

BASE PROSPECTUS FOR NOTES DATED 17 July 2013

Morgan Stanley

*as issuer and guarantor
(incorporated under the laws of the State of Delaware in the United States of America)*

MORGAN STANLEY & CO. INTERNATIONAL plc
*as issuer
(incorporated with limited liability in England and Wales)*

MORGAN STANLEY B.V.
*as issuer
(incorporated with limited liability in The Netherlands)*

Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and Certificates

Under the Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates (the "**Program**"), Morgan Stanley ("**Morgan Stanley**"), Morgan Stanley & Co. International plc ("**MSI plc**") and Morgan Stanley B.V. ("**MSBV**" and, together with Morgan Stanley and MSI plc, the "**Issuers**" and each, an "**Issuer**") may offer from time to time Series A Notes and Series B Notes (together, the "**Notes issued under the Program**"), Warrants (the "**Warrants**") and Certificates (the "**Certificates**", and together with the Notes issued under the Program and the Warrants, the "**Program Securities**"). Only certain of the Notes issued under the Program are described in this base prospectus (the "**Base Prospectus**"), being those (i) issued pursuant to the Issue and Paying Agency Agreement (as defined under "General Description of the Notes" below), (ii) issued in dematerialised and uncertificated book-entry form with a Nordic central securities depository (as described under "General Description of the Notes" below) or (iii) issued pursuant to the Euroclear Agreement (as defined under "General Description of the Notes" below) (hereafter referred to collectively as the "**Notes**"). For the avoidance of doubt, this Base Prospectus does not relate to or describe any Program Securities other than the Notes.

References herein to "**this Base Prospectus**" shall, where applicable, be deemed to be references to this document as supplemented from time to time. To the extent not set forth in this Base Prospectus, the specific terms of any Notes will be included in the appropriate Final Terms.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "Final Terms and Drawdown Prospectuses" below.

The payment of all amounts due in respect of Notes issued by MSBV will be unconditionally and irrevocably guaranteed by Morgan Stanley (in such capacity, the "**Guarantor**") pursuant to a guarantee dated as of 17 July 2013. Payment of amounts due in respect of Notes issued by MSI plc is not guaranteed by Morgan Stanley.

Each Issuer is offering the Notes on a continuing basis through Morgan Stanley & Co. International plc (the "**Distribution Agent**"), which has agreed to use reasonable efforts to solicit offers to purchase the Notes. Each Issuer may also sell Notes to the Distribution Agent as principal for its own account at a price to be agreed upon at the time of sale. The Distribution Agent may resell any Notes it purchases as principal at prevailing market prices, or at other prices, as it determines. Each Issuer or the Distribution Agent may reject any offer to purchase Notes, in whole or in part. See "*Subscription and Sale*" beginning on page 525.

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* ("**CSSF**") in its capacity as the competent authority under the Luxembourg law of 10 July 2005 (as amended by the Luxembourg law of 3 July 2012) relating to prospectuses for securities (the "**Luxembourg Law on Prospectuses**") for this document's approval as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") for the purpose of giving information with regard to the issue of Notes under the Program issued by Morgan Stanley, MSI plc and MSBV, as applicable, within 12 months following the date of this document. Pursuant to Article 7(7) of the Luxembourg Law on Prospectuses, by approving this Base Prospectus, the

CSSF gives no undertaking as to, and assumes no responsibility for, the economic and financial characteristics of the Notes or the quality and solvency of any Issuer or the Guarantor.

Application has been made for the Notes which are "Series A" Notes to be admitted to listing on the official list (the "**Official List**") and trading on the regulated market ("**Luxembourg Regulated Market**") of the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**"), which is a regulated market for the purposes of Directive 2004/39/EC. Application may also be made for the Notes which are "Series A" Notes to be admitted to listing and / or trading by such other listing authority, stock exchange or quotation system as may be specified in the applicable Final Terms. Notes may also be issued which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. The Notes which are "Series B" Notes will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

Notes may or may not be rated. Any credit rating applied for in relation to an issue of Notes will be specified in the applicable Final Terms. Whether or not such credit ratings applied for will be issued by a credit rating agency established in the European Union and registered under Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Economic Area ("**EEA**") and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation, or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. This Base Prospectus includes details of the long-term and short-term credit ratings assigned to Morgan Stanley by DBRS, Inc. ("**DBRS**"), Fitch Ratings, Inc. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**"), Ratings and Investment Information, Inc. ("**R&I**") and Standard & Poor's Financial Services LLC through its business unit Standard & Poors Ratings Services ("**S&P**"). See "*Incorporation by Reference*" beginning on page 70.

This document comprises three base prospectuses.

The Morgan Stanley base prospectus (the "**Morgan Stanley Base Prospectus**") will comprise this Base Prospectus with the exception of (A) the information in the Summary relating to MSI plc and MSBV, (B) information incorporated by reference herein from the Registration Document (as defined in "*Incorporation by Reference*" below) entitled (i) Description of Morgan Stanley & Co. International plc at pages 67-72 of the Registration Document, (ii) Selected Financial Information of Morgan Stanley & Co. International plc at page 73 of the Registration Document, and (iii) Description of Morgan Stanley B.V. at pages 74-76 of the Registration Document and (iv) Selected Financial Information of Morgan Stanley B.V. at page 77 and (C) items 9, 10, 11 and 12 incorporated by reference herein in the section "*Incorporation by Reference*" at pages 70-76 hereof.

The MSI plc base prospectus (the "**MSI plc Base Prospectus**") will comprise this Base Prospectus with the exception of (A) the information in the Summary relating to Morgan Stanley and MSBV, (B) information incorporated by reference herein from the Registration Document entitled (i) Description of Morgan Stanley at pages 23-65 of the Registration Document, (ii) Selected Financial Information of Morgan Stanley at page 66 of the Registration Document, (iii) Description of Morgan Stanley B.V. at pages 74-76 of the Registration Document, (iv) Selected Financial Information of Morgan Stanley B.V. at page 77 and (v) Subsidiaries of Morgan Stanley at pages 78-97 of the Registration Document and (C) items 2, 3, 4, 5, 6, 7, 8, 11 and 12 incorporated by reference herein in the section "*Incorporation by Reference*" at pages 70-76 hereof.

The MSBV base prospectus (the "**MSBV Base Prospectus**") will comprise this Base Prospectus with the exception of (A) the information in the summary relating to MSI plc, (B) information incorporated by reference herein from the Registration Document entitled (i) Description of Morgan Stanley & Co. International plc at pages 67-72 of the Registration Document, and (ii) Selected Financial Information of Morgan Stanley & Co. International plc at page 73 of the Registration Document and (C) items 9 and 10 incorporated by reference herein in the section "*Incorporation by Reference*" at pages 70-76 hereof.

The U.S. dollar value, determined as of the respective issue dates, of the aggregate principal amount of Notes issued under the Program which are outstanding and the aggregate issue price of the Warrants and Certificates outstanding and any other notes, warrants and/or certificates authorised pursuant to the Authorising Resolutions (as defined below), shall not at any one time exceed U.S.\$55,000,000,000. The issue of, amongst others, the Notes were authorised by Morgan Stanley pursuant to resolutions (the "**Authorising Resolutions**") adopted at a meeting of the Board of Directors of Morgan Stanley held on 14 December 2004, 20 September 2005, 12 December 2006, 19 June 2007, 17 September 2007 and 16 June 2008.

The Notes will be governed by the laws of England and Wales. The Guarantee is governed by New York law.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Notes may not be a suitable investment for all investors

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

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

An investment in the Notes 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 Notes and the information contained in, 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 Notes will have on their overall investment portfolio;
- understand thoroughly the terms of the Notes and are familiar with the behaviour of the Relevant Underlying (as defined below) and financial markets;
- are capable of bearing the economic risk of an investment in the Notes until the maturity date of the Notes;
- recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all before the maturity date; and
- are familiar with the behaviour of the Relevant 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 the potential investor's investment and its ability to bear the applicable risks.

The Notes 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 any Notes unless such potential investor has the expertise (either alone or with a financial and legal adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. Each Issuer, and MSI plc as Distribution Agent, 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 Notes.

Investing in the Notes involves risks. See *"Risk Factors Relating to the Notes"* beginning on page 38 of this Base Prospectus.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

For payments in respect of a Note issued by Morgan Stanley, in order to avoid U.S. withholding taxes, the beneficial owner of the Note (or a financial institution holding the Note on behalf of the beneficial owner) is required under current law to furnish the U.S. Internal Revenue Service Form W-8BEN on which the beneficial owner certifies under penalties of perjury that it is not a U.S. person.

Each investor must comply with all applicable laws and regulations in each country or jurisdiction in or from which the investor purchases, offers, sells or delivers the Notes or has in the investor's possession or distributes this Base Prospectus or any accompanying Final Terms, or any Drawdown Prospectus.

This Base Prospectus includes details of the long-term and short-term credit ratings assigned to Morgan Stanley by DBRS, Inc. ("DBRS"), Fitch Ratings, Inc., ("Fitch") Moody's Investors Service, Inc. ("Moody's"), Ratings and Investment Information, Inc. ("R&I"), and Standard & Poors Financial Services LLC through its business unit Standard & Poors Ratings Services ("S&P").

DBRS is not established in the European Economic Area (the "EEA") but the ratings it has assigned to Morgan Stanley may be endorsed by DBRS Ratings Limited, a rating agency which is established in the EEA and registered under Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "CRA Regulation") by the relevant competent authority.

Fitch is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Fitch Ratings Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

Moody's is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Moody's Investors Service Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authorities.

R&I is not incorporated in the EEA and is not registered under the CRA Regulation in the European Union.

S&P is not established in the EEA but the rating it has assigned to Morgan Stanley is, with effect from 9 April 2012, endorsed by Standard & Poors Credit Market Services Europe Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

In respect of Index-Linked Notes (as defined in "General Description of the Notes" below), the specified index or basket or indices to which such Index-Linked Notes relate shall not (a) any index composed by Morgan Stanley, MSI plc or MSBV or any legal entity belonging to the same group as Morgan Stanley, MSI plc or MSBV or (b) any index provided by a legal entity or a natural person acting in association with, or on behalf of Morgan Stanley, MSI plc or MSBV.

In respect of Share-Linked Notes (as defined in "General Description of the Notes" below), the issuer or issuers of the specified share or shares to which such Share-Linked Notes relate shall not

be Morgan Stanley, MSI plc or MSBV or any legal entity belonging to the same group as Morgan Stanley, MSI plc or MSBV.

In respect of Preference Share-Linked Notes (as defined in "General Description of the Notes" below), the issuer of the specified preference share to which such Preference Share-Linked Notes relate shall not be Morgan Stanley, MSI plc or MSBV or any legal entity belonging to the same group as Morgan Stanley, MSI plc or MSBV.

In respect of Physical Settlement Notes (as defined in "General Description of the Notes" below), any securities which are to be delivered pursuant to the terms and conditions of such Physical Settlement Notes shall not be any shares or transferable securities equivalent to shares in Morgan Stanley, MSI plc or MSBV or any legal entity belonging to the same group as Morgan Stanley, MSI plc or MSBV.

Morgan Stanley accepts responsibility for information contained in the Morgan Stanley Base Prospectus and the information relating to itself and to its guarantee of the obligations of MSBV contained in the MSBV Base Prospectus. MSI plc accepts responsibility for information contained in the MSI plc Base Prospectus. MSBV accepts responsibility for information contained in the MSBV Base Prospectus. To the best of the knowledge and belief of each of Morgan Stanley, MSI plc and MSBV (each of which has taken all reasonable care to ensure that such is the case), the information for which it accepts responsibility as aforesaid is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the last three paragraphs on page (ii) of this Base Prospectus.

