sup> Insert if the Initial Reference Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

causing a Disrupted Day) would have been that Initial Reference Valuation Date is a Disrupted Day. In that case, (A) the eighth Scheduled Trading Day shall be deemed to be that Initial Reference Valuation Date for the Initially Affected Item notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Initially Affected Item as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Initially Affected Item and, if the Underlying is an Index, of each asset included in the Initially Affected Item and such other factors as the Calculation Agent considers relevant;]

"Issue Date" means [●];

"Issuer" means Morgan Stanley & Co. International plc;

*[Insert if the Certificates may be physically-settled:]*

"Physical Settlement Clearance System" means [●] and such further or alternative clearance system(s) as may be approved by the Issuer from time to time and notified to the Certificateholders in accordance with Condition [11] (Notices);<sup>23</sup>

*[Insert if the Certificates may be physically-settled:]*

"Physical Settlement Clearance System Business Day" means any day on which the Physical Settlement Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions;]

*[If the Certificates relate to a single share or index<sup>24</sup>, insert:]*

"Reference Level" means, in respect of any day, subject to adjustment in accordance with Condition 5 (Adjustment Provisions), an amount (which shall be deemed to be a monetary value in the [Settlement] [Underlying]<sup>25</sup> Currency) determined by the Calculation Agent on the basis specified in "Relevance Level Determination" set out in the definition of "Underlying";

*[If the Certificates relate to a Basket of shares or indices and if all Underlying Currencies are the same as the Settlement Currency or the Certificate is a quanto security<sup>24</sup> insert:]*

"Reference Level" means, in respect of any day, subject to adjustment in accordance with Condition 5 (Adjustment Provisions), an amount (which shall be deemed to be a monetary value in the Settlement Currency) determined by the Calculation Agent equal to the sum of the products for each Underlying of:

- (a) the [Underlying Level for such Underlying] [●] on [●] [or, if such day is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day]; and
- (b) the Underlying Weight of such Underlying on such day.

As a formula:

$$\text{Reference Level}_t = \sum_i^n \text{UL}_{i,t} \times \text{UW}_{i,t}$$

where:

n = number of Underlyings in the Basket

UL<sub>i,t</sub> = the Underlying Level i on day t

UW<sub>i,t</sub> = Underlying Weight i on day t;]

*[If the Certificates relate to a Basket of shares or indices and if any Underlying Currency is not the same as the Settlement Currency and the Certificate is not a quanto security<sup>24</sup> insert:]*

"Reference Level" means, in respect of any day, subject to adjustment in accordance with Condition 5 (Adjustment Provisions), an amount (which shall be deemed to be a monetary value in the Settlement Currency) determined by the Calculation Agent equal to the sum of the products for each Underlying of:

- (a) the quotient of:

<sup>23</sup> Physical Settlement Clearance System is the clearance system for physical settlement of the Underlying and will be the relevant Clearing System for the Certificates.

<sup>24</sup> Reference Level is not applicable for Alpha Express Certificates and Worst-Of Alpha Express Certificates.

<sup>25</sup> Insert "Settlement" for quanto securities and in case the Settlement Currency is the same as the Underlying Currency. Insert "Underlying" for all other securities.

- (i) the [Underlying Level for such Underlying] [●] on [●] [or, if such day is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day on such day] (as numerator); and
- (ii) the relevant Exchange Rate of such Underlying on such day (as denominator); and
- (iii) the Underlying Weight of such Underlying on such day.

As a formula:

$$\text{Reference Level}_t = \sum_i^n \frac{UL_{i,t}}{U-ER_{i,t}} \times UW_{i,t}$$

where:

n = number of Underlyings in the Basket

UL<sub>i,t</sub> = the Underlying Level i on day t

UW<sub>i,t</sub> = Underlying Weight i on day t

U-ER<sub>i,t</sub> = the relevant Exchange Rate i on day t]

*[If the Certificates are cash-settled only insert:*

"Settlement" means cash settlement ("Cash Settlement");]

*[If the Certificates are physically-settled at the Issuer's choice insert:*

"Settlement" means:

- (a) if the Issuer has elected, in its sole and absolute discretion and in accordance with Condition 4 (Exercise and Exercise Rights), that Physical Settlement shall apply, physical settlement ("Physical Settlement"); or
- (b) otherwise, cash settlement ("Cash Settlement");]

*[If the Certificates are physically-settled depending upon certain conditions:*

"Settlement" means:

- (a) if, in the determination of the Calculation Agent, the Final Reference Level is [equal to or] less than the Determination Level, physical settlement ("Physical Settlement"); or
- (b) otherwise, cash settlement ("Cash Settlement");]

"Settlement Date" means in respect of a Certificate and its Exercise Date, the [third] [●] Business Day following *[insert if Certificates are subject to a Knock-Out Event]*, if a Knock-Out Event occurs, the [relevant Barrier Determination Date] [●]; otherwise, the] relevant Valuation Date or, if there is more than one Valuation Date, the last occurring relevant Valuation Date;

"Settlement Currency" means *[insert currency]*: [●];]

*[If the definition of Initial Reference Valuation Date refers to a Subscription End Date, insert:*

"Subscription End Date" means [●] or, if such day is not a Business Day, the first succeeding Business Day;]

*[Insert if applicable:* "Trade Date" means [●];]<sup>26</sup>

"Underlying Currency" means the relevant Underlying Currency specified for such Underlying in the "Underlying Currency" set out in the definition of "Underlying", subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

*[If the Final Reference Level or the valuation of the Underlying is determined on one single day and the Certificates relate to a single share or index, insert:*

"Valuation Date" means [●] [the [●] [Scheduled Trading Day] [calendar day] following] the [relevant] Exercise Date] [Termination Date] [or, if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day]<sup>27</sup> unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been the

<sup>26</sup> This definition is used in connection with Change in Law and Increased Cost of Hedging in Condition 5 (Adjustment Provisions).

<sup>27</sup> Insert if the Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

Valuation Date is a Disrupted Day. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level or the valuation of the Underlying is determined on one single day and the Certificates relate to a Basket or are Alpha Express Certificates, insert:]*

"Valuation Date" means [●] [the [●] [Scheduled Trading Day] [calendar day] following] the [relevant] Exercise Date] [Termination Date] [or, if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day]<sup>28</sup> unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. *[If a Disrupted Day occurs in relation to any Underlying and as a result the Valuation Date for all the Underlyings is deferred, insert:]* If such day is a Disrupted Day in respect of any Underlying, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Underlying, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date is a Disrupted Day in respect of any Underlying. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date notwithstanding the fact that such day is a Disrupted Day in respect of an Underlying and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date using (i) in respect of each Underlying that is not affected by the occurrence of a Disrupted Day, the relevant Underlying Level and (ii) in respect of each Underlying that is affected by the occurrence of a Disrupted Day, the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.] *[If a Disrupted Day occurs in relation to any Underlying and as a result the Valuation Date for the affected Underlying only is deferred, insert:]* If such day is a Disrupted Day, then the relevant Valuation Date for each Underlying not affected by the occurrence of a Disrupted Day shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an "Affected Item") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Affected Item, unless each of the eight Scheduled Trading Days immediately following the original date which (but for the occurrence of an event causing a Disrupted Day) would have been the Valuation Date is a Disrupted Day. In that case, (A) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Affected Item as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Affected Item and, if the Underlying is an Index, of each asset included in the Affected Item and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level or the valuation of the Underlying is determined on multiple days and the Certificates relate to a single share or index, insert:]*

"Valuation Date" means [each of the [first [●]][●] [Scheduled Trading Days] [calendar days] following the [relevant] [Exercise Date] [Termination Date] [[●] of each [week][month][calendar quarter][calendar year] from and including [●] up to and including [●]]<sup>29</sup> [or, if any such day is not a Scheduled Trading Day, the next following Scheduled Trading Day on which another Valuation Date does not occur]<sup>30</sup> unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then that Valuation Date shall be the first succeeding Valid Date, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date is a Disrupted Day. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

*[If the Final Reference Level or the valuation of the Underlying is determined on multiple days and the Certificates relate to a Basket or are Alpha Express Certificates/ Worst-Of Alpha Express Certificates, insert:]*

"Valuation Date" means [each of the [first [●]][●] [Scheduled Trading Days] [calendar days] following the [relevant] [Exercise Date] [Termination Date] [[●] of each [week][month][calendar quarter][calendar year] from and including [●] up to and including [●]]<sup>31</sup> [or, if any such day is not a Scheduled Trading Day, the next following Scheduled Trading Day on which another Valuation Date does not occur]<sup>32</sup> unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. *[If a Disrupted Day occurs in relation to any Underlying and as a result the Valuation Date for all the Underlyings is deferred, insert:]* If any such day is a Disrupted Day in respect of any Underlying, then that Valuation Date shall be the first succeeding Valid Date, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date is a Disrupted Day in respect of any Underlying. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date notwithstanding the fact that such day is a Disrupted Day in respect of an Underlying and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date using (i) in respect of each Underlying that is not affected by the occurrence of a Disrupted Day, the relevant Underlying

<sup>28</sup> Insert if the Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

<sup>29</sup> Use one of these formulation if valuation takes place on a regular basis (e.g. daily or weekly) within a specified period of time.

<sup>30</sup> Insert if the Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

<sup>31</sup> Use one of these formulation if valuation takes place on a regular basis (e.g. daily or weekly) within a specified period of time.

<sup>32</sup> Insert if the Valuation Date should be postponed to the next Scheduled Trading Day if it is not already a Scheduled Trading Day.

Level and (ii) in respect of each Underlying that is affected by the occurrence of a Disrupted Day, [the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.] *[If a Disrupted Day occurs in relation to any Underlying and as a result the Valuation Date for the affected Underlying only is deferred, insert:* If any such day is a Disrupted Day, then the relevant Valuation Date for each Underlying not affected by the occurrence of a Disrupted Day shall be the originally designated Valuation Date and the Valuation Date for each Underlying affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Affected Item, unless each of the eight Scheduled Trading Days immediately following the original date which (but for the occurrence of an event causing a Disrupted Day) would have been that Valuation Date is a Disrupted Day. In that case, (A) the eighth Scheduled Trading Day shall be deemed to be that Valuation Date for the Affected Item notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Affected Item as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Affected Item and, if the Underlying is an Index, of each asset included in the Affected Item and such other factors as the Calculation Agent considers relevant.]

**1.2 Product Specific Definitions**

*[Insert if the Certificates relate to a Basket of shares or indices:]*

**"Basket"** means the basket comprising each of the Underlyings;<sup>33</sup>

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<sup>33</sup> If the underlying is not a Basket, the definition of "Underlying" should be inserted at the end of this Condition 1.2. All definitions in this Condition 1.2 should be in alphabetical order.

***[INSERT FOR [DISCOUNT] / [●]<sup>34</sup> CERTIFICATES ONLY:***

"Cash Settlement Amount" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to

*[Insert if the Certificates may be physically-settled<sup>35</sup>: [Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the Maximum Amount]<sup>36</sup>

*[Insert if the Certificates may be cash-settled only: [Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the Final Reference Level]<sup>37</sup>.

The Cash Settlement Amount shall be subject to a maximum of [●] [the Maximum Amount].

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date].]<sup>38</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

*[Insert if the Certificates may be physically-settled:*

"Determination Level" means [●] [[●] per cent. of the Initial Reference Level];<sup>39</sup>

*[Insert if Maximum Amount is used in the definition of Cash Settlement Amount:*

"Maximum Amount" means [●] [[*Insert if the Ratio is applicable:* the product of (i) the Ratio and (ii) [●] per cent. of the Initial Reference Level];]

*[If the Certificates may be physically-settled insert:*

"Physical Settlement Amount" means, in respect of each Certificate, [one] [●] unit[s] of [certificate(s) relating to] [●] [the Underlying] (each a "Physical Settlement Unit"), [multiplied by [the Ratio]] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Condition 5 (Adjustment Provisions). Certificates belonging to the same Certificateholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Certificates, [provided that the aggregate Physical Settlement Amounts, in respect of the same Certificateholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered [and no payment or other cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, an amount (the "Adjustment Amount") in the [Settlement Currency] [Underlying Currency] will be paid to the relevant Certificateholder in respect of [each Certificate held by it] [its aggregate holding of Certificates], which shall be equal to the product of the remaining fraction and the [Final Reference Level] [value] [●] of the Underlying [on [the Valuation Date] [●]] [and converted into the Settlement Currency at the Exchange Rate on [the Valuation Date] [●]] [or, if such day is not a Business Day, the immediately following Business Day]]; any Adjustment Amount shall be paid pursuant and subject to Condition 4 (Exercise and Exercise Rights);]

*[If the Certificate has a Ratio Insert:*

"Ratio" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

<sup>34</sup> Alternative descriptive name may be specified.

<sup>35</sup> Physical Settlement applicable if the Final Reference Level is equal to or less than the Determination Level.

<sup>36</sup> Insert if the Certificates may be physically-settled.

<sup>37</sup> Insert if the Certificates are cash-settled only. In this case, the Cash Settlement Amount should be made subject to a maximum of the Maximum Amount in the following paragraph.

<sup>38</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

<sup>39</sup> The Determination Level may be used for determining the form of Settlement if the Certificates may be physically settled.

**[INSERT FOR [EXPRESS] / [●]<sup>40</sup> CERTIFICATES ONLY:**

"**Barrier Determination Amount**" means, in respect of [any time on] any Scheduled Trading Day and the Underlying, an amount (which shall be deemed to be a monetary value in the [Settlement] [Underlying] Currency<sup>41</sup>) determined by the Calculation Agent on the basis specified in the "Barrier Determination Amount Determination" set out in the definition of "Underlying" [provided that, if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time]<sup>42</sup>;

**[Insert if Barrier is to be observed on one or more specified dates:**

"**Barrier Determination Date**" means [●]<sup>43</sup> [[●] (the "**First Barrier Determination Date**") [, [●] (the "[●] **Barrier Determination Date**")<sup>44</sup> and] [the originally designated Valuation Date] (the "**Final Barrier Determination Date**") or, if any such day is not a Scheduled Trading Day, the next following 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 that Barrier Determination Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Barrier Determination Date is a Disrupted Day. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Barrier Determination Date notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Barrier Determination Amount for that Barrier Determination Date by determining the price or level of the Underlying as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

**[If the Barrier Determination Period is used in the definition of "Cash Settlement Amount" insert:**

"**Barrier Determination Period**" means the period from [and including][but excluding] [●] to [and including][but excluding] the [●] [time for the determination of the Final Reference Level on the Valuation Date, as specified in the definition of the Reference Level];]

**[If the Barrier Level is fixed insert:**

"**Barrier Level**" means, in respect of the Underlying, [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

**[If the Barrier Level varies on different Barrier Determination Dates insert:**

"**Barrier Level**" means, in respect of the Underlying:

- (a) [in respect of the First Barrier Determination Date, [●] [[●] per cent. of the Initial Reference Level]; [and]]
- (b) [in respect of the [●] Barrier Determination Date, [●] [[●] per cent. of the Initial Reference Level]; [and]]<sup>45</sup>
- (c) in respect of the Final Barrier Determination Date, [●] [[●] per cent. of the Initial Reference Level],

subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if, in the determination of the Calculation Agent, [●] [on a Barrier Determination Date], the Barrier Determination Amount has been equal to or greater than the [relevant] Barrier Level (such event a "**Knock-Out Event**"):
  - (i) [if the Knock-Out Event occurs in relation to the First Barrier Determination Date, [●] [the greater of [(A)] [●] [or (B) the Knock-Out Performance Amount]; [or]]
  - (ii) [if the Knock-Out Event occurs in relation to the [●] Barrier Determination Date, [●] [the greater of [(A)] [●] [or (B) the Knock-Out Performance Amount]; [or]]
  - (iii) if the Knock-Out Event occurs in relation to the Final Barrier Determination Date, [●] [the greater of [(A)] [●] [or (B) the Knock-Out Performance Amount]; or
- (b) if a Knock-Out Event has not occurred: [[●];]

<sup>40</sup> Alternative descriptive name may be specified.

<sup>41</sup> Insert "Settlement" for quanto securities or if the Settlement Currency is the same as the Underlying Currency. Insert "Underlying" for all other securities.

<sup>42</sup> Insert if Barrier is continuously observed.

<sup>43</sup> Insert a single Barrier Determination Date or alternatively select "the Valuation Date.

<sup>44</sup> Multiple Barrier Determination Dates may be specified.

<sup>45</sup> Multiple Barrier Determination Dates may be specified.

- (i) if, in the determination of the Calculation Agent, [●] [on the Valuation Date] [during the Barrier Determination Period], the Barrier Determination Amount [at any time] [has been] [is] less than the Determination Level, [an amount equal to [●]] [the Performance Amount]; or
- (ii) if the provisions of (b)(i) above have not been satisfied, an amount equal to [●] [the product of (i) [●] [the Ratio] and (ii) the Initial Reference Level],

provided, for the purpose of determining whether the provisions of (b)(i) above have been satisfied, if at any time the Barrier Determination Amount is unavailable or is otherwise not reasonably practicable to calculate, the provisions of (b)(i) above shall be deemed not to have been satisfied at such time.