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

No person has been authorised by any of Morgan Stanley, MSI plc or MSBV to give any information or to make any representation not contained or incorporated by reference in this Base Prospectus, and, if given or made, that information or representation should not be relied upon as having been authorised by Morgan Stanley, MSI plc or MSBV. Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes will, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial situation of any of Morgan Stanley, MSI plc or MSBV since the date hereof or, as the case may be, the date upon which this Base Prospectus has been most recently supplemented or the balance sheet date of the most recent financial statements which have been incorporated into this Base Prospectus by way of a supplement to this Base Prospectus, or that any other information supplied from time to time 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. Investors should review, *inter alia*, the most recent financial statements of Morgan Stanley, MSI plc and/or MSBV (as applicable) when evaluating any Notes or an investment therein (such financial statements shall not form a part of this Base Prospectus unless they have been expressly incorporated herein, including by way of a supplement to this Base Prospectus).

The distribution of this Base Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by Morgan Stanley, MSI plc and MSBV to inform themselves about and to observe those restrictions.

The Issuers do not intend to provide post-issuance information in respect of the Notes except if required by any applicable laws or regulations.

This Base Prospectus should be read and construed with any supplement thereto and with any other documents incorporated by reference therein.

Neither this Base Prospectus nor any Final Terms or Drawdown Prospectus constitutes an offer of or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by any of Morgan Stanley, MSI plc, MSBV, or the Distribution Agent that any recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of Morgan Stanley, MSI plc or MSBV (as applicable) and of the particular terms of any offered Notes.

Neither the Distribution Agent nor any of its affiliates assumes any obligation to purchase any Notes or to make a market in the Notes, and no assurances can be given that a liquid market for the Notes will exist.

Neither this Base Prospectus nor any Final Terms or Drawdown Prospectus may be used for the purpose of an offer or solicitation by anyone 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. For a description of certain restrictions on offer, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*" below.

All references in this Base Prospectus to "Sterling" and "£" are to the lawful currency of the United Kingdom, all references to "U.S. dollars", "U.S.\$" and "\$" are to the lawful currency of the United States of America, all references to "Japanese Yen" and "¥" are to the lawful currency of Japan, all references to "Australian dollars" and "AUD" are to the lawful currency of the Commonwealth of Australia, all references to "New Zealand dollars" and "NZD" are to the lawful currency of New Zealand, and all references to "euro", "€" and "EUR" are to the lawful single currency of the member states of the European Union who have adopted and continue to retain a common single currency through monetary union in accordance with European Union treaty law (as amended from time to time).

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE RELEVANT ISSUER AND, WHERE APPLICABLE, THE GUARANTOR AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES UNDER THE PROGRAM, ANY DISTRIBUTION AGENT OR ANY OTHER AGENT SPECIFIED FOR THAT PURPOSE IN THE APPLICABLE FINAL TERMS AS THE STABILISING MANAGER (OR ANY PERSON ACTING FOR THE STABILISING MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF ANY OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY AGENT OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISING ACTION. ANY STABILISING ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, BUT MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISING ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING FOR THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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SUMMARY

Summaries are made up of disclosure requirements known as "**Elements**". These elements are numbered in Sections A – E (A.1 – E.7).

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

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

		Section A – Introduction and warnings
A.1	Introduction and warnings:	This summary should be read as introduction to the base prospectus dated 17 July 2013 , as supplemented from time to time (the " Base Prospectus ") relating to, amongst other securities, the notes described in this summary (the " Notes "). Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent:	<i>[insert if any authorised financial intermediaries are given consent to use the Base Prospectus:</i> The Issuer [and the Guarantor] consent to the use of the Base Prospectus in connection with an offer of Notes which is not made within an exemption to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended) (a " Non-exempt Offer ") during the offer period, being from and including [date] to but excluding [date], in [Austria][./and] [Belgium][./and] [Czech Republic][./and] [Denmark][./and] [Finland][./and] [France][./and] [Germany][./and] [Ireland][./and] [Italy][./and] [Liechtenstein][./and] [Luxembourg][./and] [Norway][./and] [Portugal][./and] [Spain][./and] [Sweden][./and] [The Netherlands][./and] [the United Kingdom]], by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) (each such person an " Authorised Offeror "), subject to the following conditions: [•]. Any Authorised Offeror who wishes to use the Base Prospectus in connection with a Non-exempt Offer as set out above is required, for the duration of the relevant offer period, to publish on its website that it is using the Base Prospectus for such Non-exempt Offer in accordance with the consent of the Issuer and the conditions attached thereto.]
		<i>[insert if only specified financial intermediaries are given consent to use the Base Prospectus:</i> The Issuer [and the Guarantor] consent to the use of the Base Prospectus in connection with an offer of Notes which is not made within an exemption to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended) (a " Non-exempt Offer ") during the offer period, being from and including [date] to but excluding [date] in [Austria][./and] [Belgium][./and] [Czech Republic][./and] [Denmark][./and] [Finland][./and] [France][./and] [Germany][./and] [Ireland][./and] [Italy][./and] [Liechtenstein][./and] [Luxembourg][./and] [Norway][./and] [Portugal][./and] [Spain][./and] [Sweden][./and] [The Netherlands][./and] [United Kingdom]] by [each of] [•][./and] [•]... and [•] (which [is]/[are each] authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC)) (each such person an " Authorised Offeror "), subject to the following conditions: [•])

		An investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the investor (the " Terms and Conditions of the Non-exempt Offer "). Neither the Issuer [nor the Guarantor] will be a party to any such arrangements with investors (other than [•] (the " Distribution Agent ")) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and the final terms of the Notes (the " Final Terms ") will not contain such information. In the event of a Non-Exempt Offer being made by an Authorised Offeror, the Terms and Conditions of the Non-exempt Offer shall be provided to Investors by that Authorised Offeror at the time the offer is made. None of the Issuers, the Guarantor, the Distribution Agent or other Authorised Offerors has any responsibility or liability for such information.
		Section B – Issuer and Guarantor
B.1	Legal name and commercial name of the Issuer:	[Morgan Stanley (" Morgan Stanley ")] [Morgan Stanley & Co. International plc (" MSI plc ")] [Morgan Stanley B.V. (" MSBV ")]
B.2	Domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation:	[Morgan Stanley was incorporated under the General Corporation Law of the State of Delaware. As a financial holding company, it is regulated by the Board of Governors of the Federal Reserve System (the " Federal Reserve ") under the Bank Holding Company Act of 1956, as amended (the " BHC Act "). As a major financial services firm that operates through its subsidiaries and affiliates, Morgan Stanley is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where it conducts its business. Morgan Stanley has its registered office at The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A., and its principal executive offices at 1585 Broadway, New York, NY 10036, U.S.A.] [MSI plc was incorporated in England and Wales on 28 October 1986. MSI plc was incorporated as a company limited by shares under the Companies Act 1985 and operates under the Companies Act 2006. MSI plc was re-registered as a public limited company on 13 April 2007. MSI plc's registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA.] [MSBV was incorporated as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) under the laws of The Netherlands on 6 September 2001 for an unlimited duration. MSBV is registered at the commercial register of the Chamber of Commerce and Industries (<i>Kamer van Koophandel</i>) for Amsterdam. It has its corporate seat at Amsterdam, The Netherlands and its offices are located at Luna Arena, Herikerbergweg 238, 1101 CM, Amsterdam, Zuidoost, The Netherlands. MSBV is subject to, the laws of The Netherlands.]
B.4b	Trends:	The business of Morgan Stanley[, the ultimate holding company of [MSI plc] / [MSBV],] may be affected by factors such as economic and political conditions and geopolitical events; market conditions (particularly in the global equity, fixed income, credit and commodities markets), current, pending and future legislation, regulation and legal actions in the United States of America and worldwide, equity, fixed income, and commodity prices and interest rates, currency values and other market indices, the availability and cost of credit and capital, investor, consumer and business sentiment and confidence in the financial markets; inflation, natural disasters and acts of war or terrorism; the actions and initiatives of competitors as well as governments, regulators and self-regulatory organizations, including changes in the way financial institutions are regulated; and technological changes.
B.5	The group and the	[Morgan Stanley is the ultimate parent undertaking of the group comprising

	Issuer's position within the group:	Morgan Stanley and its consolidated subsidiaries (the "Morgan Stanley Group").] [MSI plc forms part of a group of companies including MSI plc and all of its subsidiary and associated undertakings ("MSI plc Group"). MSI plc's ultimate U.K. parent undertaking is Morgan Stanley International Limited and MSI plc's ultimate parent undertaking and controlling entity is Morgan Stanley.] [MSBV has no subsidiaries. It is ultimately controlled by Morgan Stanley.]																																								
B.9	Profit forecast:	Not Applicable. [Morgan Stanley] / [MSI plc] / [MSBV] does not provide profit forecasts.																																								
B.10	Audit report qualifications:	Not Applicable. There are no qualifications in the auditor's reports [insert for MSBV / MSI plc: on the financial statements of [MSI plc] / [MSBV] for the years ended 31 December 2011 and 31 December 2012] / [insert for MS: on the financial statements of Morgan Stanley for the years ended 31 December 2011 and 31 December 2012, as contained in Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2012].																																								
B.12	Selected historical key financial information:	<p>[Selected key financial information relating to Morgan Stanley:</p> <table><tr><td>Balance Sheet (in \$ millions)</td><td><u>31 Dec 2011</u></td><td><u>31 Dec 2012</u></td><td colspan="2"><u>31 March 2013</u></td></tr><tr><td>Total Assets</td><td>749,898</td><td>780,960</td><td colspan="2">801,383</td></tr><tr><td>Total Liabilities and Assets</td><td>749,898</td><td>780,960</td><td colspan="2">801,383</td></tr></table> <table><tr><td>Consolidated Income Statement (in \$ millions)</td><td><u>31 Dec 2011</u></td><td><u>31 Dec 2012</u></td><td colspan="2"><u>Three months ended 31 March</u></td></tr><tr><td></td><td></td><td></td><td><u>2012</u></td><td><u>2013</u></td></tr><tr><td>Net Revenues</td><td>32,236</td><td>26,112</td><td>6,924</td><td>8,158</td></tr><tr><td>Income (loss) from continuing operations before tax</td><td>6,099</td><td>515</td><td>202</td><td>1,582</td></tr><tr><td>Net income</td><td>4,645</td><td>716</td><td>134</td><td>1,231</td></tr></table> <p>There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2012, the date of the latest published annual audited accounts of Morgan Stanley, nor any significant change in the financial or trading position of Morgan Stanley since 31 March 2013.]</p>	Balance Sheet (in \$ millions)	<u>31 Dec 2011</u>	<u>31 Dec 2012</u>	<u>31 March 2013</u>		Total Assets	749,898	780,960	801,383		Total Liabilities and Assets	749,898	780,960	801,383		Consolidated Income Statement (in \$ millions)	<u>31 Dec 2011</u>	<u>31 Dec 2012</u>	<u>Three months ended 31 March</u>					<u>2012</u>	<u>2013</u>	Net Revenues	32,236	26,112	6,924	8,158	Income (loss) from continuing operations before tax	6,099	515	202	1,582	Net income	4,645	716	134	1,231
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		<p>[Selected key financial information relating to MSI plc:</p> <table><tr><td></td><td><u>31 Dec 2012</u></td><td><u>31 Dec 2011</u></td></tr><tr><td>Balance Sheet (in \$ millions)</td><td></td><td></td></tr><tr><td>Total Assets.....</td><td>564,411</td><td>575,585</td></tr><tr><td>Total Liabilities and Equity</td><td>564,411</td><td>575,585</td></tr><tr><td>Consolidated Income Statement (in \$ millions)</td><td></td><td></td></tr><tr><td>Net Gains On Financial Instruments Classified as Held For Trading.....</td><td>3,717</td><td>3,814</td></tr><tr><td>Profit before tax.....</td><td>242</td><td>825</td></tr><tr><td>Profit for the year/period.....</td><td>9</td><td>573</td></tr></table> <p>There has been no material adverse change in the prospects of MSI plc since 31 December 2012, the date of the latest published annual audited accounts of MSI plc, nor any significant change in the financial or trading position of the MSI plc Group since 31 December 2012].</p>		<u>31 Dec 2012</u>	<u>31 Dec 2011</u>	Balance Sheet (in \$ millions)			Total Assets.....	564,411	575,585	Total Liabilities and Equity	564,411	575,585	Consolidated Income Statement (in \$ millions)			Net Gains On Financial Instruments Classified as Held For Trading.....	3,717	3,814	Profit before tax.....	242	825	Profit for the year/period.....	9	573																
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		<p><i>Total Liabilities and Equity</i> 6,519,685 4,187,365</p> <p>Consolidated Income Statement (in EUR million)</p> <p><i>Net Trading Revenues</i>..... 3,679 3,026</p> <p><i>Profit before tax</i>..... 4,875 4,020</p> <p><i>Profit for the year/period</i>..... 3,679 3,026</p> <p>There has been no material adverse change in the prospects of MSBV since 31 December 2012, the date of the latest published annual audited accounts of MSBV, nor any significant change in the financial or trading position of MSBV since 31 December 2012.]</p>
B.13	Recent events materially relevant to evaluation of solvency of the Issuer:	Not Applicable. [Morgan Stanley] / [MSI plc] / [MSBV] considers that no event particular to itself and which is to a material extent relevant to the evaluation of its solvency has taken place since the publication of its last annual financial statements.
B.14	Dependence upon other entities within the group:	<p>See Element B.5 for the group and the Issuer's position within the group.</p> <p>[Morgan Stanley is a holding company and depends on payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations.]</p> <p>[MSI plc's ultimate parent undertaking and controlling entity is Morgan Stanley. There are substantial inter-relationships between MSI plc and Morgan Stanley as well as other companies in the Morgan Stanley Group, including the provision of funding, capital, services and logistical support to or by MSI plc, as well as common or shared business or operational platforms or systems, including employees.]</p> <p>[MSBV is ultimately controlled by Morgan Stanley.]</p>
B.15	The Issuer's principal activities:	<p>[Morgan Stanley, a financial holding company, 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. It maintains significant market positions in each of its business segments — Institutional Securities, Global Wealth Management Group and Asset Management.]</p> <p>[The principal activity of the MSI plc Group is the provision of financial services to corporations, governments and financial institutions. MSI plc operates globally. It operates branches in the Dubai International Financial Centre, France, Korea, the Netherlands, New Zealand, Poland, the Qatar Financial Centre and Switzerland.]</p>
		[MSBV's principal activity is the issuance of financial instruments and the hedging of obligations arising pursuant to such issuances.]
B.16	Controlling persons:	<p>[The following entities beneficially own more than 5 per cent of Morgan Stanley's common stock: Mitsubishi UFJ Financial Group, Inc. (22.2% holding); State Street Bank and Trust Company (9.1% holding) and China Investment Corporation (6.4% holding).]</p> <p>[MSI plc is owned directly by Morgan Stanley UK Group (70% holding), Morgan Stanley Services (UK) Limited (10% holding), Morgan Stanley Finance Limited (10% holding) and Morgan Stanley Strategic Funding Limited (10% holding) and is ultimately controlled by Morgan Stanley.]</p> <p>[MSBV is ultimately controlled by Morgan Stanley.]</p>
B.17	Credit ratings:	[Morgan Stanley's short-term and long-term debt has been respectively rated (i) R-1 (middle) and A (high), with a negative outlook, by DBRS, Inc., (ii) F1 and A, with a stable outlook, by Fitch Ratings, Inc., (iii) P-2 and Baa1, with a negative outlook, by Moody's Investors Service, Inc., (iv) a-1 and A, with a negative outlook, by Ratings and Investment Information Inc. and (v) A-2 and A-, with a

		<p>negative outlook, by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Rating Services.]</p> <p>[MSI plc's short-term and long-term debt has been respectively rated (i) P-2 and Baa1, with a stable outlook, by Moody's Investors Service, Inc. and (ii) A1 and A, with a negative outlook, by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services.]</p> <p>[Not applicable. MSBV is not rated.]</p> <p>The Notes are [not rated] / [[rated [[•] by DBRS, Inc., / and]] [[•] by Fitch Ratings, Inc. [, / and]] [[•] by Moody's Investors Service, Inc., / and]] [[•] by Ratings and Investment Information Inc. [, / and]] [[•] by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services]].</p> <p>[A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.]</p>
B.18	Nature and scope of the Guarantee:	<p>[Not applicable. The Notes are not guaranteed.]</p> <p>[The payment obligations of MSBV in respect of the Notes are unconditionally and irrevocably guaranteed by Morgan Stanley pursuant to a guarantee dated as of 17 July 2013 and governed by New York law. The Guarantor's obligations under the Guarantee constitute direct and general obligations of the Guarantor which rank <i>pari passu</i> among themselves.]</p>
B.19	Information about the Guarantor:	[Not Applicable, the Notes are not guaranteed.] <i>[if not applicable, delete the remaining paragraphs below.]</i>
[B.19 (B.1)]	Legal name and commercial name of the Guarantor:	Morgan Stanley
B.19 (B.2)	Domicile and legal form of the Guarantor, the legislation under which the Guarantor operates and its country of incorporation:	Morgan Stanley was incorporated under the General Corporation Law of the State of Delaware. As a financial holding company, it is regulated by the Board of Governors of the Federal Reserve System (the " Federal Reserve ") under the Bank Holding Company Act of 1956, as amended (the " BHC Act "). As a major financial services firm that operates through its subsidiaries and affiliates, Morgan Stanley is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where it conducts its business. Morgan Stanley has its registered office at The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A., and its principal executive offices at 1585 Broadway, New York, NY 10036, U.S.A.
B.19 (B.4b)	Trends:	Morgan Stanley's business may be affected by factors such as economic and political conditions and geopolitical events; market conditions (particularly in the global equity, fixed income, credit and commodities markets), current, pending and future legislation, regulation and legal actions in the United States of America and worldwide, equity, fixed income, and commodity prices and interest rates, currency values and other market indices, the availability and cost of credit and capital, investor, consumer and business sentiment and confidence in the financial markets; inflation, natural disasters and acts of war or terrorism; the actions and initiatives of competitors as well as governments, regulators and self-regulatory organizations, including changes in the way financial institutions are regulated; and technological changes.
B.19 (B.5)	The group and the Guarantor's position within the group:	Morgan Stanley is the ultimate parent undertaking of the group comprising Morgan Stanley and its consolidated subsidiaries (the " Morgan Stanley Group ").

B.19 (B.9)	Profit forecast:	Not applicable. Morgan Stanley does not provide profit forecasts.																																								
B.19 (B.10)	Audit report qualifications:	Not Applicable. There are no qualifications in the auditor's reports on the financial statements of Morgan Stanley for the years ended 31 December 2011 and 31 December 2012, as contained in Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2012.																																								
B.19 (B.12)	Selected historical key financial information:	<div>Selected key financial information relating to Morgan Stanley:<table><tr><td>Balance Sheet (in \$ millions)</td><td>31 Dec 2011</td><td>31 Dec 2012</td><td colspan="2">31 March 2013</td></tr><tr><td>Total Assets</td><td>749,898</td><td>780,960</td><td colspan="2">801,383</td></tr><tr><td>Total Liabilities and Assets</td><td>749,898</td><td>780,960</td><td colspan="2">801,383</td></tr></table><table><tr><td>Consolidated Income Statement (in \$ millions)</td><td>31 Dec 2011</td><td>31 Dec 2012</td><td colspan="2">Three months ended 31 March</td></tr><tr><td></td><td></td><td></td><td>2012</td><td>2013</td></tr><tr><td>Net Revenues</td><td>32,236</td><td>26,112</td><td>6,924</td><td>8,158</td></tr><tr><td>Income (loss) from continuing operations before tax</td><td>6,099</td><td>515</td><td>202</td><td>1,582</td></tr><tr><td>Net income</td><td>4,645</td><td>716</td><td>134</td><td>1,231</td></tr></table><p>There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2012 the date of the latest published annual audited accounts of Morgan Stanley, nor any significant change in the financial or trading position of Morgan Stanley since 31 March 2013.</p></div>	Balance Sheet (in \$ millions)	31 Dec 2011	31 Dec 2012	31 March 2013		Total Assets	749,898	780,960	801,383		Total Liabilities and Assets	749,898	780,960	801,383		Consolidated Income Statement (in \$ millions)	31 Dec 2011	31 Dec 2012	Three months ended 31 March					2012	2013	Net Revenues	32,236	26,112	6,924	8,158	Income (loss) from continuing operations before tax	6,099	515	202	1,582	Net income	4,645	716	134	1,231
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B.19 (B.13)	Recent events materially relevant to evaluation of solvency of the Guarantor:	Not Applicable. Morgan Stanley considers that no event particular to itself which is to a material extent relevant to the evaluation of its solvency has taken place since the publication of its last annual financial statements.																																								
B.19 (B.14)	Dependence upon other entities within the group:	<p>See Element B.19 (B.5) for the group and the Guarantor's position within Morgan Stanley Group.</p> <p>Morgan Stanley is a holding company and depends on payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations.</p>																																								
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		Section C - The Notes																																								

C.1	Type and class of the Notes and ISIN number:	<p>Title of the Notes: [•]; Issue Date: [•]; ISIN: [•]</p> <p>The Notes are [not Notes in respect of which physical settlement may apply or may be elected to apply ("Cash Settlement Notes") / [Notes in respect of which physical settlement applies or may be elected ("Physical Settlement Notes")].</p> <p>[Interest is payable on the notes [at a fixed rate, as further described in Element C.9 below ("Fixed Rate Notes") / [calculated by reference to a floating rate, as further described in Element C.9 below ("Floating Rate Notes") / [calculated by reference to the value or performance of [[share[s]] / [interests in [an] exchange traded fund[s] (an "ETF") / [[an equity index] / [equity indices]] ("Equity-Linked Interest Notes") / [[an inflation index] / [inflation indices]] ("Inflation-Linked Interest Notes") / [[a currency] / [currencies]] ("Currency-Linked Interest Notes") / [interest in [a] fund[s] ("Fund-Linked Interest Notes")]. See Element C.10 and C.20 below for further details.] / [The Notes are "Zero Coupon Notes".</p> <p>[Redemption amounts payable in respect of the Notes are linked to the value or performance of [[share[s]] / [interests in [an] exchange traded fund[s] (an "ETF") / [[an equity index] / [equity indices]] ("Equity-Linked Redemption Notes") / [[an inflation index] / [inflation indices]] ("Inflation-Linked Redemption Notes") / [[a currency] / [currencies]] ("Currency-Linked Redemption Notes") / [interest in [a] fund[s] ("Fund-Linked Redemption Notes") / [preference shares ("Preference-Share Linked Notes")]. See Element C.9 and C.20 below for further details.]</p>
C.2	Currency of Issue:	Notes are denominated in [•].
C.5	Restrictions on free transferability:	<p>The Notes cannot be offered or sold in the U.S. or to U.S. persons, nor held in the U.S. or by U.S. Persons at any time. The Notes may not be acquired or held by, or acquired with the assets of, any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, or any entity whose underlying assets include "plan assets" within the meaning of Section 3(42) of ERISA by reason of any such employee benefit plan's account's or plan's investment therein.</p> <p>THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).</p>
C.8	The Rights attached to the Notes, Ranking and Limitations to those Rights:	<p>Interest: [See Element C.9 for interest payable in respect of the Notes] / [Not Applicable, the Notes do not bear any interest.]</p> <p>Redemption: See Element C.9 for [the redemption amount payable on the Maturity Date] / [the amount of securities (the "Physical Delivery Amount") which the Issuer will deliver on the Settlement Date].</p> <p>[Put Option: The Notes may be redeemed early at the Option of the Noteholder, such option being exercisable [on any Put Option Exercise Date] / [at any time during the Put Option Exercise Period], and if so exercised, the Issuer will pay the Noteholder the Optional Early Redemption Amount (Put) on the immediately succeeding Optional Redemption Date (Put).</p> <p>Where: Optional Redemption Amount (Put) means an amount per Calculation Amount equal to the Participation Rate (Put) multiplied by the Calculation Amount; [Put Option Exercise Date means [•], [•]... and [•]] / [Put Option Exercise Period means from (and including) [•] to (and excluding) [•], from (and</p>