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date.]<sup>46</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

**"Determination Level"** means [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

*[Insert if Performance Amount is used in the definition of Cash Settlement Amount:]*

**"Knock-Out Performance Amount"** means, in respect of each Certificate, an amount determined by the Calculation Agent equal to [the quotient of]:

- (a) [the product of (i) [●] [the Ratio] and (ii)] the Reference Level on the [relevant] Barrier Determination Date (as numerator); and
- (b) [the Initial Reference Level] [●] (as denominator);]

*[Insert if Performance Amount is used in the definition of Cash Settlement Amount:]*

**"Performance Amount"** means, in respect of each Certificate, an amount determined by the Calculation Agent equal to [the quotient of]:

- (a) [the product of (i) [●] [the Ratio] and (ii)] the Final Reference Level (as numerator); and
- (b) [the Initial Reference Level] [●] (as denominator);]

*[If the Certificate has a Ratio Insert:]*

**"Ratio"** means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

**"Termination Date"** means, if a Knock-Out Event occurs, the [relevant] Barrier Determination Date, all as determined by the Calculation Agent;

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<sup>46</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

**[INSERT FOR [ALPHA EXPRESS] [●]<sup>47</sup> CERTIFICATES ONLY:**

**[Insert if Barrier is to be observed on one or more specified dates:**

"**Barrier Determination Date**" means [●]<sup>48</sup> [[●] (the "**First Barrier Determination Date**") [, [●] (the "[●] **Barrier Determination Date**")<sup>49</sup> and] [the originally designated Valuation Date] (the "**Final Barrier Determination Date**") or, if any such day is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day in respect of any Underlying, then that Barrier Determination Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Underlying, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Barrier Determination Date is a Disrupted Day in respect of any Underlying. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Barrier Determination Date notwithstanding the fact that such day is a Disrupted Day in respect of an Underlying and (B) the Calculation Agent shall determine the Relative Performance Amount for that Barrier Determination Date using (i) in respect of each Underlying that is not affected by the occurrence of a Disrupted Day, the relevant Underlying Level and (ii) in respect of each Underlying that is affected by the occurrence of a Disrupted Day, the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.

**[If the Barrier Determination Period is used in the definition of "Cash Settlement Amount" insert:**

"**Barrier Determination Period**" means the period from [and including][but excluding] [●] to [and including][but excluding] the [●], provided that, if a Market Disruption Event has occurred and is prevailing on a day, such day shall be excluded from the Barrier Determination Period;]

**[If the Barrier Level is fixed insert:**

"**Barrier Level**" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

**[If the Barrier Level varies on different Barrier Determination Dates insert:**

"**Barrier Level**" means:

- (b) [in respect of the First Barrier Determination Date, [●]; [and]]
- (c) [in respect of the [●] Barrier Determination Date, [●]; [and]]<sup>50</sup>
- (d) in respect of the Final Barrier Determination Date, [●],

subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if, in the determination of the Calculation Agent, [●] [on a Barrier Determination Date], the Relative Performance Amount has been equal to or greater than the [relevant] Barrier Level (such event a "**Knock-Out Event**"):
  - (i) [if the Knock-Out Event occurs in relation to the First Barrier Determination Date, [●]; [or]]
  - (ii) [if the Knock-Out Event occurs in relation to the [●] Barrier Determination Date, [●]; [or]]
  - (iii) if the Knock-Out Event occurs in relation to the Final Barrier Determination Date, [●]; or
- (b) if a Knock-Out Event has not occurred: [[●];]
  - (i) if, in the determination of the Calculation Agent, [●] [on the Valuation Date] [during the Barrier Determination Period], the Relative Performance Amount [at any time] [has been] [is] less than the Determination Level, [an amount equal to [●]] [the Performance Amount]; or
  - (ii) if the provisions of (b)(i) above have not been satisfied, an amount equal to [●],

provided, for the purpose of determining whether the provisions of (b)(i) above have been satisfied, if at any time the Underlying Level of an Underlying is unavailable or it is otherwise not reasonably practicable to calculate the Relative Performance Amount, the provisions of (b)(i) above shall be deemed not to have been satisfied at such time.

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the [Valuation Date] [last occurring Valuation Date].]<sup>51</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

"**Determination Level**" means [●] [[●] per cent., subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

<sup>47</sup> Alternative descriptive name may be specified.

<sup>48</sup> Insert a single Barrier Determination Date or alternatively select "the Valuation Date".

<sup>49</sup> Multiple Barrier Determination Dates may be specified.

<sup>50</sup> Multiple Barrier Determination Dates may be specified.

<sup>51</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

*[Insert if Performance Amount is used in the definition of Cash Settlement Amount.]*

**"Performance Amount"** means, with respect to each Certificate, an amount determined by the Calculation Agent equal to [the product of]:

- (a) the sum of (i) one and (ii) the Relative Performance Amount on the Valuation Date; and
- (b) [●],

subject to a minimum of zero;]

**"Relative Performance Amount"** means, in respect of [any time on] any Scheduled Trading Day, an amount (which shall be deemed to be a percentage) determined by the Calculation Agent equal to the difference of:

- (a) the quotient of (i) the Underlying Level of the Long Underlying [at such time] on such day and (ii) the Underlying Level of the Long Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively]; and
- (b) the quotient of (i) the Underlying Level of the Short Underlying [at such time] on such day and (ii) the Underlying Level of the Short Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively].

As a formula:

$$\text{Relative Performance Amount}_t = \frac{UL_{L,t}}{UL_{L,0}} - \frac{UL_{S,t}}{UL_{S,0}}$$

where:

$UL_{L,t}$  = the Underlying Level of the Long Underlying [at such time] on the Scheduled Trading Day t

$UL_{L,0}$  = the Underlying Level of the Long Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively]

$UL_{S,t}$  = the Underlying Level of the Short Underlying [at such time] on the Scheduled Trading Day t

$UL_{S,0}$  = the Underlying Level of the Short Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively];

**"Termination Date"** means, if a Knock-Out Event occurs, the [relevant] Barrier Determination Date, all as determined by the Calculation Agent;

**[INSERT FOR WORST-OF [EXPRESS] [●]<sup>52</sup> CERTIFICATES ONLY:**

"**Barrier Determination Amount**" means, in respect of [any time on] any Scheduled Trading Day and each Underlying, an amount (which shall be deemed to be a monetary value in the [Settlement] [Underlying] Currency<sup>53</sup>) determined by the Calculation Agent on the basis specified in the "Barrier Determination Amount Determination" set out in the definition of "Underlying" [provided that, if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time]<sup>54</sup>;

*[Insert if Barrier is to be observed on one or more specified dates:*

"**Barrier Determination Date**" means [●]<sup>55</sup> [[●] (the "**First Barrier Determination Date**") [, [●] (the "[●] **Barrier Determination Date**")]<sup>56</sup> and] [the originally designated Valuation Date] (the "**Final Barrier Determination Date**") or, if any such day is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day in respect of any Underlying, then that Barrier Determination Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Underlying, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Barrier Determination Date is a Disrupted Day in respect of any Underlying. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Barrier Determination Date notwithstanding the fact that such day is a Disrupted Day in respect of an Underlying and (B) the Calculation Agent shall determine the Barrier Determination Amount for each Underlying for that Barrier Determination Date using (i) in respect of each Underlying that is not affected by the occurrence of a Disrupted Day, the relevant Underlying Level and (ii) in respect of each Underlying that is affected by the occurrence of a Disrupted Day, the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

*[If the Barrier Determination Period is used in the definition of "Cash Settlement Amount" insert:*

"**Barrier Determination Period**" means the period from [and including][but excluding] [●] to [and including][but excluding] the [●];]

*[If the Barrier Level is fixed insert:*

"**Barrier Level**" means, in respect of each Underlying, [●] [the specified level for such Underlying in the column "Barrier Level" in the definition of "Underlying"] [an amount equal to the product of (i) the Barrier Level Percentage of such Underlying and (ii) the Underlying Level of such Underlying on the Initial Reference Valuation Date], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

*[If the Barrier Level varies on different Barrier Determination Dates insert:*

"**Barrier Level**" means, in respect of each Underlying:

- (a) [in respect of the First Barrier Determination Date, [●] [[the specified level for such Underlying in the column "Barrier Level" in the definition of "Underlying"] [an amount equal to the product of (i) the Barrier Level Percentage of such Underlying and (ii) the Underlying Level of such Underlying on the Initial Reference Valuation Date]; [and]]
- (b) [in respect of the [●] Barrier Determination Date, [●] [[the specified level for such Underlying in the column "Barrier Level" in the definition of "Underlying"] [an amount equal to the product of (i) the Barrier Level Percentage of such Underlying and (ii) the Underlying Level of such Underlying on the Initial Reference Valuation Date]; [and]]<sup>57</sup>
- (c) in respect of the Final Barrier Determination Date, [●] [[the specified level for such Underlying in the column "Barrier Level" in the definition of "Underlying"] [an amount equal to the product of (i) the Barrier Level Percentage of such Underlying and (ii) the Underlying Level of such Underlying on the Initial Reference Valuation Date],

subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

*[If used in the definition of "Barrier Level", insert:*

"**Barrier Level Percentage**" means, in respect of each Underlying, [●] [the specified level for such Underlying in the column "Barrier Level Percentage" in the definition of "Underlying"], subject to adjustment in accordance with Condition 5;]

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if, in the determination of the Calculation Agent, [●] [on a Barrier Determination Date], [the] Barrier Determination Amount of [each] [at least [●]] Underlying[s] has been equal to or greater than the [relevant] Barrier Level (such event a "**Knock-Out Event**"):
  - (i) [if the Knock-Out Event occurs in relation to the First Barrier Determination Date, [●]; [or]]
  - (ii) [if the Knock-Out Event occurs in relation to the [●] Barrier Determination Date, [●]; [or]]
  - (iii) if the Knock-Out Event occurs in relation to the Final Barrier Determination Date, [●]; or

<sup>52</sup> Alternative descriptive name may be specified.

<sup>53</sup> Insert "Settlement" for quanto securities or if the Settlement Currency is the same as the Underlying Currency. Insert "Underlying" for all other securities.

<sup>54</sup> Insert if Barrier is continuously observed.

<sup>55</sup> Insert a single Barrier Determination Date or alternatively select "the Valuation Date".

<sup>56</sup> Multiple Barrier Determination Dates may be specified.

<sup>57</sup> Multiple Barrier Determination Dates may be specified.

- (b) if a Knock-Out Event has not occurred: [[●];]
- (i) if, in the determination of the Calculation Agent, [●] [on the Valuation Date] [during the Barrier Determination Period] the Barrier Determination Amount of [each] [at least [●]] Underlying[s] [at any time] [has been] [[is] less than the relevant Determination Level, [an amount equal to [●]] [the Performance Amount]; or
- (ii) if the provisions of (b)(i) above have not been satisfied, an amount equal to [●],

provided, for the purpose of determining whether the provisions of (b)(i) above have been satisfied, if at any time the Barrier Determination Amount of an Underlying is unavailable or is otherwise not reasonably practicable to calculate, the provisions of (b)(i) above shall be deemed not to have been satisfied in respect of such Underlying at such time.

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date.]<sup>58</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable [(x)] as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

*[If used in the definition of "Cash Settlement Amount", insert:*

**"Determination Level"** means, in relation to each Underlying, [●] [the specified level for such Underlying in the column "Determination Level" in the definition of "Underlying"] [an amount equal to the product of the Determination Level Percentage for such Underlying and the Underlying Level of for such Underlying on the Initial Reference Valuation Date]], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

*[If used in the definition of "Determination Level", insert:*

**"Determination Level Percentage"** means, in relation to each Underlying, [●] [the specified level for such Underlying in the column "Determination Level Percentage" in the definition of "Underlying"], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

*[Insert if Performance Amount is used in the definition of Cash Settlement Amount:*

**"Performance"** means, in relation to any Scheduled Trading Day and each Underlying, the quotient of (a) the Underlying Level of such Underlying on such day (as numerator) and (b) the Underlying Level of such Underlying on the Initial Reference Valuation Date (as denominator);

**"Performance Amount"** means, in respect of each Certificate, an amount determined by the Calculation Agent equal to [the quotient of]:

- (a) [the product of (i) [●] and (ii)] the Underlying Level of the Underlying with the [lowest] [highest] [●] Performance of all Underlyings [on the Valuation Date] [●] [(as numerator); and
- (b) [the Underlying Level of the Underlying with such [lowest] [highest] [●] [Performance] on the Initial Reference Valuation Date[●] (as denominator);]

**"Termination Date"** means if a Knock-Out Event occurs, the [relevant] Barrier Determination Date, all as determined by the Calculation Agent.

<sup>58</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

**[INSERT FOR [WORST-OF] [ALPHA EXPRESS] [●]<sup>59</sup> CERTIFICATES ONLY:**

**[Insert if Barrier is to be observed on one or more specified dates:**

"**Barrier Determination Date**" means [●]<sup>60</sup> [[●] (the "**First Barrier Determination Date**") [, [●] (the "[●] **Barrier Determination Date**")<sup>61</sup> and] [the originally designated Valuation Date] (the "**Final Barrier Determination Date**") or, if any such day is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day in respect of any Underlying, then that Barrier Determination Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Underlying, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been that Barrier Determination Date is a Disrupted Day in respect of any Underlying. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be that Barrier Determination Date notwithstanding the fact that such day is a Disrupted Day in respect of an Underlying and (B) the Calculation Agent shall determine the Relative Performance Amount for that Barrier Determination Date using (i) in respect of each Underlying that is not affected by the occurrence of a Disrupted Day, the relevant Underlying Level and (ii) in respect of each Underlying that is affected by the occurrence of a Disrupted Day, [the price or level of the Underlying that would have prevailed but for the occurrence of an event causing a Disrupted Day as of that eighth Scheduled Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if the Underlying is an Index, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

**[If the Barrier is continuously observed insert:**

"**Barrier Determination Period**" means the period from [and including][but excluding] [●] to [and including][but excluding] the [●], provided that, if a Market Disruption Event has occurred and is prevailing on a day, such day shall be excluded from the Barrier Determination Period;]

**[If the Barrier Level is fixed insert:**

"**Barrier Level**" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

**[If the Barrier Level is not fixed insert:**

"**Barrier Level**" means:

- (a) [in respect of the First Barrier Determination Date [●]; [and]]
- (b) [in respect of the [●] Barrier Determination Date [●]; [and]]<sup>62</sup>
- (c) in respect of the Final Barrier Determination Date [●],

subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if, in the determination of the Calculation Agent, [●] [on a Barrier Determination Date], [the] Relative Performance Amount of [each] [at least [●]] Long Underlying[s] has been equal to or greater than the [relevant] Barrier Level (such event a "**Knock-Out Event**"):
  - (i) [if the Knock-Out Event occurs in relation to the First Barrier Determination Date, [●]; [or]]
  - (ii) [if the Knock-Out Event occurs in relation to the [●] Barrier Determination Date, [●]; [or]]
  - (iii) if the Knock-Out Event occurs in relation to the Final Barrier Determination Date, [●]; or
- (b) if a Knock-Out Event has not occurred: [[●];]
  - (i) if, in the determination of the Calculation Agent, [●] [on the Valuation Date] [during the Barrier Determination Period], the Relative Performance Amount of [each] [at least [●]] Long Underlying[s] [at any time] [has been] [is] less than the Determination Level, [an amount equal to [●]] [the Performance Amount]; or
  - (ii) if the provisions of (b)(i) above have not been satisfied, [an amount equal to [●]],

provided, for the purpose of determining whether the provisions of (b)(i) above have been satisfied, if at any time the Underlying Level of an Underlying is unavailable or it is otherwise not reasonably practicable to calculate the relevant Relative Performance Amount, the provisions of (b)(i) above shall be deemed not to have been satisfied in respect of such Underlying at such time.

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date].]<sup>63</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

<sup>59</sup> Alternative descriptive name may be specified.

<sup>60</sup> Insert a single Barrier Determination Date or alternatively select "the Valuation Date".

<sup>61</sup> Multiple Barrier Determination Dates may be specified.

<sup>62</sup> Multiple Barrier Determination Dates may be specified.

<sup>63</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

"**Determination Level**" means [●] [[●] per cent., subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

*[Insert if Performance Amount is used in the definition of Cash Settlement Amount.]*

"**Performance Amount**" means, in respect of each Certificate, an amount determined by the Calculation Agent equal to [the product of]:

- (a) the sum of (i) one and (ii) the Relative Performance Amount of the Long Underlying with the [lowest] [highest] [●] Relative Performance Amount of all Long Underlying [on the Valuation Date] [●]; and
- (b) [●],

subject to a minimum of zero;]

"**Relative Performance Amount**" means, in respect of each Long Underlying [at any time] on any Scheduled Trading Day, an amount (which shall be deemed to be a percentage) determined by the Calculation Agent equal to the difference of:

- (a) the quotient of (i) the Underlying Level of such Long Underlying [at such time] on such day and (ii) the Underlying Level of such Long Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively]; and
- (b) the quotient of (i) the Underlying Level of the Short Underlying [at such time] on such day and (ii) the Underlying Level of the Short Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively].