		<p>including) [•] to (and excluding) [•]...]; Participation Rate (Put) means [•] %]; Relevant Underlying Value means the value of the underlying to which the Notes are linked, determined as set out in Element C.9 below.]</p> <p>Specified Denomination of the Notes: The Notes are issued in Specified Denominations of [•][... and [•]][and integral multiples of [•] thereafter].</p> <p>Governing Law: The Notes will be governed by and construed in accordance with English law. [The Guarantee will be governed by and construed in accordance with New York Law.]</p> <p>Events of Default: If an Event of Default occurs, the Notes may be redeemed prior to their Maturity Date at the Early Redemption Amount if the Noteholders of not less than 25% in aggregate principal amount of the Notes give written notice to the Issuer declaring the Notes to be immediately due and payable.</p> <p>[The Notes are Zero Coupon Notes and the Early Redemption Amount is determined by multiplying the Reference Price (being [•]), the day count fraction and the Accrual Yield (which is [•]%).] / [The Early Redemption Amount on the Notes will be an amount per Calculation Amount equal to the product of the Specified Rate (which is [•]%) and the Calculation Amount.] / [The Early Redemption Amount will be determined by the Determination Agent to be the amount a qualified financial institution (being a financial institution organised under the laws of any jurisdiction in the USA, European Union or Japan and which satisfies certain credit ratings requirements, which the Determination Agent selects for this purposes at the time when the Early Redemption Amount is to be determined) would charge to assume all of the Issuer's obligations in respect of the Notes or to undertake obligations that would have the effect of preserving the economic equivalent of any payments by the Issuer to the Noteholder with respect to the Notes.]</p> <p>The Events of Default applicable to the Notes are as follows:</p> <ol style="list-style-type: none"> (1) non-payment by the Issuer [or the Guarantor] of any amount of principal (within 7 days of the due date) or any amount of interest (within 30 days of the due date) in respect of the Notes; (2) default in the performance or observance by the Issuer [or the Guarantor] in respect of any of their other (non-payment) obligations under or in respect of the Notes and such default remains unremedied for 60 days (after written notice to the Issuer by Noteholders of not less than 25% in aggregate principal amount of the relevant Series); and (3) the Issuer [or the Guarantor] becomes insolvent or is unable to pay its debts as they fall due, or an administrator or liquidator is appointed in respect of the Issuer [or the Guarantor] or the whole or a substantial part of its undertaking, assets and revenues (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent), or the Issuer [or the Guarantor] takes any action for a composition with or for the benefit of its creditors generally, or an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer [or the Guarantor] (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent) [<i>insert for Morgan Stanley as Issuer or Guarantor:</i> and [in the case of the Guarantor] such order or effective resolution has remained in force and has not been rescinded, revoked or set aside for sixty days after the date on which such order is made or effective resolution is passed].
		<p>Status of the Notes: The Notes constitute direct and general obligations of the Issuer ranking <i>pari passu</i> among themselves.</p> <p>Limitations to the rights:</p> <p>Prescription. Claims for principal and interest on redemption in respect of the</p>

		<p>Notes shall become void unless <i>[insert for Registered Notes: the relevant note certificates are surrendered for payment within ten years of the due date for payment]</i> / <i>[insert for Swedish Notes: made, in the case of claims for principal, within a period of ten years after the due date for payment, and in the case of claims for interest made within five years after the due date for payment]</i> <i>[insert for Finnish Notes: made within three years after the due date for payment]</i> <i>[insert for Uncertificated Notes: made within ten years of the due date for payment]</i>.</p> <p>Early Redemption.</p> <p>Call Option: [Not Applicable] / [The Notes may be redeemed early [in whole or in part] / [in whole only] at the option of the Issuer, exercisable on any Call Option Exercise Date, by payment of the Optional Redemption Amount (Call) on the Optional Redemption Date (Call) immediately succeeding such Call Option Exercise Date.</p> <p>Where: Optional Redemption Amount (Call) means an amount per Calculation Amount equal to the Participation Rate (Call) multiplied by the Calculation Amount; Call Option Exercise Dates means [•], [•]... and [•]; Optional Redemption Date(s) (Call) means [•], [•]... and [•]; Participation Rate (Call) means [•] %]</p> <p><i>[insert for Preference Share-Linked Notes: The Notes may be redeemed early (in whole but not in part) if the preference shares to which the Notes are linked are redeemed early in accordance with their terms.]</i></p> <p>[Automatic Early Redemption Event] applies in respect of the Notes. The Notes will be redeemed on the immediately succeeding Automatic Early Redemption Date at the Automatic Early Redemption Amount, if, on any Automatic Early Redemption Valuation Date, the Determination Agent determines that an Automatic Early Redemption Event has occurred. An Automatic Early Redemption Event occurs if, as of any Automatic Early Redemption Valuation Date, [the Relevant Underlying Value is] / [the total amount of interest paid on the Notes up to (and, if relevant, including) such date, calculated as an amount per Calculation Amount, is] [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Automatic Early Redemption Level.</p> <p>Where: Automatic Early Redemption Level means [•] [% per Calculation Amount]; Automatic Early Redemption Valuation Date[s] means [•], [•]... and [•]; Automatic Early Redemption Date[s] means [•], [•]... and [•]; Automatic Early Redemption Amount means an amount equal to the denomination of each Note multiplied by the relevant Automatic Early Redemption Rate; Automatic Early Redemption Rate means [•] % [in respect of [date], [•] per cent in respect of [date]...].</p>
		<p>["Autocallable Notes (Autocall 1)"] is applicable. The Notes will be redeemed on the immediately succeeding Automatic Early Redemption Date at an amount per Calculation Amount equal to the product of the Calculation Amount and [the sum of (i) the Specified Rate and (ii) the relevant Automatic Early Redemption Rate <i>[less the total amount of Interest determined as being payable in respect of the Notes up to and including the relevant Automatic Early Redemption Determination Date]</i>] / [the Specified Rate] if, [on any Automatic Early Redemption Determination Date] / [on any Barrier Observation Dates relating to the relevant Automatic Early Redemption Determination Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Autocall Barrier Value in respect of such Automatic Early Redemption Determination Date.]</p>
		<p>["Autocallable Notes (Autocall 2)"] is applicable. The Notes will be redeemed on the immediately succeeding Automatic Early Redemption Date if, [on any Automatic Early Redemption Determination Date] / [on any Barrier Observation Dates relating to the relevant Automatic Early Redemption Determination Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] /</p>

		<p>[lesser than] / [lesser than or equal to] the Autocall Barrier Value in respect of such Automatic Early Redemption Determination Date, at an amount per Calculation Amount equal to the product of the Calculation Amount and [(A) if such Automatic Early Redemption Determination Date is a Specified Automatic Early Redemption Date, the sum of (i) the Specified Rate and (ii) the Automatic Early Redemption Rate or (B) otherwise] the greater of (i) the sum of the Specified Rate and the Automatic Early Redemption Rate and (ii) the sum of the Specified Rate and the product of the Participation Rate and the value determined by dividing the Final Reference Value (Autocall) by the Initial Reference Value and the subsequent subtraction of one from the result.]</p> <p>Where: Automatic Early Redemption Date[s] means [•], [•]... and [•]; [Specified Automatic Early Redemption Determination Date[s] means [•], [•]... and [•];] Initial Reference Value means [•] / [the Relevant Underlying Value as of the Strike Date]; [Final Reference Value (Autocall) is the Relevant Underlying Value as of the relevant Automatic Early Redemption Determination Date;] Relevant Underlying Value is the value of the Relevant Underlying, determined according to the Value Determination Terms specified below; Knock-in Value means the Relevant Underlying Value [of the worst performing Basket Component] / [the best performing Basket Component] / [[•] number of the worst performing Basket Components] / [[•] number of the worst performing Basket Components], determined according to the Value Determination Terms specified below; [Participation Rate is [•]%]; [Specified Rate is [•]%]; and The Automatic Early Redemption Determination Date[s] and the corresponding Automatic Early Redemption Rate[s]/[and] Autocall Barrier Value[s] [and] [Barrier Observation Date[s]]/[Barrier Observation Period[s]] are as set out in the table below:</p> <table><tr><td>Automatic Early Redemption Determination Date</td><td>Automatic Early Redemption Rate</td><td>Autocall Barrier Value</td><td>[Barrier Observation Date]</td><td>[Barrier Observation Period]</td></tr><tr><td>[•]</td><td>[•]%</td><td>[•] / [•]% of Initial Reference Value</td><td>[•], [•]... and [•]</td><td>[•]</td></tr><tr><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td></tr></table> <p>Value Determination Terms for determining [Initial Reference Value][,] [Final Reference Value][,] [Final Reference Value (Autocall)] [and] [Relevant Underlying Value] <i>repeat separately for each if different</i>: The Determination Agent will determine the value of the Relevant Underlying [as of such time on the relevant date as the Determination Agent determines is appropriate] / [at any time during the relevant date] / [as of the scheduled weekday opening time of the exchange] / [as of the scheduled weekday closing time of the exchange] / [as of the Reference Month] / [by choosing the highest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by choosing the lowest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by determining the value as of each Averaging Date and then determining the [weighted]/[arithmetic] average of such values] / [by choosing [the greater of the value as of each averaging date and the Floor Value] / [the lesser of the value as of each averaging date and the Cap Value], and then determining the [weighted]/[arithmetic] average of such values] / [by choosing the [greater of] / [lesser of] the [arithmetic] / [weighted] average of the values determined on each Averaging Date and the [Global Floor Value] / [Global Cap Value];]</p> <p>Where: [Reference Month means [•];] [Value Observation Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•] [in respect of [•]]];] [Averaging Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•] [in respect of [•]]];] [Floor Value means [•];] [Cap Value means [•];] [Global Floor Value means [•];] [Global Cap Value means [•]].</p>	Automatic Early Redemption Determination Date	Automatic Early Redemption Rate	Autocall Barrier Value	[Barrier Observation Date]	[Barrier Observation Period]	[•]	[•]%	[•] / [•]% of Initial Reference Value	[•], [•]... and [•]	[•]	[...]	[...]	[...]	[...]	[...]
Automatic Early Redemption Determination Date	Automatic Early Redemption Rate	Autocall Barrier Value	[Barrier Observation Date]	[Barrier Observation Period]													
[•]	[•]%	[•] / [•]% of Initial Reference Value	[•], [•]... and [•]	[•]													
[...]	[...]	[...]	[...]	[...]													
C.9	Interest.	See Element C.8 for the Rights attaching to the Notes, Ranking and Limitations to															

	<div>Redemption and Representation:</div>	<div>such Rights. See further Element C.10 below.</div> <div>Nominal Interest Rate:</div> <div>["Autocallable Notes (No Coupon)"] is applicable in respect of the Notes and t)/[T]he Notes [are [Zero Coupon Notes]/[Preference Share-Linked Notes] and] do not bear Interest]</div> <div>[Insert for Fixed Rate Notes, Step up Notes, Fixed to Floating Rate Notes: The Notes bear interest from [•] at a fixed rate of [•] % per annum payable in arrear on [•][, [•] % per annum payable in arrear on [•]...and [•] % per annum payable in arrear on [•]].]</div> <div>[Insert for Floating Rate Notes, Floored Floating Rate Notes, Capped Floating Rate Notes, Collared Floating Rate Notes: The Notes bear interest from [•] at a rate equal to [the sum of [•] and] [Reference Rate] determined in respect of each interest period [subject to [a maximum rate of interest of [•] %] [and] [a minimum rate of interest of [•] %].</div> <div>[Insert for Range Accrual Notes: The Notes are Range Accrual Notes and pay interest which is determined as the product of (i) [•] %, (ii) the relevant Day Count Fraction (being [Actual/Actual] / [Actual/365(Fixed)] / [Actual/360] / [30/360] / [30E/360 or Eurobond Basis] / [30E/360 (ISDA)]) and (iii) the fraction determined by dividing (A) the number of Business Days in an Interest Period on which the [Reference Rate] is [[greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value in respect of that Interest Period] / [[greater than] / [greater than or equal to] the Lower Barrier Value in respect of that Interest Period and [lesser than] / [lesser than or equal to] the Upper Barrier Value in respect of that Interest Period] by (B) the total number of Business Days in the relevant Interest Period[, subject to [a maximum rate of interest of [•] %] [and] [a minimum rate of interest of [•] %]. The [Coupon Barrier Value] / [Lower Barrier Value] is [•] % [in respect of the Interest Period from [and/but not] including [•] to [and/but not] including [•]....].]</div> <div>[Insert for Barrier Notes: The interest described under "Nominal Interest Amount" above is payable if (and only if) on a relevant Interest Determination Date the [Reference Rate] is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value. The Interest Determination Dates are [•][, [•]... and [•]]. The Coupon Barrier Value is [•]% [in respect of the Interest Determination Date falling on [•]....].]</div>						
		<div>[The Notes are ["Autocallable Notes (Regular Coupon)"] / ["Reverse Convertible Notes (Regular Coupon)"] / ["Linked Notes (Regular Coupon)"]. The Issuer shall pay interest on each Interest Payment Date equal to the product of (i) the Coupon Rate, and (ii) the Calculation Amount. The Interest Payment Dates and the corresponding Coupon Rates are as set out in the table below:</div> <table><tr><th>Interest Payment Date</th><th>Coupon Rate</th></tr><tr><td>[•]</td><td>[•]%</td></tr><tr><td>[...]</td><td>[...]</td></tr></table> <div>]</div> <div>[Interest on the Notes is linked to the Relevant Underlying. See Element C.10 and Element C.20 for further details].</div>	Interest Payment Date	Coupon Rate	[•]	[•]%	[...]	[...]
Interest Payment Date	Coupon Rate							
[•]	[•]%							
[...]	[...]							
		<div>[Date from which interest becomes payable and the due dates for interest: [Not Applicable, the Notes do not bear interest] / [Interest Commencement Date is [•] and the Interest Payment Date[s] are [•][, [•]... and [•]].]</div> <div>Description of the Relevant Underlying to which interest payments are linked: [Interest amounts payable in respect of the Notes are linked to the value or performance of [a]/[an]/[a basket] of [share[s]] / [index] / [indices] / [interest[s] in [an] exchange traded fund[s]] / [inflation index] / [inflation indices] / [currency]</div>						

		<p>[currencies] / [interest in [a] fund[s]] (such [individual underlying]/[basket of underlyings] being a "Relevant Underlying". See Element C.1 above and Element C.20 below for further detail.</p> <p>Maturity Date: [•]</p> <p>Arrangements for the amortisation of the loan including repayment procedures:</p> <p>[Insert for Fixed Rate Notes, Floating Rate Notes, Fixed to Floating Rate Notes, Floored Floating Rate Notes, Capped Floating Rate Notes, Collared Floating Rate Notes, Range Accrual Notes: if not previously redeemed or cancelled, the Notes will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount, where the Specified Rate is [•]%.]</p>
		<p>[OPTIONS FOR AUTOCALLABLE NOTES]</p> <p>[OPTION 1]</p> <p>["Autocallable Notes (Fixed Redemption)"] applies. The Notes, unless previously redeemed or cancelled, shall be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount.]</p> <p>[END OF OPTION 1]</p> <p>[OPTION 2]</p> <p>["Autocallable Notes (Capitalised Non-Memory Redemption)"] applies. Notes, unless previously redeemed or cancelled, shall be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Calculation Amount and the sum of the Specified Rate and the Final Redemption Rate.]</p> <p>[END OF OPTION 2]</p> <p>[OPTION 3]</p> <p>["Autocallable Notes (Capitalised Memory Redemption)"] applies. The Notes, unless previously redeemed or cancelled, shall be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Calculation Amount and the sum of the Specified Rate and the Final Redemption Rate, less any interest which has been determined in respect of the Notes.]</p> <p>[END OF OPTION 3]</p> <p>[OPTION 4]</p> <p>["Autocallable Notes (Basic Performance Linked Redemption)"] applies. The Notes, unless previously redeemed or cancelled, shall be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Calculation Amount, the Participation Rate and the value determined by dividing the Final Reference Value by the Initial Reference Value[, subject to [a maximum of [•][%] per Calculation Amount] [and] [a minimum of [•][%] per Calculation Amount]].]</p> <p>[END OF OPTION 4]</p>
		<p>[OPTION 5]</p> <p>["Autocallable Notes (Single Barrier Final Redemption)"] applies. If, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value, the Issuer will pay an amount per Calculation Amount equal to the product of the Calculation Amount and [the Specified Rate] / [the sum of the Specified Rate and the Final Redemption Rate [less any interest which has been determined in respect of the Notes]] / [the sum of the Specified Rate and the greater of (A) the Final Redemption Rate and (B) the value determined by dividing the Highest Reference Value by the Initial Reference Value and subtracting 1 from the result of such division].</p>

[Insert if notes are not physically settled] [In all other cases, the Issuer will pay an amount per Calculation Amount equal to [the product of the Calculation Amount, the Participation Rate and the value which is the Final Reference Value Divided by the Initial Reference Value] / [the product of the Calculation Amount and the sum of (A) the Specified Rate and (B) the product of the Participation Rate and the value which is the Final Reference Value of the worst performing Basket Component divided by the Initial Reference Value of the worst performing Basket Component] / [(A) if the Final Reference Value is greater than or equal to the Knock-in Barrier Level, the product of the Calculation Amount and the sum of (i) the Specified Rate and (ii) the product of the Participation Rate and the value which is the Final Reference Value of the worst performing Basket Component divided by the Initial Reference Value of the worst performing Basket Component; otherwise (B) the product of the Specified Rate and the Calculation Amount].

[Insert if notes are physically settled] [In all other cases, the Issuer will deliver such amount of the Relevant Underlying which comprises the Physical Delivery Amount, and pay a Cash Residual Amount (if any). The Physical Delivery Amount shall be determined by the Determination Agent [by dividing the par value of the Note held by the relevant Noteholder by the Initial Reference Value] / [in respect of each Basket Component, by dividing (i) the par value of the Note held by the relevant Noteholder by (ii) the product of the Initial Reference Value of such Basket Component and the total number of Basket Components comprising the Basket] / [by dividing the par value of the interest in the Notes held by the relevant Noteholder by the Initial Reference Value of the worst performing Basket Component]. The Cash Residual Amount will be arrived at by subtracting the product of the Physical Delivery Amount and the Initial Reference Value from the par value of the relevant Noteholder's holding of the Notes.]

[END OF OPTION 5]

[OPTION 6]

["Autocallable Notes (Dual Barrier Final Redemption)" applies. (I) If, [as of the Determination Date] / [as of each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value 1, the Issuer will pay an amount per Calculation Amount equal to the product of the Calculation Amount and the greater of (A) the sum of the Specified Rate and the Final Redemption Rate and (B) the product of the Participation Rate and the value which is the Final Reference Value divided by the Initial Reference Value; (II) if (I) does not apply, but if, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value 2, the Issuer will pay an amount per Calculation Amount equal to the product of the Calculation Amount and the sum of the Specified Rate and the Final Redemption Rate; or (III) if neither (I) nor (II) applies, the Issuer will pay an amount equal to the product of (A) the Calculation Amount, (B) the Participation Rate and (C) the value which is the Final Reference Value divided by the Initial Reference Value.]

[END OF OPTION 6]