As a formula:

$$\text{Relative Performance Amount}_t = \frac{UL_{L,t}}{UL_{L,0}} - \frac{UL_{S,t}}{UL_{S,0}}$$

where:

$UL_{L,t}$  = the Underlying Level of such Long Underlying [at such time] on the Scheduled Trading Day t

$UL_{L,0}$  = the Underlying Level of such [Long Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively]

$UL_{S,t}$  = the Underlying Level of the Short Underlying [at such time] on the Scheduled Trading Day t

$UL_{S,0}$  = the Underlying Level of the Short Underlying on [the Initial Reference Valuation Date][the Barrier Determination Date immediately preceding such day or, if none, the Initial Reference Valuation Date, respectively];

"**Termination Date**" means if a Knock-Out Event occurs, the [relevant] Barrier Determination Date, all as determined by the Calculation Agent;

***[INSERT FOR [BONUS] [BONUS WITH CAP] [DISCOUNT PLUS] [●]<sup>64</sup> CERTIFICATES ONLY:***

"**Barrier Determination Amount**" means, in respect of [any time on] any Scheduled Trading Day and the Underlying, an amount (which shall be deemed to be a monetary value in the [Settlement] [Underlying] Currency<sup>65</sup>) determined by the Calculation Agent on the basis specified in the "Barrier Determination Amount Determination" set out in the definition of "Underlying" [provided that, if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time]<sup>66</sup>;

*[If the Barrier Determination Period is used in the definition of "Cash Settlement Amount" insert:*

"**Barrier Determination Period**" means the period from [and including][but excluding] [●] to [and including][but excluding] the [●] [time for the determination of the Final Reference Level on the Valuation Date, as specified in the definition of the Reference Level];]

"**Barrier Level**" means, in respect of the Underlying, [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

"**Bonus Reference Level**" means [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if, in the determination of the Calculation Agent, [at any time] during [●] [the Barrier Determination Period] the Barrier Determination Amount has not been [equal to or] less than the Barrier Level, and:
  - (i) if the Final Reference Level is equal to or less than the Bonus Reference Level, *[Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the Bonus Reference Level; or
  - (ii) if the Final Reference Level is greater than the Bonus Reference Level, *[Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the Final Reference Level; or
- (b) if, in the determination of the Calculation Agent, [at any time] during [●] [the Barrier Determination Period] the Barrier Determination Amount has been [equal to or] less than the Barrier Level, *[Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the Final Reference Level,

provided, for the purpose of determining whether the provisions of (b) above have been satisfied, if at any time the Barrier Determination Amount is unavailable or is otherwise not reasonably practicable to calculate, the provisions of (b) above shall be deemed not to have been satisfied at such time.

[The Cash Settlement Amount shall be subject to a maximum of [●] [the Maximum Amount].]

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date.]<sup>67</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

*[Insert if Maximum Amount is used in the definition of Cash Settlement Amount:*

"**Maximum Amount**" means [●] [[*[Insert if the Ratio is applicable:* the product of (i) the Ratio and (ii) [●] per cent. of the Initial Reference Level];]

*[If the Certificate has a Ratio Insert:*

"**Ratio**" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

<sup>64</sup> Alternative descriptive name may be specified. In the case of Discount Plus Certificates, the Bonus Reference Level is equal to the Maximum Amount (not taking into account the Ratio).

<sup>65</sup> Insert "Settlement" for quanto securities or if the Settlement Currency is the same as the Underlying Currency. Insert "Underlying" for all other securities.

<sup>66</sup> Insert if Barrier is continuously observed.

<sup>67</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

**[INSERT FOR [OUTPERFORMANCE] [SPRINT] [OUTPERFORMANCE WITH CAP] [●]<sup>68</sup> CERTIFICATES ONLY:**

"Cash Settlement Amount" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to

*[Insert if the Certificates may be physically-settled:* the sum of the Determination Level and the Performance Amount, multiplied by the Ratio.]

*[Insert if the Certificates may be cash-settled only:*

- (a) if, in the determination of the Calculation Agent, the Final Reference Level is equal to or less than the Determination Level, *[Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the Final Reference Level; or
- (b) if, in the determination of the Calculation Agent, the Final Reference Level is greater than the Determination Level, *[Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the sum of the Determination Level and the Performance Amount.]

[The Cash Settlement Amount shall be subject to a maximum of [●] [the Maximum Amount].]

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the [Valuation Date] [last occurring Valuation Date].]<sup>69</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

"Determination Level" means [●] [[●] per cent. of the Initial Reference Level];<sup>70</sup>

*[Insert if Maximum Amount is used in the definition of Cash Settlement Amount:*

"Maximum Amount" means [●] [*[Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) [●] per cent. of the Initial Reference Level];]

"Performance Amount" means the product of (a) the Final Reference Level less the Determination Level and (b) the Participation Factor;

"Participation Factor" means [●] per cent., subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

*[If the Certificates may be physically-settled insert:*

"Physical Settlement Amount" means, in respect of each Certificate, [one] [●] unit[s] of [certificate(s) relating to] [●] [the Underlying] (each a "Physical Settlement Unit"), [multiplied by [the Ratio]] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Condition 5 (Adjustment Provisions). Certificates belonging to the same Certificateholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Certificates, [provided that the aggregate Physical Settlement Amounts, in respect of the same Certificateholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered [and no payment or other cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, an amount (the "Adjustment Amount") in the [Settlement Currency] [Underlying Currency] will be paid to the relevant Certificateholder in respect of [each Certificate held by it] [its aggregate holding of Certificates], which shall be equal to the product of the remaining fraction and the [Final Reference Level] [value] [●] of the Underlying [on [the Valuation Date] [●]] [and converted into the Settlement Currency at the Exchange Rate on [the Valuation Date] [●] [or, if such day is not a Business Day, the immediately following Business Day]]; any Adjustment Amount shall be paid pursuant and subject to Condition 4 (Exercise and Exercise Rights);]

*[If the Certificate has a Ratio Insert:*

"Ratio" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

<sup>68</sup> Additional descriptive name may be specified.

<sup>69</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

<sup>70</sup> The Determination Level may be used for determining the form of Settlement if the Certificates may be physically-settled.

***[INSERT FOR [OUTPERFORMANCE PLUS] [●]<sup>71</sup> CERTIFICATES ONLY:***

"**Barrier Determination Amount**" means, in respect of [any time on] any Scheduled Trading Day and the Underlying, an amount (which shall be deemed to be a monetary value in the [Settlement] [Underlying] Currency<sup>72</sup>) determined by the Calculation Agent on the basis specified in the "Barrier Determination Amount Determination" set out in the definition of "Underlying" [provided that, if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time];<sup>73</sup>

***[If the Barrier Determination Period is used in the definition of "Cash Settlement Amount" insert:***

"**Barrier Determination Period**" means the period from [and including][but excluding] [●] to [and including][but excluding] the [●] [time for the determination of the Final Reference Level on the Valuation Date, as specified in the definition of the Reference Level];]

"**Barrier Level**" means, in respect of the Underlying, [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if, in the determination of the Calculation Agent, [at any time] during [●] [the Barrier Determination Period] the Barrier Determination Amount has not been [equal to or] less than the Barrier Level, and:
  - (i) if the Final Reference Level is equal to or less than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b) the Initial Reference Level; or
  - (ii) if the Final Reference Level is greater than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b) the sum of the Initial Reference Level and the Performance Amount; or
- (b) if, in the determination of the Calculation Agent, [at any time] during [●] [the Barrier Determination Period] the Barrier Determination Amount has been [equal to or] less than the Barrier Level, and:
  - (i) if the Final Reference Level is equal to or less than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b) the Final Reference Level; or
  - (ii) if the Final Reference Level is greater than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b) the sum of the Initial Reference Level and the Performance Amount,

provided, for the purpose of determining whether the provisions of (a) or (b) above have been satisfied, if at any time the Barrier Determination Amount is unavailable or is otherwise not reasonably practicable to calculate, the provisions of (a) and (b) above shall be deemed not to have been satisfied at such time.

[The Cash Settlement Amount shall be subject to a maximum of [●] [the Maximum Amount].]

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date].]<sup>74</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

***[Insert if Maximum Amount is used in the definition of Cash Settlement Amount:***

"**Maximum Amount**" means [●] [[***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b) [●] per cent. of the Initial Reference Level];]

"**Performance Amount**" means the product of (a) the Final Reference Level less the Initial Reference Level and (b) the Participation Factor;

"**Participation Factor**" means [●] per cent., subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

***[If the Certificate has a Ratio Insert:***

<sup>71</sup> Alternative descriptive name may be specified.

<sup>72</sup> Insert "Settlement" for quanto securities or if the Settlement Currency is the same as the Underlying Currency. Insert "Underlying" for all other securities.

<sup>73</sup> Insert if Barrier is continuously observed.

<sup>74</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

"Ratio" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

**[INSERT FOR [AIRBAG][PARACHUTE] [●]<sup>75</sup> CERTIFICATES ONLY:**

"**Air Bag Factor**" means [●] [1 divided by [●] per cent.], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

"**Air Bag Threshold**" means [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if the Final Reference Level is greater than the Initial Reference Level, [Insert if the Ratio is applicable: the product of (a) the Ratio and (b)] the sum of the Initial Reference Level and the Performance Amount;
- (b) if the Final Reference Level is equal to or less than the Initial Reference Level and is at the same time equal to or greater than the Air Bag Threshold, [Insert if the Ratio is applicable: the product of (a) the Ratio and (b)] the Initial Reference Level; or
- (c) if the Final Reference Level is less than the Air Bag Threshold, [Insert if the Ratio is applicable: the product of (a) the Ratio and (b)] the product of the Final Reference Level and the Airbag Factor.

[The Cash Settlement Amount shall be subject to a maximum of [●] [the Maximum Amount].]

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date.]<sup>76</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.;

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

**[Insert if Maximum Amount is used in the definition of Cash Settlement Amount:**

"**Maximum Amount**" means [●] [[Insert if the Ratio is applicable: the product of (a) the Ratio and (b)] [●] per cent. of the Initial Reference Level];]

"**Participation Factor**" means [●] per cent., subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

"**Performance Amount**" means the product of (a) the Final Reference Level less the Initial Reference Level and (b) the Participation Factor;

**[If the Certificate has a Ratio Insert:**

"**Ratio**" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

<sup>75</sup> Alternative descriptive name may be added.

<sup>76</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

***[INSERT FOR [TRACKER] [●]<sup>77</sup> CERTIFICATES ONLY:***

"Cash Settlement Amount" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to *[Insert if the Ratio is applicable:* the product of (a) the Ratio and (b) the Final Reference Level.

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date.]<sup>78</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

*[If the Issuer has the right to call the Certificates insert:*

"Issuer Call Date" means the date during the Issuer Call Period specified by the Issuer in the Issuer Call Notice provided that such date shall not be earlier than [●] following and excluding the date on which that the Issuer Call Notice is deemed delivered in accordance with Condition [11.2] (Notices) and provided further that if such date is not a Business Day, then the Issuer Call Date will be the immediately succeeding Business Day;]

*[If the Issuer has the right to call the Certificates insert:*

"Issuer Call Notice" means the irrevocable notice given by the Issuer to the Certificateholders in accordance with Condition 4.1 (Exercise) that the Issuer will exercise its right to call, which notice shall specify the Issuer Call Date;]

*[If the Issuer has the right to call the Certificates insert:*

"Issuer Call Period" means the period commencing on (and [excluding] [including]) [●] [up to (and [excluding] [including]) [●] [or, if such day is not a Business Day, the first succeeding Business Day;]];

*[Insert if Management (or similar) Fee is applicable:*

"[Management] [●] Fee" means [●] per cent. [per annum];]

*[If the Issuer has the right to select either Cash Settlement or Physical Settlement insert:*

"Notice Period" means [●] [Scheduled Trading Days] [Business Days] [calendar days];]

*[If the Certificates may be physically-settled insert:*

"Physical Settlement Amount" means, in respect of each Certificate, [one] [●] unit[s] of [certificate(s) relating to] [●] [the Underlying] (each a "Physical Settlement Unit"), [multiplied by [the Ratio]] [●], [provided that such number will be rounded down to the nearest whole number and] subject to adjustment in accordance with Condition 5 (Adjustment Provisions). Certificates belonging to the same Certificateholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Certificates, [provided that the aggregate Physical Settlement Amounts, in respect of the same Certificateholder will be rounded down to the nearest whole Physical Settlement Unit.] No fractions of a Physical Settlement Unit will be delivered [and no payment or other cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, an amount (the "Adjustment Amount") in the [Settlement Currency] [Underlying Currency] will be paid to the relevant Certificateholder in respect of [each Certificate held by it] [its aggregate holding of Certificates], which shall be equal to the product of the remaining fraction and the [Final Reference Level] [value] [●] of the Underlying [on [the Valuation Date] [●]] [and converted into the Settlement Currency at the Exchange Rate on [the Valuation Date] [●] [or, if such day is not a Business Day, the immediately following Business Day]]; any Adjustment Amount shall be paid pursuant and subject to Condition 4 (Exercise and Exercise Rights);]

*[If the Ratio is not determined on the basis of the Initial Reference Level and there is no Management (or similar) Fee, insert:*

"Ratio" means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

*[If the Ratio is determined on the basis of the Initial Reference Level and there is a Management (or similar) Fee, insert:*

"Ratio" means [●] [a number equal to:

- (a) in relation to the first Ratio Adjustment Date, [●] [the quotient of:
  - (i) [●] [[● x] [100% minus [● x] the [[Management] [●] Fee]]] (as numerator); and

<sup>77</sup> Alternative descriptive name may be used.

<sup>78</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

- (ii) the Initial Reference Level (as denominator)]
- (b) in relation to each subsequent Ratio Adjustment Date, [the product of:
  - (i) the Ratio on the immediately preceding Ratio Adjustment Date; and
  - (ii) [[●] [100% minus [● x] the [[Management] [●] Fee]]];]

subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

*[If the Ratio Adjustment Date is used in the definition of "Ratio", insert:*

**"Ratio Adjustment Date"** means [●] [each Exercise Date], [[or, if such day is not a Scheduled Trading Day, the next following 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 the Ratio Adjustment Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date which, but for the occurrence of an event causing a Disrupted Day, would have been the Ratio Adjustment Date is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Ratio Adjustment Date notwithstanding the occurrence of a Disrupted Day;]

*[If the Issuer has the right to call the Certificates insert:*

**"Termination Date"** means:

- (a) if the Certificateholder has exercised the Certificate, or if the Certificate is deemed to be exercised, in accordance with Condition 4 (Exercise and Exercise Rights), the relevant Exercise Date[.]; or]
- (b) if the Issuer has elected to call the Certificate in accordance with Condition 4 (Exercise and Exercise Rights), the relevant Issuer Call Date[.]; or]]

all as determined by the Calculation Agent;]

***[INSERT FOR [TWIN WIN] PLUS CERTIFICATES ONLY:***

"**Barrier Determination Amount**" means, in respect of [any time on] any Scheduled Trading Day and the Underlying, an amount (which shall be deemed to be a monetary value in the [Settlement] [Underlying] Currency<sup>79</sup>) determined by the Calculation Agent on the basis specified in the "Barrier Determination Amount Determination" set out in the definition of "Underlying" [provided that, if a Market Disruption Event has occurred and is prevailing at such time on such day, no Barrier Determination Amount shall be calculated for such time]<sup>80</sup>;

***[If the Barrier Determination Period is used in the definition of "Cash Settlement Amount" insert:***

"**Barrier Determination Period**" means the period from [and including][but excluding] [●] to [and including][but excluding] the [●] [time for the determination of the Final Reference Level on the Valuation Date, as specified in the definition of the Reference Level];]

"**Barrier Level**" means, in respect of the Underlying, [●] [[●] per cent. of the Initial Reference Level], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

"**Cash Settlement Amount**" means, with respect to each Certificate, an amount determined by the Calculation Agent equal to:

- (a) if, in the determination of the Calculation Agent, [at any time] during [●] [the Barrier Determination Period] the Barrier Determination Amount has not been [equal to or] less than the Barrier Level, and:
  - (i) if the Final Reference Level is equal to or less than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b)] the sum of the Initial Reference Level and the Downside Performance Amount; or
  - (ii) if the Final Reference Level is greater than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b)] the sum of the Initial Reference Level and the Upside Performance Amount; or
- (b) if, in the determination of the Calculation Agent, [at any time] during [●] [the Barrier Determination Period] the Barrier Determination Amount has been [equal to or] less than the Barrier Level, and:
  - (i) if the Final Reference Level is equal to or less than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b)] the Final Reference Level; or
  - (ii) if the Final Reference Level is greater than the Initial Reference Level, ***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b)] the sum of the Initial Reference Level and the Upside Performance Amount,

provided, for the purpose of determining whether the provisions of (a) or (b) above have been satisfied, if at any time the Barrier Determination Amount is unavailable or is otherwise not reasonably practicable to calculate, the provisions of (a) and (b) above shall be deemed not to have been satisfied at such time.

[The Cash Settlement Amount shall be subject to [a maximum of [●] [the Maximum Amount].]

[The Cash Settlement Amount shall be converted into the Settlement Currency at the Exchange Rate on the [[●] Business Day immediately following the] [Valuation Date] [last occurring Valuation Date.]<sup>81</sup>

The Cash Settlement Amount shall be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

The amount (if any) of the Cash Settlement Amount which is above the issue price of the Certificates is payable (x) as consideration for the use of such issue price and (y) as compensation in recognition that in certain circumstances the Cash Settlement Amount may be less than such issue price;

"**Downside Performance Amount**" means the absolute value of the product of (a) the Final Reference Level less the Initial Reference Level and (b) the Downside Participation Factor;

"**Downside Participation Factor**" means [●] per cent., subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

***[Insert if Maximum Amount is used in the definition of Cash Settlement Amount:***

"**Maximum Amount**" means [●] [[***[Insert if the Ratio is applicable:*** the product of (a) the Ratio and (b)] [●] per cent. of the Initial Reference Level];]

<sup>79</sup> Insert "Settlement" for quanto securities and in case the Settlement Currency is the same as the Underlying Currency. Insert "Underlying" for all other securities.

<sup>80</sup> Insert if Barrier is continuously observed.

<sup>81</sup> Insert if the Settlement Currency is not the same as the Underlying Currency and if the Certificate is not a quanto security.

*[If the Certificate has a Ratio Insert:*

**"Ratio"** means [●], subject to adjustment in accordance with Condition 5 (Adjustment Provisions);]

**"Upside Performance Amount"** means the product of (a) the Final Reference Level less the Initial Reference Level and (b) the Upside Participation Factor;

**"Upside Participation Factor"** means [●] per cent., subject to adjustment in accordance with Condition 5 (Adjustment Provisions);

***[INSERT FOR ALL CERTIFICATES (IF APPLICABLE):***

*[Insert if the Certificates relate to a single share or index:]*

"Underlying" means the following [index] [share] of the Sponsor or issuer of the Underlying and with the Exchange (if any) set out in the table below:

Name	Type	Sponsor or Issuer	Code / ISIN / RIC Code / Bloomberg Code	Exchange	Related Exchange
[●]	[Index] [Share]		[●]		

Name	Reference Level Determination	[Barrier Determination Amount Determination]	Underlying Currency	[Time of Exchange Rate Determination]
[●]	[Full description of how Reference Level is to be determined] <sup>82</sup>	[Full description of how Barrier Determination Amount is to be determined]	[●]	[●]

]

*[Insert if the Certificates relate to a Basket of shares or indices:]*

"Underlying" means each of the following:<sup>83</sup>

Name	Type	Sponsor or Issuer	Code / ISIN / RIC Code / Bloomberg Code
[●]	[Index] [Share]	[●]	[●]
[●]	[Index] [Share]	[●]	[●]

Name	Underlying Percentage Weight	Underlying Weight	Exchange	Related Exchange
[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]

<sup>82</sup> For example, the official closing price quoted on the relevant Exchange without regard to any subsequently published correction.

<sup>83</sup> More rows may be added in each of the tables.

Name	Underlying Level Determination	[Barrier Determination Amount Determination]	Underlying Currency	[Time of Exchange Rate Determination]
[●]	[Full description of how Underlying Level is to be determined]	[Full description of how Barrier Determination Amount is to be determined]	[●]	[●]
[●]	[●]	[●]	[●]	[●]

"Underlying Level" means in respect of any day, subject to adjustment in accordance with Condition 5 (Adjustment Provisions), an amount determined by the Calculation Agent on the basis specified in the "Underlying Level Determination" in the definition of "Underlying", all as determined by the Calculation Agent;

*[If the Basket ratios are known prior to the Issue Date insert:]*

"Underlying Weight" means in relation to each Underlying a number as specified in the "Underlying Weight" set out in the definition of "Underlying", subject to adjustment in accordance with Condition 5 (Adjustment Provisions); [and]]

*[If the Basket Ratios are not known prior to the Issue Date and all Underlying Currencies are equal to the Underlying Currency or the Certificate is a quanto security insert:]*

"Underlying Weight" means in relation to each Underlying and subject to adjustment in accordance with Condition 5 (Adjustment Provisions), a number equal to the quotient of:

- (a) the relevant Underlying Percentage Weight (as numerator); and
- (b) the [Underlying Level] [●] on [●] [the Initial Reference Valuation Date] [or, if such day is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day] (as denominator); [and]]

*[If the Basket Ratios are not known prior to the Issue Date and not all Underlying Currencies are equal to the Underlying Currency and the Certificate is not a quanto security insert:]*

"Underlying Weight" means in relation to each Underlying and subject to adjustment in accordance with Condition 5 (Adjustment Provisions), a number equal to the quotient of:

- (a) the relevant Underlying Percentage Weight (as numerator);
- (b) the quotient (as denominator) of:
  - (i) the [Underlying Level] [●] on [●] [the Initial Reference Valuation Date] [or, if such day is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day] (as numerator);
  - (ii) [the relevant Exchange Rate of the relevant Underlying Currency on [●]] [●] (as denominator) ; [and]

"Underlying Percentage Weight" means, in relation to each Underlying, the Underlying as specified in the "Underlying Percentage Weight" set out in the definition of "Underlying".]

*[Insert if the Certificates are Alpha Express Certificates, Worst-Of Alpha Express Certificates or Worst-Of Express Certificates:]*

"Underlying" means each of the following *[Insert if the Certificates are Worst-Of Alpha Express Certificates:]* and "Long Underlying" means each of the following other than the Short Underlying:<sup>84</sup>

Name	Type	Sponsor or Issuer	Code / ISIN / RIC Code / Bloomberg Code
[●][["Long Underlying [●]"]]	[Index] [Share]	[●]	[●]

<sup>84</sup> More rows may be added in each of the tables.

[●][ <b>"Short Underlying"</b>	[Index] [Share]	[●]	[●]
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Name	Underlying Currency	[Time of Exchange Rate Determination]	Exchange	Related Exchange
[●][ <b>"Long Underlying"</b> [●]]	[●]	[●]	[●]	[●]
[●][ <b>"Short Underlying"</b> ]	[●]	[●]	[●]	[●]

Name	[Underlying Level Determination] <sup>85</sup>	[Barrier Determination Amount Determination] <sup>86</sup>	[Barrier Level] [Barrier Level Percentage] <sup>86</sup>	[Determination Level] <sup>86</sup> [Determination Level Percentage] <sup>86</sup>
[●][ <b>"Long Underlying"</b> [●]]	[Full description of how Underlying Level is to be determined] <sup>87</sup>	[Full description of how Barrier Determination Amount is to be determined]	[Full description of how this is to be determined]	[Full description of how this is to be determined]
[●][ <b>"Short Underlying"</b> ]	[●]	[●]	[●]	[●]

*[Insert if the Certificates are Alpha Express Certificates, Worst-Of Alpha Express Certificates or Worst-Of Express Certificates:*

**"Underlying Level"** means, in respect of any day, subject to adjustment in accordance with Condition 5 (Adjustment Provisions), an amount determined by the Calculation Agent on the basis specified in the "Underlying Level Determination" in the definition of "Underlying", all as determined by the Calculation Agent.]]

## 2. FORM, TITLE AND TRANSFER

### 2.1 Form

The Certificates are represented by a global certificate (the **"Global Certificate"**). The Global Certificate will be deposited with [a common depository for]<sup>88</sup> the relevant Clearing System(s). No definitive Certificates will be issued.

### 2.2 Title

*[Insert where Condition [18] (Governing law and proceedings) states that the governing law of the Certificates is English law:* Subject as set out below, title to the Global Certificate will pass by delivery. The Issuer and the Agents will (except as otherwise required by law) deem and treat the bearer of the Global Certificate as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but without prejudice to the provisions set out in the next succeeding sentence. Each person (other than another Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular amount of the Certificates (in which regard any certificate or other document issued by the relevant Clearing System as to the amount of Certificates standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such amount of the Certificates for all purposes other than in respect to payments on such amount of such Certificates, for which purpose the bearer of the Global Certificate shall be treated by the Issuer and the Agents as the holder of such amount of such Certificates in accordance with and subject to the terms of the Global Certificate (and the terms **"Certificateholder"** and **"holder of Certificates"** and related expressions shall be construed accordingly) for all purposes.]

*[Insert where Condition [18] (Governing law and proceedings) states that the governing law of the Certificates is German law:* The terms **"Certificateholders"** and **"holders of Certificates"** in the Conditions will be construed to mean those persons

<sup>85</sup> Insert for Alpha Express Certificates and Worst-Of Alpha Express Certificates only.

<sup>86</sup> Insert for Worst-Of Express Certificates only.

<sup>87</sup> Insert full description if the applicable Underlying Level for determining a Knock-Out Event is different from the Underlying Level for whether an event has occurred during a period.

<sup>88</sup> Insert if the Clearing System has a common depository (e.g. Clearstream, Luxembourg/Euroclear).

recognised as the legal owner of the Certificates pursuant to German law. The Issuer will be discharged of its payment obligations by payment to, or to the order of, the Clearing System in respect of the amount so paid. Each Certificateholder must look solely to the Clearing System for his share of each such payment so made by the Issuer.]

### 2.3 Transfer

The Certificates are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing System through whose books any of the Certificates are transferred.

## 3. STATUS OF CERTIFICATES

The Certificates constitute senior, unsecured and unsubordinated obligations of the Issuer which rank *pari passu* among themselves.

## 4. EXERCISE AND EXERCISE RIGHTS

### 4.1 Exercise

(a) **[Insert if Bermudan style:** Each Certificate is exercisable on any Exercise Date by [transfer of the relevant Certificates being exercised and]<sup>89</sup> delivery of a duly completed Exercise Notice to the [[relevant] [Clearing System]]<sup>90</sup> [in each case to the German Agent]<sup>91</sup> in accordance with this Condition 4. Any Certificate with respect to which an Exercise Notice [and the related Certificates]<sup>92</sup> [has] [have] been delivered after [10.00 a.m.] [Central European Time] on any Exercise Day shall be deemed to have been exercised on the immediately following Exercise Date, if any. Where an Exercise Notice has not been duly completed and delivered [and the related Certificates delivered]<sup>92</sup> by [10.00 a.m.] [Central European Time] on the final Exercise Date, each such Certificate will be exercised by the [Principal] [German] Agent on behalf of the relevant Certificateholder at that time on such date, subject in each case to prior termination as provided for in the Conditions, in which case, no Certificateholder will be required to complete an Exercise Notice.]

**[insert if European style:** Each Certificate will be exercised by the [Principal] [German] Agent on behalf of the relevant Certificateholder on the Exercise Date **[insert if Knock-Out Event applies<sup>93</sup>:** or, if a Knock-Out Event occurs, on the Termination Date]. No Certificateholder will be required to complete an Exercise Notice.]

(b) **[Insert if the Certificates may be physically-settled:**

If Settlement is Physical Settlement, all dividends on the relevant Physical Settlement Amounts to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Physical Settlement Units executed on the relevant Exercise Date **[Insert if Knock-Out Event option or the issuer has the right to call the Certificates or both:** or Termination Date] and to be delivered in the same manner as such relevant Physical Settlement Units. ]

(c) **[Insert if the Issuer has the right to call the Certificates:** The Issuer may, upon delivery of the Issuer Call Notice, call all but not some only of the Certificates then outstanding. Upon delivery of the Issuer Call Notice, each Certificate shall be deemed to have been exercised by the [Principal] [German] Agent on behalf of the relevant Certificateholder on the Termination Date and the provisions of Condition 4.2 (Settlement) shall apply.]

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 Underlying.

### 4.2 Settlement

(a) **[Insert if cash-settled only:**

Each Certificate **[insert if Bermudan style:** upon due exercise] entitles its holder to receive from the Issuer the Cash Settlement Amount less any Certificateholder Expenses for value on the relevant Settlement Date.]

**[Insert if the Certificates may be physically-settled:**

Each Certificate **[insert if Bermudan style:** upon due exercise] entitles its holder to receive from the Issuer on the Settlement Date:

(i) if Settlement is Physical Settlement, the Physical Settlement Amount **[insert if an Adjustment Amount<sup>94</sup> may be paid:** (and if applicable, any Adjustment Amount)] subject to payment of any Certificateholder Expenses on or prior to the Settlement Date; or

<sup>89</sup> Insert where Condition [18] (Governing law and proceedings) states that the governing law of the Certificates is English law and/or where the Clearing System is Clearstream Banking AG.

<sup>90</sup> Insert if the Clearing System accepts notices (e.g. Euroclear or Clearstream, Luxembourg).

<sup>91</sup> Insert if the Clearing System does not accept notices (e.g. Clearstream Banking AG).

<sup>92</sup> Insert if the Clearing System does not accept notices (e.g. Clearstream Banking AG).

<sup>93</sup> This is applicable for Express Certificates.

<sup>94</sup> See definition of "Physical Settlement Amount" in Condition 1.2 (Product Specific Definitions).

(ii) if Settlement is Cash Settlement, the Cash Settlement Amount less any Certificateholder Expenses.]

[Insert any other product product-specific settlement formula: [●]]

- (b) [If the Issuer has the right to select either Cash Settlement or Physical Settlement insert: The Issuer will give notice to the Certificateholders in accordance with Condition [11] (Notices) not less than the Notice Period prior to the Settlement Date stating whether Cash Settlement and/or Physical Settlement applies, provided that if the Issuer fails to give such notice the Certificates shall be settled by payment of the Cash Settlement Amount in accordance with the Condition 4.2(a)(ii) (Settlement) above.]
- (c) [Insert if the Certificate may be physically-settled: The Issuer will be discharged of its delivery obligations by delivery to, or to the order of, the Physical Settlement Clearance System in respect of the amount so delivered]. Each Certificateholder must look solely to the Physical Settlement Clearance System for his share of each such delivery so made by the Issuer.]

All payments [insert if the Certificates may be physically-settled: and/or deliveries] will be subject in all cases to the provisions of Condition [9] (Taxation and Certificate Expenses) and any fiscal or other laws, regulations and practices in force at the relevant time (including without limitation, any relevant exchange control laws or regulations and the rules and procedures of the [relevant] Clearing System) and none of the Issuer or any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practice. None of the Issuer or any Agent shall under any circumstances be liable for any acts or defaults of [any][the] Clearing System in the performance of the [relevant] Clearing System's duties in relation to the Certificates.

#### 4.3 [If Bermudan style insert: Form of Exercise Notice

Each Exercise Notice shall be in the form (for the time being current) available from [each][the] Agent and must:

- (a) specify the name, address, telephone, facsimile and telex details of the Certificateholder in respect of the Certificates being exercised;
- (b) specify the number of Certificates being exercised by the Certificateholder [insert if the Minimum Exercise Number is applicable: (which must not be less than the Minimum Exercise Number)];
- (c) [specify the number of the account with the [relevant] Clearing System to be debited with the Certificates being exercised;]<sup>95</sup>
- (d) [irrevocably instruct or, as the case may be, confirm that the Certificateholder has irrevocably instructed, the [relevant] Clearing System to debit the Certificateholder's account with the Certificates being exercised [and credit the same to the account of the [Principal] Agent];]<sup>95</sup>
- (e) specify the number of the Certificateholder's account [at the [relevant] Clearing System]<sup>95</sup> to be credited with the Cash Settlement Amount for the Certificates being exercised;
- (f) include an irrevocable undertaking to pay all Certificateholder Expenses and an authority to the Issuer and the [relevant] Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Certificateholder or otherwise (on, or any time after, the Settlement Date) [and to debit a specified account of the Certificateholder at the [relevant] Clearing System with an amount or amounts in respect thereof]<sup>95</sup>;
- (g) give a certification as to the non-U.S. beneficial ownership of the Certificates being exercised therewith; [and]
- (h) authorise the production of such certification in any applicable administrative or legal proceedings[.];[and]
- (i) [Insert any other requirements: [●]]

#### 4.4 [If Bermudan style insert: Verification

The [[relevant] Clearing System]<sup>96</sup>[German Agent]<sup>97</sup> shall, in accordance with its normal operating procedure, verify that each person exercising the Certificates is [or, if the Certificates have been transferred to the German Agent in accordance with Condition 4.1 (Exercise), prior to such transfer was]<sup>98</sup> the Certificateholder thereof according to the records of [such] [the [relevant]] Clearing System [and that such Certificateholder has an account at the [relevant] Clearing System which contains the Certificates in an amount being exercised]<sup>99</sup> and funds equal to any applicable Certificateholder Expenses in respect of the Certificates being exercised. [Subject thereto, the [relevant] Clearing System will confirm to the [Principal] Agent the series number and number of Certificates being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount of each Certificate being exercised. Upon receipt of such confirmation, the [Principal] Agent will inform the Issuer

<sup>95</sup> Insert where Condition [18] (Governing law and proceedings) states that the governing law of the Certificates is English law and/or where the Clearing System is Clearstream Banking AG.

<sup>96</sup> Insert if the Clearing System accepts and verifies notices (e.g. Euroclear or Clearstream, Luxembourg).

<sup>97</sup> Insert if the Clearing System neither accept nor verify notices (e.g. Clearstream Banking AG).

<sup>98</sup> Insert "Settlement" for quanto securities or if the Settlement Currency is the same as the Underlying Currency. Insert "Underlying" for all other securities.

<sup>99</sup> Insert if the Certificates may be physically-settled.

thereof.] The [relevant] Clearing System will on or before the Settlement Date debit the account of the relevant Certificateholder with the Certificates being exercised.]<sup>99</sup> [Subject thereto, the [Principal] [German] Agent shall notify the Issuer of the series number and number of Certificates being exercised and the account details, if applicable, for the Payment of Cash Settlement Amount [or, as the case may be, the details for delivery of the Physical Settlement Amount]<sup>99</sup> of each Certificate being exercised.]<sup>98</sup> Upon exercise of less than all the Certificates constituted by the Global Certificate, the [Principal] [German] Agent will note, or procure the notation of, such exercise on the Schedule to the Global Certificate and the number of Certificates so constituted shall be reduced by the cancellation *pro tanto* of the Certificates so exercised.]