		<p>[Where:</p> <p>[Barrier Observation Period means [•];] [Final Redemption Barrier Value 1: [•] [% of the Initial Reference Value]; Final Redemption Barrier Value 2: [•] [% of the Initial Reference Value];] [Final Redemption Barrier Value: [•] [% of the Initial Reference Value];] [Final Redemption Observation Date[s] means [•],[•].... and [•];] [Final Redemption Rate is [•]%;] [Final Reference Value is the Relevant Underlying Value as of the Determination Date; Determination Date is [•];] [Highest Reference Value means the Relevant Underlying Value determined by the Determination Agent as the highest of the Relevant Underlying Values determined on each Final Redemption Observation Date;] [Initial Reference Value is [•] / [the Relevant Underlying Value as of the Strike Date; Strike Date is [•];] [Knock In Barrier Level: [•] [% of the Initial Reference Value];] [Knock-in Value means the Relevant Underlying Value [of the worst performing Basket Component] / [the best performing Basket Component] / [[•] number of the worst performing Basket Components] / [[•] number of the worst performing Basket Components], determined according to the Value Determination Terms specified below;] [Participation Rate is [•]%;] [Relevant Underlying Value is the value of the Relevant Underlying, determined according to the Value Determination Terms specified below;] [Specified Rate is [•]%;]] [Cash Residual Amount means an amount determined by subtracting the product of (i) the Physical Delivery Amount, and (ii) the Initial Reference Value [and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date and the FX Rate as of the currency business day immediately preceeding the Strike Date], from the par value of the relevant Noteholder's holdings in the Notes;]</p> <p>Value Determination Terms for determining [Initial Reference Value][,] [Final Reference Value][,] [Final Reference Value (Coupon)] [and] [Relevant Underlying Value] <i>[repeat separately for each if different]</i>: The Determination Agent will determine the value of the Relevant Underlying [as of such time on the relevant date as the Determination Agent determines is appropriate] / [at any time during the relevant date] / [as of the scheduled weekday opening time of the exchange] / [as of the scheduled weekday closing time of the exchange] / [as of the Reference Month] / [by choosing the highest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by choosing the lowest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by determining the value as of each Averaging Date and then determining the [weighted]/[arithmetic] average of such values] / [by choosing [the greater of the value as of each averaging date and the Floor Value] / [the lesser of the value as of each averaging date and the Cap Value], and then determining the [weighted]/[arithmetic] average of such values] / [by choosing the [greater of] / [lesser of] the [arithmetic] / [weighted] average of the values determined on each Averaging Date and the [Global Floor Value] / [Global Cap Value];]</p> <p>Where: [Reference Month means [•];] [Value Observation Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•] [in respect of [•]]];] [Averaging Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•] [in respect of [•]]];] [Floor Value means [•];] [Cap Value means [•];] [Global Floor Value means [•];] [Global Cap Value means [•]].</p> <p><i>[END OF OPTIONS FOR AUTOCALLABLE NOTES.]</i></p>
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		<p>[<i>OPTIONS FOR REVERSE CONVERTIBLE NOTES</i>] [<i>OPTION 1</i>]</p> <p>["Reverse Convertible Notes (Barrier Redemption)" and [Final Observation] / [Daily Observation] / [Continuous Observation] applies. If, [on the Determination Date] / [on each Observation Date] / [at any time during the Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value, the Issuer will pay an amount per Calculation Amount equal to the product of the Calculation Amount and the Specified Rate. In all other cases, [<i>insert if Physical Settlement does not apply</i>: the Final Redemption Amount shall be an amount per Calculation Amount equal to the product of the Calculation Amount and the sum of (A) the Specified Rate and (B) the product of the Participation Rate and the value which is (i) the Final Reference Value divided by the Initial Reference Value, <i>less</i> (ii) [•], subject to [a maximum of [•][%] per Calculation Amount] [and] [a minimum of [•][%] per Calculation Amount].] / [<i>insert if Physical Settlement applies</i>: the Issuer will deliver an amount of Underlying Securities equal to the sum of (A) the amount determined by dividing the par value of the relevant Noteholder's holding in the Notes by the Initial Reference Value, rounded down to the nearest whole number of Underlying Securities and (B) any Cash Residual Amount.]</p> <p>[<i>END OF OPTION 1</i>] [<i>OPTION 2</i>]</p> <p>["Reverse Convertible Notes (Basic Participation and Performance Linked Redemption)" applies. Unless previously redeemed or cancelled, Notes shall be redeemed on the Maturity Date an amount per Calculation Amount equal to the product of the Calculation Amount and the sum of (A) the Specified Rate and (B) the product of the Participation Rate and the value which is the Final Reference Value divided by the Initial Reference Value.]</p> <p>[<i>END OF OPTION 2</i>] [Where:</p> <p>[Cash Residual Amount means an amount determined by subtracting the product of (i) the Physical Delivery Amount, and (ii) the Initial Reference Value[and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date and the FX Rate as of the currency business day immediately preceeding the Strike Date], from the par value of the Note held by the relevant Noteholder;] [Final Redemption Barrier Value means [•] [% of the Initial Reference Value];] [Final Reference Value is the Relevant Underlying Value as of the Determination Date; Determination Date means [•];] [Initial Reference Value is [•] / [the Relevant Underlying Value as of the Strike Date]; Strike Date means [•];] [Knock-in Value means the Relevant Underlying Value [of the worst performing Basket Component] / [the best performing Basket Component] / [[•] number of the worst performing Basket Components] / [[•] number of the worst performing Basket Components], determined according to the Value Determination Terms specified below;] [Observation Date[s] means [•],[•]... and[•];] [Observation Period: from and including Strike Date to, but excluding, the Determination Date;] [Participation Rate is [•]%;] [Relevant Underlying Value is the value of the Relevant Underlying, determined according to the Value Determination Terms specified below;] [Specified Rate is [•]%;] [Underlying Securities: [•];]</p>
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		<p>Value Determination Terms for determining [Initial Reference Value][,] [Final Reference Value][,] [Final Reference Value (Coupon)] [and] [Relevant Underlying Value] <i>[repeat separately for each if different]</i>: The Determination Agent will determine the value of the Relevant Underlying [as of such time on the relevant date as the Determination Agent determines is appropriate] / [at any time during the relevant date] / [as of the scheduled weekday opening time of the exchange] / [as of the scheduled weekday closing time of the exchange] / [as of the Reference Month] / [by choosing the highest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by choosing the lowest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by determining the value as of each Averaging Date and then determining the [weighted]/[arithmetic] average of such values] / [by choosing [the greater of the value as of each averaging date and the Floor Value] / [the lesser of the value as of each averaging date and the Cap Value], and then determining the [weighted]/[arithmetic] average of such values] / [by choosing the [greater of] / [lesser of] the [arithmetic] / [weighted] average of the values determined on each Averaging Date and the [Global Floor Value] / [Global Cap Value];]</p> <p>Where: [Reference Month means [•];] [Value Observation Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•][in respect of [•]]];] [Averaging Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•][in respect of [•]]];] [Floor Value means [•];] [Cap Value means [•];] [Global Floor Value means [•];] [Global Cap Value means [•]]. <i>[END OF OPTIONS FOR REVERSE CONVERTIBLE NOTES.]</i></p>
		<p><i>[OPTIONS FOR CERTAIN LINKED NOTES]</i> <i>[OPTION 1]</i> ["Linked Notes (Fixed Redemption)"] applies. Unless previously redeemed or cancelled, the Notes will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Calculation Amount and the sum of the Specified Rate and the Final Redemption Rate.] <i>[END OF OPTION 1]</i> <i>[OPTION 2]</i> ["Linked Notes (Participation and Performance-Linked Redemption)"] applies. Unless previously redeemed or cancelled, the Notes will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate; (B) the product of (i) the Participation Rate and (ii) the greater of the Final Redemption Rate and the Relevant Underlying Performance[and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date and the FX Rate as of the currency business day immediately preceding the Strike Date].] <i>[END OF OPTION 2]</i> <i>[OPTION 3]</i> ["Linked Notes (Barrier Redemption)"] applies. applies. If, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value, the Notes, unless previously redeemed or cancelled, will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount. Otherwise, the Notes will, unless previously redeemed or cancelled, be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate and (ii) the value determined by dividing the Final Reference Value by the Initial Reference Value[and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceding the Strike Date].] <i>[END OF OPTION 3]</i></p>
		<p><i>[OPTION 4]</i> ["Linked Notes (Barrier and Participation Redemption)"] applies. If, [on the</p>

		<p>Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value, the Notes, unless previously redeemed or cancelled, will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate 1 and (ii) the greater of the Final Redemption Rate and the Relevant Underlying performance [and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date and the FX Rate as of the currency business day immediately preceeding the Strike Date]. Otherwise the Notes will, unless previously redeemed or cancelled, be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of the Participation Rate 2 and the value determined by dividing the Final Reference Value by the Initial Reference Value [and the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceeding the Strike Date].]</p> <p><i>[END OF OPTION 4]</i></p> <p><i>[OPTION 5]</i></p> <p>["Linked Notes (Dual Barrier Redemption)" applies.</p> <p>(a) If, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value 1, the Issuer will pay an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate 1 and the greater of the Final Redemption Rate and the Relevant Underlying performance [and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceeding the Strike Date];</p> <p>(b) if (a) above does not apply, but if, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value 2, the Issuer will pay an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount; or</p> <p>(c) if neither (a) nor (b) applies, the Issuer will pay an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate 2 and (ii) the value determined by dividing the Final Reference Value by the Initial Reference Value [and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceeding the Strike Date].]</p> <p><i>[END OF OPTION 5]</i></p>
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		<p>[OPTION 6]</p> <p>["Linked Notes (Dual Barrier Redemption – Twin Win)"] applies.</p> <p>(a) If, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value 1, the Issuer will pay an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate 1 and (ii) the greater of the Final Redemption Rate and the Relevant Underlying performance [and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceding the Strike Date];</p> <p>(b) if (a) above does not apply, but if, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value 2, the Issuer will pay an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate 2 and (ii) the greater of the Final Redemption Rate and the Relevant Underlying performance (Put)[and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceding the Strike Date];</p> <p>(c) if neither (a) nor (b) applies, the Issuer will pay an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) Participation Rate 3 and (ii) the value determined by dividing the Final Reference Value by the Initial Reference Value[and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceding the Strike Date].]</p> <p>[END OF OPTION 6]</p> <p>[OPTION 7]</p> <p>["Linked Notes (Synthetic Zero Redemption)"] applies. Unless previously redeemed or cancelled, the Notes will be redeemed on the Maturity Date at an amount per Calculation Amount equal to product of the Calculation Amount and (A) one <i>minus</i> (B) the greater of (I) 0 and (II) the product of the Participation Rate, and the value determined by <i>dividing</i> (i) the Specified Strike Value <i>minus</i> the Initial Reference Value <i>by</i> (ii) the Final Reference Value.]</p> <p>[END OF OPTION 7]</p> <p>[OPTION 8]</p> <p>["Linked Notes (Lock In Ladder Redemption)"] applies. Unless previously redeemed or cancelled, the Notes will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of (I) the Calculation Amount, and (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate and (ii) the greater of (a) the Final Redemption Rate, (b) the product of the Multiplier and the highest Lock In Step achieved as of any Lock In Observation Date (and the Lock In Step in respect of a particular Lock In Observation Date will be the highest Lock-In Step exceeded (or equal to) the Relevant Underlying Performance on such Lock In Observation Date) and (c) the Relevant Underlying Performance[and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceding the Strike Date.]</p> <p>[END OF OPTION 8]</p>
		<p>[OPTION 9]</p> <p>["Linked Notes (Lock In Ladder Barrier Redemption)"]</p>