#### 4.5 **[If Bermudan style insert: Determinations**

If, in the determination of [the [relevant] Clearing System or]<sup>100</sup> the [Principal] [German] Agent:

- (a) the Exercise Notice is not complete or not in proper form; or
- (b) the person submitting the Exercise Notice is not validly entitled to exercise the relevant Certificates or not validly entitled to deliver such Exercise Notice;

that Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted in order to exercise such Certificates.

Any determination by [the [relevant] Clearing System or]<sup>101</sup> the [Principal] [German] Agent as to any of the matters set out in this Condition 4.5 shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Certificateholder and the beneficial owner of the Certificates exercised.]

#### 4.6 **[If Bermudan style insert: Notification to [Principal] Agent [and Common Depository]**

Subject to the verification set out in Condition 4.4 (Verification) above, [the [relevant] Clearing System]<sup>96</sup> [German Agent]<sup>97</sup> will [:

- (a)]<sup>96</sup> confirm to the [[Principal] Agent (copied to)]<sup>96</sup> the Issuer and the Calculation Agent [)]<sup>96</sup> the number of Certificates being exercised and the number of the account to be credited with the Cash Settlement Amount[.]<sup>97</sup> [; and] <sup>96</sup>
- (b) promptly notify the common depository of receipt of the Exercise Notice and the number of the Certificates to be exercised.]<sup>96</sup>

#### 4.7 **[If Bermudan style insert: Effect of Exercise Notice**

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the relevant Certificateholder to exercise the Certificates specified therein, provided that the person exercising and delivering such Exercise Notice is [or, if the Certificates have been transferred to the German Agent in accordance with Condition 4.1 (Exercise), prior to such transfer was]<sup>98</sup> the person then appearing in the records of the [relevant] Clearing System as the holder of the relevant Certificates. If the person exercising and delivering the Exercise Notice is [or was] not the person so appearing, such Exercise Notice shall for all purposes become void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to this Condition 4 (Exercise and Exercise Rights)) by a Certificateholder, such Certificateholder shall not be permitted to transfer [either the legal or beneficial ownership of]<sup>102</sup> the Certificates exercised thereby. Notwithstanding that, if any Certificateholder does so transfer or attempt to transfer such Certificates, the Certificates will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently: (i) entering into replacement hedging operations in respect of such Certificates; or (ii) paying any amount on the subsequent exercise of such Certificates without having entered into any replacement hedging operations.]

#### 4.8 **[Insert if the Certificates may be physically-settled: Settlement Disruption**

- (a) If Settlement is Physical Settlement and prior to delivery of a Physical Settlement Unit in respect of any Certificate, the Calculation Agent determines, acting in a commercially reasonable manner, that at any time a Settlement Disruption Event has occurred and has prevented delivery of a Physical Settlement Unit on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Physical Settlement Unit can take place through the Physical Settlement Clearance System unless a Settlement Disruption Event prevents settlement on each of the 10 relevant [Physical Settlement Clearance System] Business Days immediately following the original date, but for the Settlement Disruption Event, would have been the Settlement Date. If such Physical Settlement Unit can be delivered in any other commercially reasonable manner, then the Settlement Date will be the first day on which settlement of a sale of Physical Settlement Unit executed on that 10th relevant [Physical Settlement Clearance System] Business Day customarily would take place using such other commercially reasonable manner of delivery, and if such Physical Settlement Unit cannot be delivered in any other commercially reasonable manner, then the Settlement Date will be

<sup>100</sup> Insert if the Clearing System makes such determination (e.g. Euroclear or Clearstream, Luxembourg).

<sup>101</sup> Insert if the Clearing System would make such determination.

<sup>102</sup> Insert where Condition [18] (Governing law and proceedings) states that the governing law of the Certificates is English law and/or where the Clearing System is Clearstream Banking AG.

postponed until delivery can be effected through the Physical Settlement Clearance System or in any other commercially reasonable manner, as determined by the Calculation Agent.

- (b) **[Insert if the Physical Settlement Amount is a Basket:** For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Basket Components comprised in a Basket representing the Physical Settlement Amount, the Settlement Date for Basket Components not affected by the Settlement Disruption Event will be the originally designated Settlement Date.]
- (c) For so long as delivery of the Physical Settlement Unit 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 Certificates by payment to the relevant Certificateholder of the Disrupted Cash Settlement Price on the fifth Business Day following the date that notice of such election is given to the Certificateholders in accordance with Condition [11] (Notices). The Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition [11] (Notices) that a Settlement Disruption Event has occurred. No Certificateholder shall be entitled to any payment in respect of the Certificate in the event of any delay in the delivery of the Physical Settlement Unit due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.
- (d) For the purposes hereof:

**"Disrupted Cash Settlement Price"** in respect of any 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 Physical Settlement Units comprising the Physical Settlement Amount and such non-affected Physical Settlement Units have been duly delivered as provided above, the value of such Physical Settlement Units), less the cost to the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements, all as determined by the Issuer; and

**"Settlement Disruption Event"** means, in the opinion of the Issuer, an event beyond the control of the Issuer as a result of which or following which the Physical Settlement Clearance System cannot clear the transfer of the relevant Physical Settlement Unit or the Issuer cannot make delivery of the relevant Physical Settlement Unit in accordance with such market method as it elects at the relevant time for delivery of the relevant Physical Settlement Unit.]

#### 4.9 **[Insert if the Certificates may be physically-settled:** Failure to deliver

- (a) If the Calculation Agent determines, acting in a commercially reasonable manner, that a Delivery Disruption Event has occurred and the Calculation Agent has notified the Issuer, the [Principal] Agent and the relevant Certificateholder(s) within one [Physical Settlement Clearance System] Business Day of the relevant Exercise Date to that effect, then the Issuer may [deliver any Physical Settlement Units which are not Affected Physical Settlement Units on the originally designated Settlement Date and] in lieu of delivering the Affected Physical Settlement Units pay an amount as calculated by the Calculation Agent equal to the fair market value of the Affected Physical Settlement Units less the cost to the Issuer and/or any of its Affiliates of unwinding or adjusting any underlying or related hedging arrangements.
- (b) For the purposes hereof, **"Delivery Disruption Event"** means the failure by the Issuer or the [Principal] Agent to deliver, when due, some or all of the relevant Physical Settlement Units comprising the Physical Settlement Amount (the **"Affected Physical Settlement Units"**), where such failure to deliver is due to illiquidity in the market for such Physical Settlement Units.]

#### 4.10 **Delivery outside the United States**

Notwithstanding this Condition 4 (Exercise and Exercise Rights), no cash, securities or other property shall be paid or delivered in the United States (as defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act) in connection with the settlement of, or exercise of, Certificates.

#### 4.11 **[Insert if Bermudan style and a Minimum Exercise Amount is applicable:** Minimum Exercise Amount

The Certificates are exercisable in [● Certificates] (the **"Minimum Exercise Amount"**) **[Insert if the Certificates must be exercised in multiples of the Minimum Exercise Amount or a specified amount:** or, if a number in excess of the Minimum Exercise Amount, higher integral multiples of [the Minimum Exercise Amount] [[●] (the **"Permitted Multiple"**))] on any particular occasion or such lesser Minimum Exercise Amount [or Permitted Multiple] as the Issuer may from time to time notify the Certificateholders in accordance with Condition [11] (Notices).]

#### 4.12 **[Insert if Bermudan style and a Maximum Exercise Amount is applicable:** Maximum Exercise Amount

If the Calculation Agent determines that the number of Certificates being exercised on any Exercise Date by any Certificateholder or a group of Certificateholders (whether or not acting in concert) exceeds [● Certificates] (the **"Maximum Exercise Amount"**) (a number equal to the Maximum Exercise Amount being the **"Quota"**), the Issuer may deem the Exercise Date for the first Quota of such Certificates, selected on the basis of the chronological order in which the relevant Exercise Notices have been delivered, to be such day and the Exercise Date for each additional Quota of such Certificates (and any remaining number thereof), selected in the same way as above, to be each of the succeeding Exercise Dates until all such Certificates have been attributed with an Exercise Date, provided, however, that for any such Certificates for which the Exercise Date would thereby fall after the last occurring Exercise Date, such last occurring Exercise Date shall be deemed to be the

Exercise Date. In any case where more than the Quota of Certificates are exercised on the same day by Certificateholder(s), the determination of the chronological order of settlement in respect of such Certificates shall be at the sole discretion of the Issuer.]

## 5. **[INSERT FOR SHARES]: ADJUSTMENT PROVISIONS**

*[Insert if the Certificates relate to a Basket of shares and indices:* This Condition 5 shall apply to each Underlying which is a share.]<sup>103</sup>

### 5.1 **Definitions**

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

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

*[If Initial Reference Valid Date is referred to in the definition of "Initial Reference Valuation Date", insert:*

**"Initial Reference Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

**"Related Exchange"** means, with respect to an Underlying, *[Insert if not "All Exchanges":* the Related Exchange specified for such Underlying in the "Relevant Exchange" set out in the definition of "Underlying" in Condition 1 (Definitions), or 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 Underlying 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 Underlying on such temporary substitute exchange or quotation system as on the original Related Exchange)] *[Insert if "All Exchanges":* 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 Underlying];

**"Scheduled Closing Time"** means the scheduled weekday closing time of the relevant Exchange or Related Exchange, 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]] [is] [are] scheduled to be open for trading for [its] [their respective] regular trading session[s];]

**"Share"** means the or, as the case may be, each share specified in the definition of "Underlying" in Condition 1 (Definitions);

**"Share Company"** means, with respect to a Share, the issuer specified for such Share in the definition of "Underlying" in Condition 1 (Definitions); [and]]

*[If Valid Date is referred to in the definition of "Initial Reference Valuation Date", insert:*

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Valuation Date does not or is not deemed to occur; [and]]

**"Valuation Time"** means the time on the relevant Valuation Date [or any day on which a calculation or determination under a Certificate is made] or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange in relation to each 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.]

### 5.2 **Disrupted Day**

The Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition [11] (Notices) if a Disrupted Day has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of an event causing a Disrupted Day, have been required by the Conditions to determine the price or value of a Share.

**"Early Closure"** means 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 Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) 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;

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in relation to, or obtain market values for, the Shares on the relevant Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share(s) on any relevant Related Exchange;

**"Market Disruption Event"** means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during *[Insert if Knock-Out Event is applicable:* the regular trading session of the relevant Exchange prior to the occurrence of a Knock-Out Event or] the one hour period that ends at the Valuation Time, or (iii) an Early Closure;

**"Trading Disruption"** means 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

<sup>103</sup> If the Certificates relate to a Basket of shares and indices, the adjustment conditions for both shares and indices should be included. The numbering of the conditions and the relevant cross references should be amended accordingly.

Exchange or otherwise (i) relating to the Share on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

### 5.3 Potential Adjustment Events

Following the declaration by the Share Company of the terms of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share and, if so, will (i) make such adjustment, if any, to any one or more of the Conditions including, without limitation, any variable relevant to the exercise, settlement, payment or other terms of the relevant Certificates as the Calculation Agent determines to be appropriate to account for that diluting or concentrative effect and (ii) determine the effective date(s) of such adjustment(s).

**"Extraordinary Dividend"** means the dividend per Share, or portion thereof, which the Calculation Agent determines should be characterised as an Extraordinary Dividend.

**"Potential Adjustment Event"** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Share (unless resulting in a Merger Event), or a free distribution or dividend of any such Share to existing holders by way of bonus, capitalisation or similar issue; or
- (b) a distribution, issue or dividend to existing holders of the relevant Share of (i) such Share, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Share, or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; or
- (c) an Extraordinary Dividend; or
- (d) a call by the Share Company in respect of relevant Share that are not fully paid; or
- (e) a repurchase by the Share Company or any of its subsidiaries of relevant Share whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (f) in respect of the Share Company, 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 the Share Company 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, warrants, 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
- (g) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Share[.]; or
- (h) **[Insert any other event specific events.]**

### 5.4 Correction of share prices

If any price published on the Exchange and which is utilised by the Calculation Agent for any calculation or determination (the **"Original Determination"**) under the Certificates is subsequently corrected and the correction (the **"Corrected Value"**) is published by the Exchange within [●] [calendar days] [Business Days]<sup>104</sup> after the original publication and prior to the Valuation Date [or the last occurring Valuation Date], then the Calculation Agent will notify the Issuer of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the **"Replacement Determination"**) using the Corrected Value. 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.

### 5.5 [European currency related adjustments

If any Underlying was originally quoted, listed and/or dealt in a currency of a member state of the European Union that has not adopted the single currency in accordance with the EC Treaty, and are at any time thereafter quoted, listed and/or dealt exclusively in euro on the Exchange or, where the Exchange is not an exchange, the principal market on which such Underlying are traded, the Calculation Agent will adjust any amount or quantity that is payable or deliverable in respect of the Certificates and/or any other settlement, payment or other terms of the Certificates as the Calculation Agent determines appropriate to preserve the economic terms of the Certificates. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 5.5 will affect the currency denomination of any payment obligations of the Issuer under the Certificates.]

### 5.6 Extraordinary Events

- (a) Merger Event or Tender Offer
  - (i) Following the occurrence of any Merger Event or Tender Offer, the Issuer will determine whether or not the relevant Certificates shall continue.
  - (ii) If the Issuer determines that the relevant Certificates shall continue, the Calculation Agent may make such adjustment, if any, to any one or more of the Conditions including, without limitation, any variable

<sup>104</sup> Alternatively, the definition of "Settlement Cycle" can be imported from ISDA Equity Derivative Definitions 2002.

relevant to the exercise, settlement, payment or other terms of the relevant Certificates and/or any other adjustment [*Insert if Basket of Shares*; (including without limitation, the cancellation of terms applicable in respect of Shares affected by the relevant Merger Event or Tender Offer)] which adjustment shall be effective on such date as the Calculation Agent shall determine.

- (iii) If the Issuer determines that the relevant Certificates shall be terminated, then the relevant Certificates shall cease to be exercisable as of the Merger Date (in the case of a Merger Event) or Tender Offer Date (in the case of a Tender Offer) (or, in the case of any Certificates which have been exercised but remain unsettled, the entitlements of the respective exercising Certificateholders to receive Physical Settlement Amount and/or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of the Merger Event Settlement Amount (as defined below) (in the case of a Merger Event) or Tender Offer Settlement Amount (in the case of a Tender Offer).

**"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, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Share Company 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 Share Company or its subsidiaries with or into another entity in which the Share Company 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% of the outstanding Shares immediately following such event (a **"Reverse Merger"**), in each case if the Merger Date is on or before, [(A) in respect of Certificates where Settlement is Physical Settlement, the Settlement Date or, (B) in any other case, the Valuation Date [or the last occurring Valuation Date]].

**"Merger Event Settlement Amount"** means an amount which the Calculation Agent determines is the fair value to the Certificateholder of a Certificate with terms that would preserve for the Certificateholder the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Certificateholder would have been entitled under the relevant Certificate after that date but for the occurrence of the Merger Event less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent.

**"Tender Offer"** means, in respect of any Shares, as determined by the Calculation Agent 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% and less than 100% of the outstanding voting shares of the Share Company, 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.

**"Tender Offer Date"** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained, as determined by the Calculation Agent.

**"Tender Offer Settlement Amount"** means an amount which the Calculation Agent determines is the fair value to the Certificateholder of a Certificate with terms that would preserve for the Certificateholder the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Certificateholder would have been entitled under the relevant Certificate after that date but for the occurrence of the Tender Offer, less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent.

- (b) Nationalisation, Insolvency or Delisting

(i) If in the determination of the Calculation Agent:

- (A) all the Shares or all or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**"); or
- (B) by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency, dissolution or winding-up of or any analogous proceeding affecting a Share Company, (1) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Shares of that Share Company become legally prohibited from transferring them ("**Insolvency**"); or
- (C) the Exchange announces that pursuant to the rules of such Exchange, the 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 any member state of the European Union) ("**Delisting**"),

then the Issuer will determine whether or not the Certificates shall continue.

- (ii) If the Issuer determines that the relevant Certificates shall continue, the Calculation Agent may make such adjustment, if any, to any one or more of the Conditions including, without limitation, any variable relevant to the exercise, settlement, payment or other terms of the relevant Certificates and/or any other adjustment [*Insert for Basket of Shares*: (including without limitation, the cancellation of terms applicable in respect of any Share affected by the relevant Additional Disruption Event)] which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (iii) If the Issuer determines that the relevant Certificates shall be terminated, then the relevant Certificates shall cease to be exercisable (or, in the case of any Certificates which have been exercised but remain unsettled, the entitlements of the respective exercising Certificateholders to receive Physical Settlement Amount or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) as of the Announcement Date and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of an amount which the Calculation Agent determines is the fair value to the Certificateholder of a Certificate with terms that would preserve for the Certificateholder the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Certificateholder would have been entitled under the relevant Certificate after that date but for the occurrence of such Nationalisation, Insolvency or Delisting, less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent.
- (iv) For the purposes hereof, "**Announcement Date**" means, as determined by the Calculation Agent: (i) in the case of a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (ii) in the case of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency and (iii) in the case of a Delisting, the date of the first public announcement by the Exchange that the Shares will cease to be listed, traded or publicly quoted in the manner described in (a)(iii) above. In respect of any such event, if the announcement of such event is made after the actual closing time for the regular trading session on the relevant Exchange, without regard to any after hours or any other trading outside of regular trading session hours, the Announcement Date shall be deemed to be the next following Scheduled Trading Day.]