		<p>(1) If, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Final Redemption Barrier Value, the Issuer will pay an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate 1 and (ii) the greater of (a) the Final Redemption Rate, (b) the product of the Multiplier and the highest Lock In Step achieved as of any Lock In Observation Date (and the Lock In Step in respect of a particular Lock In Observation Date will be the highest Lock-In Step exceeded (or equal to) the Relevant Underlying Performance on such Lock In Observation Date) and (c) the Relevant Underlying Performance[and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceeding the Strike Date];</p> <p>(2) if (1) above does not apply, the Issuer will pay an amount per Calculation Amount equal to the product of (I) the Calculation Amount, (II) the sum of (A) the Specified Rate, (B) the product of (i) the Participation Rate 2[, (ii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date and the FX Rate as of the currency business day immediately preceeding the Strike Date and (iii)][and (ii)] the value which is the Final Reference Value <i>[insert if "Worst Performance" applies: of the worst performing Basket Component]</i> divided by the Initial Reference Value <i>[insert if "Worst Performance" applies: of the worst performing Basket Component]</i>;]</p> <p><i>[END OF OPTION 9]</i></p> <p><i>[OPTION 10]</i></p> <p>["Linked Notes (Ranked Underlying Redemption)"] applies. Unless previously redeemed or cancelled, the Notes will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of (I) the Calculation Amount and (II) the sum of (A) the Specified Rate and (B) the product of (i) the Participation Rate and (ii) the greater of the Final Redemption Rate and the Top Rank Underlying Performance [and (iii) the value determined by dividing the FX Rate as of the currency business day immediately succeeding the Determination Date by the FX Rate as of the currency business day immediately preceeding the Strike Date].]</p> <p><i>[END OF OPTION 10]</i></p> <p><i>[OPTION 11]</i></p> <p>["Linked Notes (Multiple Barrier Redemption)"] applies. Unless previously redeemed or cancelled, if, [on the Determination Date] / [on each Final Redemption Observation Date] / [at any time during the Barrier Observation Period], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] any Specified Final Redemption Barrier Value, the Notes will be redeemed on the Maturity Date at an amount per Calculation Amount equal to the product of the Calculation Amount and the Specified Final Redemption Rate specified in respect of such Specified Final Redemption Barrier Value.]</p> <p><i>[END OF OPTION 11]</i></p>
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		<p>Where:</p> <p>[Barrier Observation Period means [•];] [Determination Date is [•];] [Final Redemption Observation Date[s] means [•],[•]... and[•];] [Final Redemption Barrier Value 1 means [•][% of the Initial Reference Value]; Final Redemption Barrier Value 2 means [•][% of the Initial Reference Value];] [Final Redemption Barrier Value means [•][% of the Initial Reference Value];] [Final Redemption Rate means [•]%;] [Final Redemption Rate 1 means [•]%;] [Final Redemption Rate 2 means [•]%;] [Final Reference Value means the Relevant Underlying Value as of the Determination Date;] [FX Rate means the rate of exchange, determined (and rounded to 4 decimal points) by dividing (i) the daily fixing published on the [specify Relevant Screen Page] at [•] [am/pm] [city] time in respect of exchanging an amount in [specify Specified Currency] for an amount in Euro by (ii) the daily fixing published on the [specify Relevant Screen Page] at [•] [am/pm] [city] time in respect of exchanging an amount in Euro for an amount in [specify Second Currency];] [Initial Reference Value is [•] / [the Relevant Underlying Value as of the Strike Date];] [Knock-in Value means the Relevant Underlying Value [of the worst performing Basket Component] / [the best performing Basket Component] / [[•] number of the worst performing Basket Components] / [[•] number of the worst performing Basket Components], determined according to the Value Determination Terms specified below;] [Lock In Step means [•]%, [•]%,... and [•]%;] [Multiplier means [•];] [Participation Rate 1 is [•]%;] [Participation Rate 2 is [•]%;] [Participation Rate 3 is [•]%;] [Participation Rate is [•]%;] [Performance Barrier Level means [•]%;] [Performance Rate is [•]%;] [Relevant Underlying Performance (Put) means the Relevant Underlying Performance determined as if "Put Performance" were specified as being applicable in respect of the relevant Performance Determination Term specified below;] [Relevant Underlying Performance means the performance of the Relevant Underlying determined in accordance with the Performance Determination Terms specified below;] [Relevant Underlying Value is the value of the Relevant Underlying, determined according to the Value Determination Terms specified below;] [Specified Rate is [•]%;] [Specified Strike Value means [•];] [Strike Date is [•];] [Top Rank Underlying Performance means the Relevant Underlying Performance determined as if Selected Average Top Rank Performance were the applicable Performance Determination Terms;] [and the Specified Final Redemption Barrier Values and the corresponding Specified Final Redemption Rates are specified in the table below:</p> <table><tr><th>Specified Final Redemption Barrier Values</th><th>Specified Final Redemption Rate</th></tr><tr><td>[•] / [•]% of the Initial Reference Value</td><td>[•]%</td></tr><tr><td>[]</td><td>[]</td></tr></table> <p>]</p> <p>[END OF OPTIONS FOR CERTAIN LINKED NOTES.]</p>	Specified Final Redemption Barrier Values	Specified Final Redemption Rate	[•] / [•]% of the Initial Reference Value	[•]%	[]	[]
Specified Final Redemption Barrier Values	Specified Final Redemption Rate							
[•] / [•]% of the Initial Reference Value	[•]%							
[]	[]							
		<p>[OPTIONS FOR PREFERENCE SHARE-LINKED NOTES]</p> <p>[The Notes will be redeemed on the Maturity Date at an amount per Calculation Amount determined by the Determination Agent as being the product of (i) the Calculation Amount, (ii) the Participation Rate (being [•]%) and (iii) the value which is (A) the fair market value of the Preference Share (as determined by the Determination Agent) as of the Final Valuation Date <i>divided by</i> (B) the fair market value of the Preference Share (as determined by the Determination Agent) as of the Strike Date. For these purposes the Final Valuation Date means [•].]</p>						
		<p>[END OF OPTIONS FOR PREFERENCE SHARE-LINKED NOTES.]</p>						

		<p><i>[Insert for Notes other than Fixed Rate Notes, Floating Rate Notes, Fixed to Floating Rate Notes, Floored Floating Rate Notes, Capped Floating Rate Notes, Collared Floating Rate Notes, Range Accrual Notes or Preference-Share Linked Notes: Value Determination Terms for determining [Initial Reference Value][,] [Final Reference Value][,] [,] [PIDD Reference Value] [and] [Relevant Underlying Value] <i>[repeat separately for each if different]</i>: The Determination Agent will determine the value of the Relevant Underlying [as of such time on the relevant date as the Determination Agent determines is appropriate] / [at any time during the relevant date] / [as of the scheduled weekday opening time of the exchange] / [as of the scheduled weekday closing time of the exchange] / [as of the Reference Month] / [by choosing the highest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by choosing the lowest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by determining the value as of each Averaging Date and then determining the [weighted]/[arithmetic] average of such values] / [by choosing [the greater of the value as of each averaging date and the Floor Value] / [the lesser of the value as of each averaging date and the Cap Value], and then determining the [weighted]/[arithmetic] average of such values] / [by choosing the [greater of] / [lesser of] the [arithmetic] / [weighted] average of the values determined on each Averaging Date and the [Global Floor Value] / [Global Cap Value];]</i></p> <p>Where: [Reference Month means [•];] [Value Observation Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•][in respect of [•]];] [Averaging Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•][in respect of [•]];] [Floor Value means [•];] [Cap Value means [•];] [Global Floor Value means [•];] [Global Cap Value means [•]]</p>
		<p><i>[Insert for Certain Linked Notes: Performance Determination Terms for determining Relevant Underlying Performance:</i></p> <p><i>[OPTIONS FOR NOTES WHICH ARE LINKED TO A SINGLE UNDERLYING]</i></p> <p><i>[insert if Put Performance does not apply:</i> The Determination Agent will determine the performance of the Relevant Underlying by reference to the [absolute value of the] product of the Performance Rate and the value that is determined by dividing the Final Reference Value [less the Optimised Initial Reference Value] by the [Initial Reference Value]/[PIDD Reference Value]/[Optimised Initial Reference Value] [and the subsequent subtraction of the [Strike]/[OTM Rate]] from the same [provided that] [if the value so determined is lesser than the Floor, the Determination Agent will choose the Floor] [and] [if the value so determined is greater than the Cap, the Determination Agent will choose the Cap].]</p> <p><i>[insert if Put Performance applies: "Put Performance" applies.</i> The Determination Agent will determine the performance of the Relevant Underlying [by reference to the [the absolute value of the] value which is (A) the [Strike]/[OTM Rate]] less (B) the product of the Performance Rate and the value that is determined by dividing the Final Reference Value [less the Optimised Initial Reference Value] by the [Initial Reference Value]/[PIDD Reference Value]/[Optimised Initial Reference Value] [provided that] [if the value so determined is lesser than the Floor, the Determination Agent will choose the Floor] [and] [if the value so determined is greater than the Cap, the Determination Agent will choose the Cap].]</p> <p>Where: [Performance Rate means [•];] [Strike means [•];] [OTM Rate means [•];] [Floor means [•];] [Cap means [•];] [Initial Reference Value is [•] / [the Relevant Underlying Value as of the Strike Date];] [PIDD Reference Value means the Relevant Underlying Value as of the Interest Determination Date preceding the date as of which the performance is being determined;] [Final Reference Value means the Relevant Underlying Value as of the Determination Date;] [Relevant Underlying Value is the value of the Relevant Underlying, determined according to the Value Determination Terms specified above;]</p>

		[END OF OPTIONS FOR NOTES LINKED TO A SINGLE UNDERLYING]																		
		<p>[INSERT WHERE THE NOTES ARE LINKED TO A BASKET]</p> <p>The Determination Agent will determine the performance of the Relevant Underlying by reference to the [weighted]/[arithmetic] average of the Performance Value of each [of, as determined by the Determination Agent, the [[insert number] of [the best performing] / [worst performing]] / [selected] Basket Component[s] [provided that] [if the value so determined is lesser than the Global Floor Value, the Determination Agent will choose the Floor] [and] [if the value so determined is greater than the Global Cap Value, the Determination Agent will choose the Cap].].</p> <p>Where: Performance Value means, in respect of each selected Basket Component, the [absolute value of the] value determined by the Determination Agent as being the product of (A) the Performance Rate and (B) the value which is the Final Reference Value of such Basket Component divided by the [Initial Reference Value] / [PIDD Reference Value] of such Basket Component, <i>less</i> [one]/[the OTM Rate in respect of such Basket Component] [provided that] [if the value so determined is lesser than the Floor specified in respect of such Basket Component, the Determination Agent will choose such Floor] [and] [if the value so determined is greater than the Cap specified in respect of such Basket Component, the Determination Agent will choose such Cap;] [Performance Rate means [•]; [Global Floor Value means [•];] [Global Cap Value means [•];] [Initial Reference Value is [•] / [as set out in the table below in respect of each Basket Component] / [the Relevant Underlying Value as of the Strike Date];] [PIDD Reference Value means the Relevant Underlying Value as of the Interest Determination Date preceding the date as of which the performance is being determined;] [Final Reference Value means the Relevant Underlying Value as of the Determination Date;] [Relevant Underlying Value is the value of the Relevant Underlying, determined according to the Value Determination Terms specified above;]] [The Basket Components and the corresponding [weightings] to be applied in respect of each Basket Component][,]/ [and] [OTM Rates][,]/ [and] [Floor][,] / [and] [Cap] are set out in the table below:</p> <table><tr><th>Basket Component</th><th>[Weightings]</th><th>[OTM Rate]</th><th>[Floor]</th><th>[Cap]</th><th>[Initial Reference Value]</th></tr><tr><td>[•]</td><td>[•]</td><td>[•]</td><td>[•]</td><td>[•]</td><td>[•] / [Relevant Underlying Value as of the Strike Date determined in accordance with the Value Determination Terms specified above]</td></tr><tr><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td></tr></table> <p>["Selected Average Top Rank Performance" applies. The Relevant Underlying Performance will be determined by the Determination Agent as being the sum of (A) the product of the Default Performance and the fraction which is the number of selected Basket Components divided by the total number of Basket Components comprising the Basket and (B) the product of (i) the value determined by dividing 1 by the total number of Basket Components comprising the Basket and (ii) the arithmetic average of the values, determined in respect of each Basket Component other than a selected Basket Component, arrived at by dividing the Final Reference Value of such Basket Component by its Initial Reference Value.</p> <p>Where Default Performance means [•]; Final Reference Value is the Relevant Underlying Value as of the Determination Date; Relevant Underlying Value is the value of the Relevant Underlying determined in accordance with the Value Determination terms set out above; and Initial Reference Value is as set out in the</p>	Basket Component	[Weightings]	[OTM Rate]	[Floor]	[Cap]	[Initial Reference Value]	[•]	[•]	[•]	[•]	[•]	[•] / [Relevant Underlying Value as of the Strike Date determined in accordance with the Value Determination Terms specified above]	[...]	[...]	[...]	[...]	[...]	[...]
Basket Component	[Weightings]	[OTM Rate]	[Floor]	[Cap]	[Initial Reference Value]															
[•]	[•]	[•]	[•]	[•]	[•] / [Relevant Underlying Value as of the Strike Date determined in accordance with the Value Determination Terms specified above]															
[...]	[...]	[...]	[...]	[...]	[...]															