## 5.7 Additional Disruption Events

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will determine whether or not the relevant Certificates shall continue.
- (b) If the Issuer determines that the relevant Certificates shall continue, the Calculation Agent may make such adjustment, if any, to any one or more of the Conditions including, without limitation, any variable relevant to the exercise, settlement, payment or other terms of the relevant Certificates and/or any other adjustment (including without limitation, the cancellation of terms applicable in respect of any Share affected by the relevant Additional Disruption Event) which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (c) If the Issuer determines that the relevant Certificates shall be terminated, then the relevant Certificates shall cease to be exercisable (or, in the case of any Certificates which have been exercised but remain unsettled, the entitlements of the respective exercising Certificateholders to receive Physical Settlement Amount or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of an amount which the Calculation Agent determines is the fair value to the Certificateholder of a Certificate with terms that would preserve for the Certificateholder the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Certificateholder would have been entitled under the relevant Certificate after that date but for the occurrence of such termination, less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent.
- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Calculation Agent of the occurrence of an Additional Disruption Event.
- (e) As used herein,

"**Additional Disruption Event**" means a Change of Law, Hedging Disruption, Increased Cost of Hedging or Loss of Stock Borrow and [*insert any other Additional Disruption Event*];

"**Change in Law**" means that, on or after the [Trade Date] (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 good faith that (X) it has

become illegal for the Issuer or an Affiliate to hold, acquire or dispose of Shares relating to the relevant Certificates, or (Y) the Issuer and/or (in the case of any related hedging transaction) an Affiliate will incur a materially increased cost in performing its obligations under the Certificates [or any related hedging transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) and the Issuer or such Affiliate is unable, after using commercially reasonable efforts, to effect or acquire any alternative transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the relevant Certificates and which will enable the Issuer or its Affiliate to avoid such illegality or material increased cost];

"**Hedging Disruption**" means that [the Issuer or any Affiliate] 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) which the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the relevant Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

"**Increased Cost of Hedging**" means that [the Issuer or any Affiliate] 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 risk of entering into 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 shall not be deemed an Increased Cost of Hedging; and

"**Loss of Stock Borrow**" means that the Issuer or an Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) Shares with respect to the relevant Certificates in an amount which the Issuer deems necessary to hedge the risk of entering into and performing its obligations with respect to the Certificates (not to exceed the number of Shares underlying the Certificates) at a rate as determined by the Issuer.]

## 6. **[INSERT FOR INDICES]: ADJUSTMENT PROVISIONS**

*[Insert if the Certificates relate to a Basket of shares and indices: This Condition [6] shall apply to each Underlying which is an index.]*<sup>105</sup>

### 6.1 **Definitions**

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of each Underlying is a single exchange, a trading system or a quotation system (i.e. none of the Underlyings is a multi-exchange index) insert:]*

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

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of one or more Underlyings is more than one exchange, trading system or quotation system (i.e. a multi-exchange index):]*

"**Disrupted Day**" means any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.]

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of each Underlying is a single exchange, a trading system or a quotation system (i.e. none of the Underlyings is a multi-exchange index) insert:]*

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

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of one or more Underlyings is more than one exchange, trading system or quotation system (i.e. a multi-exchange index):]*

"**Exchange Business Day**" means any Scheduled Trading Day on which [the] [each] Index Sponsor publishes the level of the Index [and each Related Exchange] [is] [are] open for trading during [its] [their respective] regular trading session[s], notwithstanding any such Exchange [or Related Exchange] closing prior to its Scheduled Closing Time;]

"**Index**" means, subject to the Conditions, the or, as the case may be, each index specified in the definition of "Underlying" in Condition 1 (Definitions);

"**Index Sponsor**" means, in respect of 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 the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day;]

*[If the definition of "Initial Reference Valuation Date" refers to "Initial Reference Valid Date", insert:]*

"**Initial Reference Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

"**Related Exchange**" means, with respect to an Underlying, *[Insert if not "All Exchanges":* the Related Exchange specified for such Underlying in the "Related Exchange" set out in the definition of "Underlying" in Condition 1 (Definitions), or any

<sup>105</sup> If the Certificates relate to a Basket of shares and indices, the adjustment conditions for both shares and indices should be included. The numbering of the conditions and the relevant cross references should be amended accordingly.

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 Underlying 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 Underlying on such temporary substitute exchange or quotation system as on the original Related Exchange) *[Insert if "All Exchanges": 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 Underlying];*

"**Scheduled Closing Time**" means the scheduled weekday closing time of the relevant Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours;

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of each Underlying is a single exchange, a trading system or a quotation system (i.e. none of the Underlyings is a multi-exchange index) insert:*

"**Scheduled Trading Day**" means any day on which each Exchange [and each Related Exchange] [is] [are] scheduled to be open for trading for [its] [their respective] regular trading session[s];]

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of one or more Underlyings is more than one exchange, trading system or quotation system (i.e. a multi-exchange index):*

"**Scheduled Trading Day**" means any day on which each Index Sponsor is scheduled to publish the level of the Index [and each Related Exchange] [is] [are] scheduled to be open for trading for [its] [their respective] regular trading session[s];]

*[If the definition of "Valuation Date" refers to "Valid Date", insert:*

"**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Valuation Date does not or is not deemed to occur; [and]]

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of each Underlying is a single exchange, a trading system or a quotation system (i.e. none of the Underlyings is a multi-exchange index) insert:*

"**Valuation Time**" means the time on the relevant Valuation Date [or any day on which a calculation or determination under a Certificate is made] or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange in relation to each Index 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.]

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of one or more Underlyings is more than one exchange, trading system or quotation system (i.e. a multi-exchange index):*

"**Valuation Time**" means:

- (a) for the purposes of determining whether a Market Disruption Event has occurred: (i) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component, and (ii) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and
- (b) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsors.]

## 6.2 Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition [11] (Notices) if a Disrupted Day has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of an event causing a Disrupted Day, have been required by the Conditions to determine the level of an index.

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of each Underlying is a single exchange, a trading system or a quotation system (i.e. none of the Underlyings is a multi-exchange index) insert:*

"**Early Closure**" means the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities [or other property] that comprise(s) 20 percent 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 Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) 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;

"**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in relation to, or obtain market values for, securities [or other property] that comprise(s) 20 percent or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant Related Exchange;

"**Market Disruption Event**" means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during *[Insert if Knock-Out Event is applicable: the regular trading session of the relevant Exchange prior to the occurrence of a Knock-Out Event or]* the one hour period that ends at the Valuation Time, or (iii) an Early Closure.

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 [or other property] included in the Index at any time, then the relevant percentage contribution of that security [or other property] to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security [or other property] and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event;

"**Trading Disruption**" means 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 (i) on any relevant Exchange(s) relating to securities [or other property] that comprise(s) 20 percent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.]

*[If the Certificates relate to an Index or a Basket of Indices and the Exchange in respect of one or more Underlyings is more than one exchange, trading system or quotation system (i.e. a multi-exchange index):*

"**Early Closure**" means the closure on any Exchange Business Day of the relevant Exchange in respect of any Component or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day;

"**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) any Component on the Exchange in respect of such Component; or (ii) futures or options contracts relating to the Index on the Related Exchange;

"**Market Disruption Event**" means:

- (a) either:
  - (i) the occurrence or existence, in respect of any Component, of (A) a Trading Disruption, (B) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during *[Insert if Knock-Out Event is applicable]*: the regular trading session of the relevant Exchange prior to the occurrence of a Knock-Out Event or] the one hour period that ends at the Valuation Time in respect of the Exchange on which such Component is principally traded, or (C) an Early Closure; and
  - (ii) the aggregate of all Components in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
- (b) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during *[Insert if Knock-Out Event is applicable]*: the regular trading session of the relevant Related Exchange prior to the occurrence of a Knock-Out Event or] the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component at any time, if a Market Disruption Event occurs in respect of such Component at that time, then the relevant percentage contribution of that Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

"**Trading Disruption**" means any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to any Component on the Exchange in respect of such Component; or (ii) in futures or options contracts relating to the Index on the Related Exchange.]

### 6.3 Correction of Index Levels

If any level of an index published by the Index Sponsor and which is utilised by the Calculation Agent for any calculation or determination (the "**Original Determination**") under the Certificates is subsequently corrected and the correction (the "**Corrected Value**") is published by the Index Sponsor within [●] [calendar days] [Business Days]<sup>106</sup> after the original publication and prior to the Valuation Date [or the last occurring Valuation Date], then the Calculation Agent will notify the Issuer of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the "**Replacement Determination**") using the Corrected Value. 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.]

### 6.4 [European currency related adjustments

If any Underlying was originally quoted, listed and/or dealt in a currency of a member state of the European Union that has not adopted the single currency in accordance with the EC Treaty, and are at any time thereafter quoted, listed and/or dealt exclusively in euro on the Exchange or, where the Exchange is not an exchange, the principal market on which such Underlying are traded, the Calculation Agent will adjust any amount or quantity that is payable or deliverable in respect of the Certificates and/or any other settlement, payment or other terms of the Certificates as the Calculation Agent determines appropriate to preserve the economic terms of the Certificates. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition [6.4] will affect the currency denomination of any payment obligations of the Issuer under the Certificates.]

<sup>106</sup> Alternatively, the definition of "Settlement Cycle" can be imported from ISDA Equity Derivative Definitions 2002.

## 6.5 Additional Disruption Events

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will determine whether or not the relevant Certificates shall continue.
- (b) If the Issuer determines that the relevant Certificates shall continue, the Calculation Agent may make such adjustment, if any, to any one or more of the Conditions including, without limitation, any variable relevant to the exercise, settlement, payment or other terms of the relevant Certificates and/or any other adjustment (including without limitation, the cancellation of terms applicable in respect of any Index affected by the relevant Additional Disruption Event) which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (c) If the Issuer determines that the relevant Certificates shall be terminated, then the relevant Certificates shall cease to be exercisable (or, in the case of any Certificates which have been exercised but remain unsettled, the entitlements of the respective exercising Certificateholders to receive Physical Settlement Amount or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of an amount which the Calculation Agent determines is the fair value to the Certificateholder of a Certificate with terms that would preserve for the Certificateholder the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Certificateholder would have been entitled under the relevant Certificate after that date but for the occurrence of such termination, less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent.
- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Calculation Agent of the occurrence of an Additional Disruption Event.
- (e) As used herein,

"**Additional Disruption Event**" means a Change of Law, Hedging Disruption, Increased Cost of Hedging or Loss of Stock Borrow and *[insert any other Additional Disruption Event]*;

"**Change in Law**" means that, on or after the [Trade Date] (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 good faith that (X) it has become illegal for the Issuer or an Affiliate to hold, acquire or dispose of Hedge Positions relating to the relevant Certificates, or (Y) the Issuer and/or (in the case of any related hedging transaction) an Affiliate will incur a materially increased cost in performing its obligations under the Certificates [or any related hedging transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) and the Issuer or such Affiliate is unable, after using commercially reasonable efforts, to effect or acquire any alternative transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the relevant Certificates and which will enable the Issuer or its Affiliate to avoid such illegality or material increased cost];

"**Component**" means, in respect of an Index, any securities comprising such Index;

"**Hedge Positions**" means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, the Certificates;

"**Hedging Disruption**" means that the Issuer or any Affiliate 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) which the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the relevant Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

"**Increased Cost of Hedging**" means that the Issuer or any Affiliate 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 risk of entering into 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 shall not be deemed an Increased Cost of Hedging; and

"**Loss of Stock Borrow**" means that the Issuer or an Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) Hedge Positions with respect to the relevant Certificates in an amount which the Issuer deems necessary to hedge the risk of entering into and performing its obligations with respect to the Certificates (not to exceed the number of Hedge Positions relating to the Certificates) at a rate as determined by the Issuer.

## 6.6 Index Succession and Adjustment

- (a) Successor 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 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) Index Adjustment Events

If:

- (i) on or prior to the last occurring Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that 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 securities (or other property) and capitalisation and other routine events) (an "**Index Modification**") or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**"); or
- (ii) on any day on which a calculation or determination under a Certificate is made, the 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 (A) in the case of an Index Modification or an Index Disruption, the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Certificates and, if so, shall calculate the relevant Reference Level using, in lieu of a published level for that Index, the level for that Index as at the relevant date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change, failure or cancellation, but using only those securities or other property that comprised that Index immediately prior to that Index Adjustment Event and (B) in the case of an Index Cancellation, the Issuer may, at any time thereafter and determine that the Certificates shall be terminated as of any later date. If the Issuer so determines that the Certificates shall be terminated, then the Certificates shall cease to be exercisable (or, in the case of any Certificates which have been exercised, the entitlements of the respective exercising Certificateholders to receive the Physical Settlement Amount and/or payment of the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) as of such later date and the Issuer will pay an amount which the Calculation Agent determines is the fair value to the Certificateholder of a Certificate with terms that would preserve for the Certificateholder the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Certificateholder would have been entitled under the relevant Certificate after that date but for the occurrence of such termination, less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent. The Issuer's obligations under the Certificates shall be satisfied in full upon payment of such amount. If the Issuer determines that the relevant Certificates shall continue, the Calculation Agent may make such adjustment as the Calculation Agent considers appropriate, if any, to any variable relevant to the exercise, settlement, or payment terms of the relevant Certificates and/or any other adjustment (including without limitation, the substitution of the Index) which adjustment shall be effective on such date as the Calculation Agent shall determine.]

## 7. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

### 7.1 Redenomination

The Issuer may, without the consent of any Certificateholder, on giving notice to the Certificateholders in accordance with Condition [11] (Notices) elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Certificates shall be redenominated in euro. The election will have effect as follows:

- (a) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, 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 and as may be specified in the notice, and after the Adjustment Date, all payments 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 Conditions contain a rate of exchange or any of the Conditions are expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and
- (c) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.

### 7.2 Adjustment to Conditions

The Issuer may, without the consent of the Certificateholders, on giving notice to the Certificateholders in accordance with Condition [11] (Notices) make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

### 7.3 Euro Conversion Costs

Notwithstanding Condition [7.1] (Redenomination) and/or Condition [7.2] (Adjustment to Conditions), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Certificateholder 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.

### 7.4 Definitions Relating to European Economic and Monetary Union

In this Condition [7] (Adjustments for European Monetary Union), the following expressions have the meanings set out below.

**"Adjustment Date"** means a date specified by the Issuer in the notice given to the Certificateholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**"Established Rate"** means the rate for the conversion of the Original Currency or, as the case may be, the Settlement 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 123 of the Treaty;

**"National Currency Unit"** means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

**"Treaty"** means the treaty establishing the European Community, as amended.

## 8. AGENTS, CALCULATION AGENT AND DETERMINATIONS

### 8.1 Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional Agents, provided that (i) no termination of appointment of the [Principal] Agent shall become effective until a replacement [Principal] Agent shall have been appointed; [and]<sup>107</sup> (ii) [no termination of appointment of the German Agent shall become effective until a replacement German Agent shall have been appointed and (iii)]<sup>107</sup> if and to the extent that any of the Certificates are listed on any stock exchange or are admitted to trading by another relevant authority there shall be an Agent having a specified office in each country if so required by the rules and regulations of each such stock exchange or other relevant authority. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Certificateholders in accordance with Condition [11] (Notices). Each 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 Certificateholders. Any calculations or determinations in respect of the Certificates made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Certificateholders.

### 8.2 Calculation Agent

The Calculation Agent shall undertake the duties of calculation agent in respect of the Certificates unless a successor Calculation Agent is appointed in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent, provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any such termination or appointment will be given to the Certificateholders in accordance with Condition [11] (Notices).

The Calculation 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 Certificateholders. Any calculations or determinations in respect of the Certificates made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Certificateholders. The Calculation Agent shall not have any responsibility for any errors or omissions in any such calculations or determinations.

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.

### 8.3 Determinations by the Issuer

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

## 9. TAXATION AND CERTIFICATEHOLDER EXPENSES

### 9.1 A Certificateholder subscribing, purchasing or exercising a Certificate shall pay all applicable stamp tax, stamp duty reserve tax, estate, inheritance, gift, transfer, capital gains, corporation, income, property, withholding or other taxes and any duties, charges or expenses payable in connection with the subscription, issue, purchase or exercise of such Certificate and any payment and/or delivery as a result of such exercise ("Certificateholder Expenses"). This Issuer shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to a Certificateholder such

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<sup>107</sup> Insert if the Clearing System is Clearstream Banking AG.

**amount as is necessary for the payment of any such Certificateholder Expenses and/or require reimbursement in accordance with Condition [9.2] below.**

9.2 In any case where the Issuer is obliged to pay any Certificateholder Expenses referred to in Condition [9.1] above, the relevant Certificateholder shall promptly reimburse the Issuer therefor.

9.3 The Issuer shall not be liable for or otherwise be obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, issue, transfer exercise, settlement or enforcement of any Certificates and subject as provided in Condition [9.2] above, all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

## **10. ILLEGALITY**

The Issuer shall have the right to terminate the Certificates if it shall have determined, in its sole and absolute discretion, that its performance thereunder shall have become or will be unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation judgment, order to directive of any governmental, administrative, legislative or judicial authority or power ("**applicable law**").

In such circumstances the Issuer will, however, if and to the extent permitted by applicable law, pay to each Certificateholder in respect of each Certificate held by him an amount determined by the Calculation Agent as representing the fair market value of such Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer or any of its Affiliates of, or the loss realised by the Issuer or any of its Affiliates on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent. Payment will be made in such manner as shall be notified to the Certificateholders in accordance with Condition [11] (Notices).

## **11. NOTICES**

### **11.1 Validity**

Notices to the Certificateholders will be valid if delivered to the [Clearing System(s)][German Agent]<sup>108</sup> for communication by the [Clearing System(s)][ German Agent]<sup>108</sup> to the Certificateholders provided that so long as the Certificates are listed on any stock exchange or are admitted to trading by another relevant authority, any notice to the Certificateholders shall be published in accordance with the rules and regulations of each such stock exchange or other relevant authority. [In the Federal Republic of Germany it is expected that any notices to the Certificateholders will normally be published in the Börsen-Zeitung.]<sup>109</sup>

### **11.2 Delivery**

Notices given pursuant to Condition [11.1] above will become effective on, if delivered to the [Clearing System(s)][German Agent]<sup>110</sup>, the [fourth] day after such delivery to the [Clearing System or all the Clearing System (if more than one)] [German Agent]<sup>111</sup> or, if published (whether or not also so given), on the date of such publication, or, if published more than once, on the date of the first such publication or, if required to be published in more than one newspaper, on the date of the first such publication in all the required newspapers.

## **12. SEVERANCE**

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

## **13. MODIFICATION OF CONDITIONS**

The Issuer may, to the extent permitted by applicable law, modify the Conditions without the consent of the Certificateholders or any of them in any manner which the Issuer may deem reasonably necessary or desirable provided that such modification is not materially prejudicial to the interests of the Certificateholders or such modification is of a formal, minor or technical nature or intended to correct a manifest error or proven error or to cure, correct or supplement any defective provision contained therein. Notice of any such modification will be given to the Certificateholders in accordance with Condition [11] (Notices) but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## **14. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of Certificateholders or any of them to create and issue further securities so as to be consolidated and form a single series with the Certificates.

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<sup>108</sup> Insert Clearing System(s) if the Clearing System accepts notices (e.g. Euroclear or Clearstream, Luxembourg). Insert German Agent otherwise (e.g. Clearstream Banking AG).

<sup>109</sup> Insert if the Certificates are offered in Germany.

<sup>110</sup> Insert Clearing System(s) if the Clearing System accepts notices (e.g. Euroclear or Clearstream, Luxembourg). Insert German Agent otherwise (e.g. Clearstream Banking AG).

<sup>111</sup> Insert the first option (i.e. Clearing System(s) if the Clearing System accepts notices (e.g. Euroclear or Clearstream, Luxembourg). Insert German Agent otherwise (e.g. Clearstream Banking AG).

## 15. PURCHASES

The Issuer or any of 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 agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## 16. SUBSTITUTION

### 16.1 Substitution of Issuer

The Issuer shall be entitled at any time and from time to time, without the consent of the Certificateholders, to substitute any other member of the group comprising Morgan Stanley and any Affiliates (the "**New Issuer**") in its place as obligor under the Certificates, provided that the New Issuer shall assume all obligations of the Issuer in relation to the Certificateholders under or in relation to the Certificates. In the event of such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Such substitution shall be promptly notified to the Certificateholders in accordance with Condition [11] (Notices). In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of such right for individual Certificateholders in particular, without limitation, any consequences 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 Certificateholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax or other consequence of any such substitution upon such Certificateholder.

### 16.2 Replacement of Certificates

Should any Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the [Principal] [German] Agent (or such other place of which notice shall have been given in accordance with Condition [11] (Notices)) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and as to indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued

## 17. **[If the governing law is English law, insert:] RIGHTS OF THIRD PARTIES**

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.]

## 18. GOVERNING LAW AND PROCEEDINGS

**[If the governing law is English law, insert:]** The Certificates are governed by and shall be construed in accordance with English law. The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Certificates and the Issuer and the Certificateholders submit to the exclusive jurisdiction of the English courts. The Issuer and the Certificateholders waive any objection to the English courts on grounds that they are inconvenient or inappropriate forum to settle any such dispute.]

**[If the governing law is German law, insert:]**

### 18.1 Applicable Law

The Certificates are governed by and shall be construed in accordance with German law.

### 18.2 Submission to Jurisdiction

The courts in Frankfurt am Main shall have exclusive jurisdiction for any action or other legal proceedings (**Proceedings**) arising out of or in connection with the Certificates which are brought by merchants (*Kaufleute*), legal entities under public law (*juristische Personen des öffentlichen Rechts*), special assets under public law (*öffentlich-rechtliche Sondervermögen*) and persons not subject to the general jurisdiction of the courts of Germany (*Personen ohne allgemeinen Gerichtsstand in Deutschland*). For Proceedings brought by other persons the courts of Frankfurt am Main shall have non-exclusive jurisdiction.

### 18.3 Process Agent

For any Proceedings instituted against the Issuer before the courts in Germany in connection with the Certificates, the Issuer hereby grants to Morgan Stanley Bank AG, Junghofstraße 13-15, 60311 Frankfurt am Main, Germany, the power of attorney to accept service of any process.]

**INFORMATION RELATING TO [THE] [EACH] UNDERLYING**

*[to be inserted<sup>112</sup>]*

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<sup>112</sup> Where Underlying(s) is/are well-known or standard share(s) or index/indices information in this section may be limited to (i) details of where past and future performance and volatility of [the] [each] Underlying can be obtained, (ii) clear and comprehensive explanation of how the investment is affected by [the] [each] Underlying and circumstances when risks are most evident and (iii) where relevant, the weightings of each Underlying. In all instances this section must comply with the requirements of Annex XII 4.2.2 of Regulation (EC) No. 809/2004.

## DESCRIPTION OF MORGAN STANLEY & CO. INTERNATIONAL PLC

### History and Development

The Issuer's legal and commercial name is Morgan Stanley & Co. International plc. The Issuer was incorporated in England and Wales with registered number 2068222 on 28 October 1986.

The Issuer was incorporated as a company limited by shares under the Companies Act 1985 and operates under the Companies Act 1985. The Issuer was re-registered as a public limited company on 13 April 2007. The Issuer's registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA and the telephone number of its registered office is +44 20 7425 8000.

The principal activity of the Issuer is the provision of a wide range of financial and securities services which includes capital raising; financial advisory services, including advice on mergers and acquisitions, restructurings, real estate and project finance; sales, trading, financing and market-making activities in equity securities and related products and fixed income securities and related products, including foreign exchange and commodities; research; and global wealth management.

The Issuer provides its products and services to corporations, governments, financial institutions and individual investors. The Issuer operates globally with a particular focus in Europe. It operates branches in Korea, France, Greece, the Netherlands, New Zealand, the Dubai International Financial Centre and Qatar Financial Centre.

### The Group

The Issuer's ultimate parent undertaking is Morgan Stanley. Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Morgan Stanley was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. Morgan Stanley conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the United States and its principal offices in London, Tokyo, Hong Kong and other world financial centers. At 30 November 2006, Morgan Stanley had 55,310 employees worldwide.

Morgan Stanley maintains significant market positions in each of its business segments—Institutional Securities, Global Wealth Management Group, Asset Management and Discover.

## GENERAL TAXATION

Purchasers of the Certificates may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Certificate.

**TRANSACTIONS INVOLVING THE CERTIFICATES MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING CERTIFICATES SHOULD CONSULT THEIR OWN TAX ADVISERS.**

Condition [9] ("Taxation and Certificate Expenses") on page [●] should be considered carefully by all potential purchasers of the Certificates.

## UNITED KINGDOM TAXATION

### UK Tax Considerations

**The following applies only to persons who are the beneficial owners of Certificates and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Prospective Certificateholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.**

### Withholding Tax

Payments under Certificates issued by the Issuer may be made without deduction of United Kingdom income tax where the payments are made in the ordinary course of the Issuer's business and otherwise where the payments are not regarded as interest for tax purposes.

### Stamp Duty and SDRT

#### *Issue*

No United Kingdom stamp duty will be payable in relation to the issue of cash settled or physically delivered Certificates.

No SDRT should be payable in relation to the issue (into Euroclear or Clearstream, Luxembourg) of cash settled Certificates where such Certificates qualify as loan capital, and do not carry rights to acquire shares or Certificates (by way of exchange, conversion or otherwise) and do not carry rights to a premium not reasonably comparable with amounts payable on Certificates listed on the London Stock Exchange.

SDRT at 1.5 per cent. of the consideration will be payable in relation to the issue (into Euroclear or Clearstream, Luxembourg) of a physically settled Certificate which gives the holder the right on exercise to acquire stock, shares or loan capital unless such stock, shares or loan capital would qualify as "exempt Certificates" or rights to a premium not reasonably comparable with amounts payable on Certificates listed on the London Stock Exchange.

#### *Transfer*

No United Kingdom stamp duty will be payable on transfers of Certificates provided no instruments of transfer are used to complete such sales. No United Kingdom stamp duty will be payable in relation to the redemption of a Certificate settled by way of cash payment.

No SDRT should generally be payable in relation to an agreement to transfer Certificates held within Euroclear or Clearstream, Luxembourg unless Euroclear or Clearstream, Luxembourg respectively has elected to operate the alternative system of charge for the purposes of SDRT.

#### *Exercise*

Depending upon the nature of the asset, United Kingdom stamp duty or SDRT may be required to be paid in relation to the transfer of an asset pursuant to a physical delivery Certificate. However, any such liability to SDRT should be cancelled (or, if already paid, should be repaid) if an instrument effecting the transfer is chargeable with stamp duty (or is otherwise required to be stamped) and has been duly stamped within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

### Reporting requirements

Certificateholders who are individuals may wish to note that HM Revenue & Customs (**HMRC**) has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays amounts payable on the exercise of Certificates to or receives such amounts for the benefits of an individual although HMRC published practice indicates that HMRC will not exercise its power to require this information where such amounts are paid on or before 5 April 2007. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Certificateholders is resident for tax purposes.

## LUXEMBOURG TAXATION

**The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Certificates should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.**

## **Withholding tax**

### *Residents*

Under Luxembourg tax laws currently in force, there is no withholding tax on payments of principal, premium or interest, nor on accrued but unpaid interest, in respect of the Certificates made to Luxembourg resident Certificateholders, nor is any Luxembourg withholding tax payable upon settlement or repurchase of the Certificates held by Luxembourg resident Certificateholders.

However, under the Luxembourg law of 23 December 2005 (the **Law**) payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Certificates coming within the scope of the Law would be subject to withholding tax of 10 per cent.

### *Non-Residents*

Under Luxembourg tax laws currently in force, there is no withholding tax on payments of principal, premium or interest nor on accrued but unpaid interest, in respect of the Certificate, made to non-resident Certificateholders nor is any Luxembourg withholding tax payable upon settlement or repurchase of the Certificates held by non-resident Certificateholders.

However, under the Luxembourg laws of 21 June 2005 (the **Laws**), implementing the EU Savings Directive (as defined below) and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State other than Luxembourg or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of their country of residence or establishment, or in the case of an individual beneficial owner, has provided a tax certificate from their fiscal authority in the format required by law to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Certificates coming within the scope of the Laws would at present be subject to a withholding tax of 15 per cent.

When used in the preceding paragraph "interest" and "paying agent" have the meaning given thereto in the Law (or the relevant related Accords). "Interest" will include accrued and capitalised interest as at the sale, repayment or settlement of the Certificates. "Paying agent" is defined broadly for this purpose and in the context of the Certificates means any economic operator established in Luxembourg who pays interest on the Certificates to or ascribes the payment of such interest to or for the immediate benefit of the beneficial owner, whether the operator is, or acts on behalf of, the Issuer or is instructed by the beneficial owner to collect such payment of interest.

Payments of interest or similar income under the Certificates to Euroclear or Clearstream, Luxembourg and payments by or on behalf of Euroclear or Clearstream, Luxembourg to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

### *Income Taxation Certificateholders*

A Luxembourg Certificateholders that is governed by the law of 31 July 1929, on pure holding companies, as amended, by laws of 30 March 1988 and 20 December 2002 on undertakings for collective investment, as amended, or that is a capital company governed by the law of 15 June 2004 on venture capital vehicles is not subject to Luxembourg income tax in respect of gains realised on the exercise of the transfer of Certificates.

A corporate Certificateholders, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Certificates are attributable, must include any gain realised on the exercise or the transfer of Certificates in its taxable income for Luxembourg income assessment purposes. The same obligation applies to an individual Certificateholders, acting in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Certificates are attributable.

Where the Certificates are physical delivery certificates with an underlying of shares and the Issue Price is lower than the fair market value of the shares, the differential will not be taxable at the moment of the delivery of the Shares in the hands of a corporate Certificateholders or an undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Certificates are attributable. However, a gain realised upon a subsequent disposal of the shares (i.e., the difference between the acquisition value of the shares, which is the aggregate of the Issue Price and the sale price of the shares) must be included in its taxable income for Luxembourg income tax assessment purposes, unless such gain is tax exempt under the Luxembourg participation exemption.

Gains realised by an individual Certificateholders, acting in the course of the management of his/her private wealth, who is resident in Luxembourg for tax purposes, upon the sale or disposal of Certificates, is not subject to Luxembourg income tax, provided such sale or disposal took place more than six months after the Certificates were acquired.

Where the Certificates are physical delivery certificates with an underlying of shares and the Issue Price is lower than the fair market value of the shares, the differential will not be taxable in the hands of an individual Certificateholders, acting in the course of the management of his/her private wealth, who is a resident in Luxembourg for tax purposes. A gain realised upon the subsequent disposal of the shares (i.e., the difference between the acquisition value of the shares, which is the aggregate of the Issue Price and the sale price) must be included in its taxable income for Luxembourg income tax assessment purposes provided such sale or disposal took place more than six months after the delivery of the shares or units, except where the holder holds directly or indirectly a substantial participation in an issuing company.

## Net Wealth Taxation of Certificateholders

Any Certificateholders, whether such holder is resident in Luxembourg for tax purposes or such holder maintains a permanent establishment or a fixed place of business in Luxembourg to which the Certificates are attributable, is subject to Luxembourg wealth tax on such Certificates, except if the Certificateholders is governed by the law of 31 July 1929, on pure holding companies, as amended, or by the laws of 30 March 1988 and 20 December 2002 on undertakings for collective investment, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles.

### Other Taxes

Neither the issuance nor the transfer of Certificates will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

Where a Certificateholders is a resident of Luxembourg for tax purposes at the time of his death, the Certificates are included in his taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Certificates if embodied in a Luxembourg deed or recorded in Luxembourg.

## AUSTRIAN TAXATION

**This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in Austria in connection with the purchase, holding or sale of the Certificates. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. It is based on the currently valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential purchasers of the Certificates consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Certificates. Tax risks resulting from the Certificates (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 42(1) of the Austrian Investment Funds Act) shall in any case be borne by the purchaser. In general, it has to be noted that the Austrian tax authorities have a rather critical attitude towards structured products which may also give rise to tax benefits.**

### General

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

### Income tax

In general, the Certificates qualify as bonds (*Forderungswertpapiere*) in the sense of sec. 93(3) of the Austrian Income Tax Act (*Einkommensteuergesetz*).

Individuals subject to unlimited income tax liability in Austria holding bonds in the sense of sec. 93(3) of the Austrian Income Tax Act as a non-business asset (*Privatvermögen*) are subject to income tax on all resulting interest payments (which term also encompasses the difference between the redemption price and the issue price) pursuant to sec. 27(1)(4) and sec. 27(2)(2) of the Austrian Income Tax Act. If such interest is paid out by an Austrian paying agent (*kuponauszahlende Stelle*) then the payments are subject to a withholding tax of 25 per cent. No additional income tax is levied over and above the amount of tax withheld (final taxation; *Endbesteuerung*) in case the bonds are legally and factually offered to an indefinite number of persons. If interest payments are not effected through an Austrian paying agent, a flat income tax rate of 25 per cent. applies in case the bonds are in addition legally and factually offered to an indefinite number of persons. Since in this case no withholding tax is levied, interest payments must be included in the income tax return of the investor. If the bonds are not legally and factually offered to an indefinite number of persons then the interest payments must be included in the investor's income tax return and are subject to income tax at a marginal rate of up to 50 per cent., any withholding tax being creditable against the income tax liability.

Individuals subject to unlimited income tax liability in Austria holding bonds as a business asset (*Betriebsvermögen*) are subject to income tax on all resulting interest payments (which term also encompasses the difference between the redemption price and the issue price). Such interest payments are subject to a withholding tax of 25 per cent. in case they are paid out by an Austrian paying agent. No additional income tax is levied over and above the amount of tax withheld (final taxation) in case the bonds are legally and factually offered to an indefinite number of persons. If interest payments are not effected through an Austrian paying agent, a flat income tax rate of 25 per cent. applies in case the bonds are in addition legally and factually offered to an indefinite number of persons. Since in this case no withholding tax is levied, interest payments must be included in the income tax return of the investor. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments must be included in the investor's income tax return and are subject to income tax at a marginal rate of up to 50 per cent., any withholding tax being creditable against the income tax liability.

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on all interest payments (which term also encompasses the difference between the redemption price and the issue price) resulting from bonds at a rate of 25 per cent. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied.

Private foundations (*Privatstiftung*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in sec. 13(1) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*) and holding bonds as a non-business asset are subject to corporate income tax (interim taxation; *Zwischenbesteuerung*) on all resulting interest payments received (which term also encompasses the difference between the redemption price and the issue price) pursuant to sec. 13(3)(1) of the Austrian Corporate Income Tax Act at a rate of 12.5 per cent. in case the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments are subject to corporate income tax at a rate of 25 per cent. Under the conditions set forth in sec. 94(11) of the Austrian Income Tax Act no withholding tax is levied.

Individuals subject to limited income tax liability in Austria holding bonds in the meaning of sec. 93(3) of the Austrian Income Tax Act are subject to income tax at a rate of 25 per cent. on all resulting interest payments (which term also encompasses the difference between the redemption price and the issue price) in Austria if – broadly speaking – the bonds are attributable to an Austrian permanent establishment (*Betriebsstätte*) of the investor. The same applies with respect to corporations subject to limited corporate income tax liability in Austria, the tax rate also being 25 per cent. If interest received by non-resident individuals and corporations is not subject to (corporate) income tax but if at the same time it is subject to withholding by virtue of an Austrian paying agent, the withholding tax will be refunded upon the investor's application. The Austrian Ministry of Finance has also provided for the possibility for the non-resident investor to furnish proof of non-residency, in which case the Austrian paying agent may refrain from withholding in the first place.

Pursuant to sec. 42(1) of the Austrian Investment Funds Act (*Investmentfondsgesetz*), a foreign investment fund (*ausländischer Investmentfonds*) is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. This term, however, does not encompass collective real estate investment vehicles pursuant to sec. 14 of the Austrian Capital Markets Act (*Kapitalmarktgesetz*). It should be noted that the Austrian tax authorities have commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations (*Investmentfondsrichtlinien*). Pursuant thereto, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Pursuant to this view, in all other cases a foreign investment fund would have to be assumed.

#### **EU withholding tax**

Sec. 1 of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*) – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State is subject to a withholding tax if no exception from such withholding applies. Currently, the withholding rate amounts to 15 per cent. Regarding the issue of whether also index certificates are subject to the EU withholding tax, the Austrian tax authorities distinguish between index certificates with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest. The exact tax treatment of index certificates furthermore depends on their underlying.

#### **Austrian inheritance and gift tax**

Pursuant to the Austrian Inheritance and Gift Tax Act (*Erbschafts- und Schenkungssteuergesetz*), transfers of assets *inter vivos* and *inter mortuos* are taxable. Sec. 15(1)(17) of the Austrian Inheritance and Gift Tax Act provides for a tax exemption in the case of a transfer of bonds *inter mortuos* insofar as the bonds were legally and factually offered to an indefinite number of persons and insofar as the interest resulting from the bonds is subject to either final taxation or to the special tax rate of 25 per cent.

#### **GERMAN TAXATION**

**The following is a general discussion of certain German tax consequences of the acquisition and ownership of the Certificates. It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Certificates, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser (including the tax consequences of holding the Certificates for companies, investment funds and other tax exempt entities). This summary is based on the laws of Germany currently in force and as applied on the date of this document, which are subject to change, possibly with retroactive or retrospective effect.**

**Prospective purchasers of Certificates are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Certificates, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents.**

#### *Tax Residents*

Provided the Certificates do not qualify as financial innovations (as discussed below) capital gains from the disposition of the Certificates that do not form part of the property of a trade or business by German tax-resident individuals (i.e. persons whose residence or habitual abode is located in Germany) are subject to German personal income tax (plus 5.5 per cent. solidarity surcharge and, if applicable, church tax on such tax) if the Certificates are disposed of within one year as of their acquisition.

Capital gains are computed as the difference between the disposal price or the redemption price, respectively, over the issue price or the acquisition costs and transaction fees. All capital gains and all losses derived from such dispositions are netted for each calendar year. If the

balance is a capital gain exceeding 512 EUR the balance is fully taxable. To the extent the balance is negative this loss can only be offset against capital gains derived in the preceding year. If this is not possible or desired the loss can be carried forward and – subject to further requirements – and set off against future capital gains but no other income.

If the Certificates form part of the property of a trade or business any gain derived by a holder resident in Germany will be subject to German income tax (plus solidarity surcharge at a rate of 5.5 per cent. and, if applicable, church tax thereon) and – generally also – trade tax, regardless of the holding period or size of the gain. Whether and to what extent losses are deductible can only be determined on a case by case basis.

If the Certificates qualify as financial innovations (i.e. if a repayment of principal or a consideration for the use of capital is expressly or de facto promised or granted) a payment of consideration and a gain from the disposition or redemption of a Certificate would be characterised as interest income and would be taxable regardless of the holding period. In addition, withholding tax at a rate of 30 per cent. ( plus solidarity surcharge at a rate of 5.5 per cent. thereon) will apply to such gain or if the Certificates have not been kept in a custodial account with the same disbursing agent since the time of issuance or acquisition to 30 per cent. of the redemption or sale proceeds.

#### *Non-residents*

In general, a Certificate holders that is not tax resident in Germany is subject to German payments of consideration or taxation on gains from the disposition of Certificates and potentially withholding tax only under certain circumstances, e.g. if the Certificates form part of the business property of a permanent establishment, including a permanent representative, maintained in Germany by the Certificateholders. In other cases the non-resident may still be required to properly document his non-resident status to a German custodian.

#### *Tax Reform*

On 25 May 2007, the German Parliament (*Bundestag*) approved legislation that shall significantly change the taxation of investment income derived by German-resident individuals holding Certificates as non-business assets. The legislation still requires the consent of the Council of States (*Bundesrat*). Pursuant to the bill a German custodian shall have to withhold tax at a rate of 25 per cent. (plus the solidarity surcharge and, if applicable, church tax thereon) from capital gains, regardless of the holding period and whether or not the Certificates qualify as financial innovations. In general, this withholding tax shall also settle the income tax liability of such taxpayer. Alternatively, a taxpayer may ask for an assessment to tax if his or her individual tax rate is lower than 25 per cent. The new rules shall apply to capital gains derived from the sale or settlement of Certificates after 30 June 2009 regardless of their time of acquisition.

#### *Inheritance and Gift Tax*

No inheritance or gift taxes with respect to any Certificate will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Certificate is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

#### *Other Taxes*

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Certificates. Currently, net assets tax is not levied in Germany.

#### *EU Savings Tax Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

By legislative regulations dated 26 January 2004 the Federal Government enacted provisions implementing the Directive into German law. These provisions apply from 1 July 2005.

#### *No gross-up for taxes withheld*

Purchasers of the Certificates should note that under section 8.3 of the Conditions the Issuer will neither assume any liability for taxes withheld from payments under the Certificates, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply in case a withholding tax is imposed.

## **ITALIAN TAXATION**

**The following summary of certain tax issues that may arise as a result of holding the Certificates is based on current Italian tax legislation and is intended only as general information for Certificateholders. It is recommended that prospective applicants for the Certificates consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding the Certificates, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.**

All payments in respect of the Certificates by or on behalf of the Issuer would not be subject to any Italian withholding taxes or the withholding taxes of any other EU member state except for Austria, Belgium and Luxembourg.

In the near future, with the approval of the law proposal 4 October 2006, No. 1762, the Italian Government could be authorised by the Parliament to amend the tax treatment of financial income, introducing an only 20 per cent. harmonised withholding tax on financial incomes, which may impact upon the tax regime of the Certificates.

### **Taxation in the Republic of Italy**

The following is a summary of current Italian law and practise relating to the taxation of the Certificates. The statements herein regarding taxation are based on the laws in force in Italy as at the date of the Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Certificates and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in Certificates or commodities) may be subject to special rules.

Legislative Decree No. 344 of 12 December 2003 published in the Italian Official Gazette of 16 December 2003 No. 261 (Ordinary Supplement No. 190), effective as of 1 January 2004 introduced the reform of taxation of corporations and of certain financial income amending the Italian Income Taxes Consolidated Code.

Legislative Decree No. 247 of 19 November 2005 (known as the "Correttivo IRES") published in the Italian Official Gazette No. 280 of 1 December 2005, amended Decree No. 344 on certain provisions related to the taxation of corporations and of certain financial income.

Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Certificates.

### **Taxation of Certificates**

Pursuant to Article 67 of Presidential Decree No. 917 of 22 December, 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Certificateholder is (i) an individual not engaged in an entrepreneurial activity to which the Certificates are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Certificates are subject to a 12.5 per cent substitute tax (imposta sostitutiva). The recipient may opt for three different taxation criteria:

- (1) Under the tax declaration regime (regime della dichiarazione), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Certificates are connected, the imposta sostitutiva on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding the Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Certificates carried out during any given tax year. Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay imposta sostitutiva on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (2) As an alternative to the tax declaration regime, Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity may elect to pay the imposta sostitutiva separately on capital gains realised on each sale or redemption of the Certificates (the "risparmio amministrato" regime). Such separate taxation of capital gains is allowed subject to (i) the Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the risparmio amministrato regime being timely made in writing by the relevant Certificateholder. The depository is responsible for accounting for imposta sostitutiva in respect of capital gains realised on each sale or redemption of the Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Certificateholder or using funds provided by the Certificateholder for this purpose. Under the risparmio amministrato regime, where a sale or redemption of the Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same Certificates management, in the same tax year or in the following tax years up to the fourth. Under the risparmio amministrato regime, the Certificateholder is not required to declare the capital gains in the annual tax return.
- (3) Any capital gains realised by Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Certificates, to an authorised intermediary and have opted for the so-called "risparmio gestito" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this risparmio gestito regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the risparmio gestito regime, the Certificateholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Certificateholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Certificates are effectively connected, capital gains arising from the Certificates will not be subject to imposta sostitutiva, but must be included in the relevant Certificateholder's income tax return and are therefore subject to Italian corporate tax (**IRES**).

Capital gains realised by non-Italian resident Certificateholders are not subject to Italian taxation.

## Atypical Certificates

In accordance with a different interpretation of current tax law it is possible that the Certificates would be considered as 'atypical' Certificates pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Certificates may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident Certificateholder and to an Italian resident Certificateholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

## EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents (i.e. banks, società di intermediazione mobiliare (SIM), fiduciary companies, società di gestione del risparmio (SGR) resident for tax purposes in Italy, Italian permanent establishments of non-Italian resident persons and any other Italian entity paying interest for professional or business reasons) shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## NETHERLANDS TAXATION

**The following summary describes the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Certificates for Certificateholders who are resident or deemed to be resident of The Netherlands for Netherlands tax purposes, but does not purport to be a comprehensive description of all Netherlands tax considerations thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Certificates.**

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this document, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Certificates holding a substantial interest (*aanmerkelijk belang*) in the Issuer. Generally speaking, a Certificateholder holds a substantial interest in the Issuer, if such Certificateholder, alone or, where such holder is an individual, together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) pension funds or other entities that are exempt from Netherlands corporate income tax;
- (iii) investment institutions (*fiscale beleggingsinstellingen*).

### *Withholding tax*

All payments made by the Issuer under the Certificates may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### *Corporate and individual income tax*

If a holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of its enterprise to which the Certificates are attributable, income derived from the Certificates and gains realised upon the exercise, settlement or disposal of the Certificates are generally taxable in the Netherlands.

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Certificates and gains realised upon the exercise, settlement or disposal of the Certificates are taxable at the progressive rates of the Netherlands income tax act 2001, if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Certificates are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Certificates that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Certificates, taxable income with regard to the Certificates must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4 per cent. of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the

individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Certificates less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Certificates will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4 per cent. will be taxed at a rate of 30 per cent.

#### *Gift and Inheritance taxes*

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Certificates by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands at any time during the twelve months preceding the time of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

#### *Value added tax*

In general, no value added tax will arise in respect of payments in consideration for the issue of the Certificates or in respect of the cash payment made under the Certificates, or in respect of a transfer of Certificates.

#### *Other taxes and duties*

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Certificates.

*[Insert Taxation section for other jurisdiction[s]]*

## OFFERING AND SALE

No action has been or will be taken by the Issuer [or the Manager[s]] that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to any Certificates in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of the Certificates, or distribution of any offering material relating to the Certificates, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer [and/or the Manager[s]].

### United States

The Certificates have not been, nor will be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**). The Certificates, or interests therein, may not at any time be offered, sold, resold, traded or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Consequently, any offer, sale, resale, trade or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. As used herein, **United States** means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and **U.S. person** means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust of which any executor, administrator or trustee is a U.S. person; (iv) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (v) any other **U.S. person** as such term may be defined in Regulation S under the Securities Act.

[[The/Each] Manager has agreed that it will not at any time offer, sell, resell or deliver, directly or indirectly, the Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing the Certificates must agree with [the/each] Manager or the seller of such Certificates that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, any Certificates so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person and (iii) it will not make offers, sales, re-sales or deliveries of any Certificates (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. [The/Each] Manager will also be required to agree, and any person purchasing Certificates must agree, to send each person who purchases any Certificates from it a written confirmation (which shall include the definitions of **United States** and **U.S. persons** set forth herein) stating that the Certificates have not been registered under the Securities Act and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver Certificates, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.]

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) the Certificates may not be offered to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, the Certificates may be offered to the public in that Relevant Member State:

- (a) in [(or in Germany, where the offer starts within)] the period beginning on the date of publication of a prospectus [(or where the offer is made in Austria, the period beginning on the first banking day after such publication)] in relation to those Certificates which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Certificates to the public" in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) may only be communicated or caused to be communicated in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Certificates which have a term of less than one year may not be offered or sold and will not be offered or sold other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the

purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

All applicable provisions of the FSMA must be complied with in respect to anything done in relation to any Certificates in, from or otherwise involving the United Kingdom.

#### **Republic of Italy**

To the extent that the offering of the Certificates has not been registered pursuant to Italian securities legislation and, accordingly, no Certificates may be offered, sold or delivered, nor may copies of the document or of any other document relating to the Certificates be distributed in the Republic of Italy, except:

- (i) to professional investors (*operatori qualificati*) (the **Professional Investors**), as defined in Article 31, second paragraph, of CONSOB (the Italian Securities Exchange Commission) Regulation No. 11522 of 1 July, 1998, as amended (**Regulation No. 11522**); or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February, 1998, as amended (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May, 1999, as amended (Regulation No. 11971).

Any offer, sale or delivery of the Certificates or distribution of copies of the Base Prospectus or any other document relating to the Certificates in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 11522 and Legislative Decree No. 385 of 1 September, 1993, as amended (the **Banking Act**);
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB.

Please note that in accordance with Article 100-*bis* of the Financial Services Act, where no exemption from the rules on solicitation of investments applies under (i) and (ii) above, the subsequent distribution of the Certificates on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Certificates being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

#### **The Netherlands**

Certificates with a term of less than 12 months and an issue price of less than €50,000 may only be offered in The Netherlands to professional market parties as defined in the Financial Supervision Act and the decrees issued pursuant thereto.

#### **General**

[[The/Each] Manager has agreed that it will (to the best of [its] [their] knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchase, offers sells or delivers Certificates or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and [neither] the Issuer [nor any of the other Managers] shall [not] have any responsibility therefor.

[Neither the] [The] Issuer [nor the Manager[s]] [does not] represent[s] that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

**(1) Authorisation**

The establishment of the Programme [and the issue of Certificates] was duly authorised by [●].

**(2) Documents Available**

For the period of 12 months following the date of the Base Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Agent for the time being Luxembourg:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the audited non-consolidated accounts of the Issuer for the financial years ended 30 November 2005 and 2006, respectively;

(c) the Agency Agreement; [and]

[(d) a copy of the Base Prospectus; and]

[(e)] any future offering circulars, prospectuses, information memoranda and supplements (save that a Final Terms relating to a Certificates which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by such Certificateholders and such holder must produce evidence satisfactory to the Issuer and the Agent as to its holding of Certificates and identity) to this document and any other documents incorporated herein or therein by reference.

The Base Prospectus will be published on the website of the Luxembourg Stock Exchange at *www.bourse.lu*.

**(3) Significant or Material Change**

As at the date of the Base Prospectus, there has been no material adverse change in the prospects of the Issuer or significant change in the financial or trading position of the Issuer since 30 November 2006 (the date of latest financial statements of the Issuer).

**(4) Litigation**

Save as disclosed in the Registration Document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months prior to the date of the Base Prospectus a significant effect on the Issuer's financial position or profitability.

**(5) Auditors**

The auditors of the Issuer are Deloitte & Touche LLP, Chartered Accountants, who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 30 November 2006. The auditors of the Issuer have no material interest in the Issuer.

The reports of the auditors of the Issuer are incorporated in the form and context in which they are incorporated, with the consent of the auditors who have authorised the contents of that part of the Base Prospectus.

**(6) Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Certificates.

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