		<div>table below:</div> <table><tr><th>Basket Component</th><th>Initial Reference Value</th></tr><tr><td>[•]</td><td>[•] / [Relevant Underlying Value as of the Strike Date determined in accordance with the Value Determination Terms specified above]</td></tr><tr><td>[...]</td><td>[...]</td></tr></table> <div>]</div> <div>[END OF OPTIONS FOR NOTES LINKED TO A BASKET]</div> <div>[END OF PERFORMANCE DETERMINATION TERMS OPTIONS]</div>	Basket Component	Initial Reference Value	[•]	[•] / [Relevant Underlying Value as of the Strike Date determined in accordance with the Value Determination Terms specified above]	[...]	[...]
Basket Component	Initial Reference Value							
[•]	[•] / [Relevant Underlying Value as of the Strike Date determined in accordance with the Value Determination Terms specified above]							
[...]	[...]							
		<div>Yield: [Not applicable. The Notes are not Fixed Rate Notes.] [The yield on the Notes is [•] and is calculated on the issue date based the issue price. It is not an indication of future yield.]</div> <div>Repayment procedure: [Insert for Registered Notes: Payments of principal on the Notes shall be made by cheque drawn in the currency in which the payment is due, or upon application by a noteholder in advance of such payment, by transfer to an account of the noteholder held in the principal financial centre for the relevant currency. [insert for Global Note Certificates: While in global form, payments in respect of the Notes shall be made against the presentation and surrender of the global note certificate at the specified office of or to the order of a paying agent.]] [insert for Uncertificated Notes: Computershare Investor Services (Guernsey) limited or any successor or transferee (the "Euroclear Registrar") shall pay or cause to be paid payments of principal in respect of Uncertificated Notes to the relevant noteholder's cash account in accordance with the rules of the operator of the CREST system.] All payments will be made subject to the fiscal laws in force in the place of [presentation] [and] [payment].</div> <div>Representation: Not applicable. No representatives of debt security holders are appointed.</div>						
C.10	<div>Derivative component in interest payment (explanation as to how the value of the investment is affected by the value of the Relevant Underlying, especially under circumstances where the risks are most evident):</div>	<div>[Not applicable. The Notes do not have a derivative component in the interest payment.]</div> <div>[Derivative component in interest payment:</div> <div>[OPTIONS FOR AUTOCALLABLE NOTES:]</div> <div>[The Notes are "Autocallable Notes (Barrier Conditional Coupon)". [On an Interest Determination Date] / [On each Barrier Observation Date relating to an Interest Determination Date] / [At any time during the Barrier Observation Period relating to an Interest Determination Date], if the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value in respect of that Interest Determination Date, the Issuer will pay the Coupon Amount on the immediately succeeding Interest Payment Date. No interest will otherwise be paid by the Issuer. The Coupon Amount, if payable, will be an amount per Calculation Amount calculated by the Determination Agent by multiplying the Coupon Rate in respect of that Interest Determination Date and the Calculation Amount [insert for "Memory Conditional Coupon": and subtracting from this amount any interest which had been previously determined as being payable in respect of the Notes].</div> <div>Where: [Initial Reference Value is [•] / [the Relevant Underlying Value as of the Strike Date; Strike Date: [•];] Knock-in Value means the Relevant Underlying Value [of the worst performing Basket Component] / [the best performing Basket Component] / [[•] number of the worst performing Basket Components] / [[•] number of the worst performing Basket Components], determined according to the Value Determination Terms specified below; Relevant Underlying Value means the value of the Relevant Underlying determined according to the Value Determination Terms specified below; Interest Payment Date[s] means [•], [•]... and [•]] and The Interest Determination Date[s] and the corresponding Coupon Rate[s],/and] Coupon Barrier Value[s] [and] [Barrier Observation Date[s]]/[Barrier Observation Period[s]] are as set out in the table below:</div>						

		<table><tr><th>Interest Determination Date</th><th>Coupon Rate</th><th>Coupon Value</th><th>Barrier</th><th>[Barrier Observation Date]</th><th>[Barrier Observation Period]</th></tr><tr><td>[•]</td><td>[•]%</td><td>[•] / [•]% of Initial Reference Value</td><td></td><td>[•],[•]... and [•]]</td><td>[•]</td></tr><tr><td>[...]</td><td>[...]</td><td>[...]</td><td></td><td>[...]</td><td>[...]</td></tr></table>	Interest Determination Date	Coupon Rate	Coupon Value	Barrier	[Barrier Observation Date]	[Barrier Observation Period]	[•]	[•]%	[•] / [•]% of Initial Reference Value		[•],[•]... and [•]]	[•]	[...]	[...]	[...]		[...]	[...]
Interest Determination Date	Coupon Rate	Coupon Value	Barrier	[Barrier Observation Date]	[Barrier Observation Period]															
[•]	[•]%	[•] / [•]% of Initial Reference Value		[•],[•]... and [•]]	[•]															
[...]	[...]	[...]		[...]	[...]															
		[END OF OPTIONS FOR AUTOCALLABLE NOTES]																		
		[OPTIONS FOR REVERSE CONVERTIBLE NOTES]																		
		[OPTION 1]																		
		[" Barrier Additional Coupon Amount " applies. In addition to the interest calculated as above, if, [on an Interest Determination Date] / [on each Barrier Observation Date relating to an Interest Determination Date] / [at any time during the Barrier Observation Period relating to an Interest Determination Date], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value in respect of that Interest Determination Date, and additional amount, being equal to the product of the Additional Rate and the Calculation Amount shall be payable in respect of the Notes.]																		
		[END OF OPTION 1]																		
		[OPTION 2]																		
		[The Notes are " Reverse Convertible Notes (Barrier Conditional Coupon) ". [On an Interest Determination Date] / [On each Barrier Observation Date relating to an Interest Determination Date] / [At any time during the Barrier Observation Period relating to an Interest Determination Date], if the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value in respect of that Interest Determination Date, the Issuer will pay the Coupon Amount on the immediately succeeding Interest Payment Date. No interest will otherwise be paid by the Issuer. The Coupon Amount, if payable, will be an amount per Calculation Amount calculated by the Determination Agent by multiplying the Coupon Rate in respect of that Interest Determination Date and the Calculation Amount [<i>insert for "Memory Conditional Coupon"</i> : and subtracting from this amount any interest which had been previously determined as being payable in respect of the Notes].																		

		<p>Where:</p> <p>[Initial Reference Value is [•] / [the Relevant Underlying Value as of the Strike Date; Strike Date: [•];] [Interest Payment Date[s] means [•],[[•]... and [•]];] [Knock-in Value means the Relevant Underlying Value [of the worst performing Basket Component] / [the best performing Basket Component] / [[•] number of the worst performing Basket Components] / [[•] number of the worst performing Basket Components], determined according to the Value Determination Terms specified below;] [Relevant Underlying Value means the value of the Relevant Underlying determined according to the Value Determination Terms specified below;] [and the Interest Determination Date[s] and the corresponding Coupon Barrier Value[s][,/and] Additional Rate] [and] [Barrier Observation Date[s]]/[Barrier Observation Period[s]] are as set out in the table below:</p> <table><tr><td>Interest Determination Date</td><td>[Coupon Barrier Value]</td><td>[Additional Rate]</td><td>[Barrier Observation Date]</td><td>[Barrier Observation Period]</td></tr><tr><td>[•]</td><td>[•] / [•]% of Initial Reference Value</td><td>[•]%</td><td>[•],[[•]... and [•]]</td><td>[•]</td></tr><tr><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td></tr></table> <p>]</p> <p>[END OF OPTIONS FOR REVERSE CONVERTIBLE NOTES]</p>	Interest Determination Date	[Coupon Barrier Value]	[Additional Rate]	[Barrier Observation Date]	[Barrier Observation Period]	[•]	[•] / [•]% of Initial Reference Value	[•]%	[•],[[•]... and [•]]	[•]	[...]	[...]	[...]	[...]	[...]
Interest Determination Date	[Coupon Barrier Value]	[Additional Rate]	[Barrier Observation Date]	[Barrier Observation Period]													
[•]	[•] / [•]% of Initial Reference Value	[•]%	[•],[[•]... and [•]]	[•]													
[...]	[...]	[...]	[...]	[...]													
		<p>[OPTIONS FOR CERTAIN LINKED NOTES]</p> <p>[OPTION 1]</p> <p>[The Notes are "Linked Notes (Barrier Conditional Coupon)". ["Memory Barrier Conditional Coupon" applies]. If, [on an Interest Determination Date] / [on each Barrier Observation Date relating to an Interest Determination Date] / [at any time during the Barrier Observation Period relating to an Interest Determination Date], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value in respect of that Interest Determination Date, the Issuer will pay the Coupon Amount on the immediately succeeding Interest Payment Date. No interest will otherwise be paid by the Issuer. The Coupon Amount, if payable, will be an amount per Calculation Amount equal to [insert if "Memory Barrier Conditional Coupon" is not applicable: the product of (i) the Coupon Rate and (ii) the Calculation Amount] / [insert if "Memory Barrier Conditional Coupon" is applicable: the product of Coupon Rate and the Calculation Amount, less any interest which had been previously determined as being payable in respect of the Notes].</p> <p>[END OF OPTION 1]</p>															

		<p><i>[OPTION 2]</i></p> <p>[The Notes are "Linked Notes (Dual Barrier Conditional Coupon)". (I) If, [on an Interest Determination Date] / [on each Barrier Observation Date relating to an Interest Determination Date] / [at any time during the Barrier Observation Period relating to an Interest Determination Date], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Upper Coupon Barrier Value, the Issuer will pay an amount equal per Calculation Amount equal to the product of the Upper Coupon Rate and (ii) the Calculation Amount on the immediately succeeding Interest Payment Date, or (II) if (I) does not apply, and if, [on an Interest Determination Date] / [on each Barrier Observation Date relating to an Interest Determination Date] / [at any time during the Barrier Observation Period relating to an Interest Determination Date], the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Lower Coupon Barrier Value, the Issuer will pay an amount equal per Calculation Amount equal to the product of the Lower Coupon Rate and (ii) the Calculation Amount on the immediately succeeding Interest Payment Date. No interest will otherwise be paid by the Issuer.]</p> <p><i>[END OF OPTION 2]</i></p> <p><i>[OPTION 3]</i></p> <p>[The Notes are "Linked Notes (Range Barrier Conditional Coupon)". The amount of interest payable on the Notes will be calculated per Calculation Amount on each Interest Determination Date by multiplying: (A) the Coupon Rate, (B) the Calculation Amount and (C) the value determined by dividing (I) the number of Exchange Business Days in the Interest Period preceding the relevant Interest Determination Date on which the Knock-in Value was [[greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value] / [[greater than] / [greater than or equal to] the Lower Coupon Barrier Value and [lesser than] / [lesser than or equal to] the Upper Coupon Barrier Value], by (II) the total number of Exchange Business Days in such Interest Period. Such interest (which may be zero) will be paid on the immediately following Interest Payment Date.]</p> <p><i>[END OF OPTION 3]</i></p> <p><i>[OPTION 4]</i></p> <p>[The Notes are "Linked Notes (Range Accrual Coupon)". The amount of interest payable on the Notes will be calculated per Calculation Amount on each Interest Determination Date by multiplying: (A) the Coupon Rate, (B) the Calculation Amount and (C) the value determined by dividing (I) the number of Observation Dates in the Interest Period preceding the relevant Interest Determination Date on which the Knock-in Value was [[greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value] / [[greater than] / [greater than or equal to] the Lower Coupon Barrier Value and [lesser than] / [lesser than or equal to] the Upper Coupon Barrier Value], by (II) the Relevant Factor. Such interest (which may be zero) will be paid on the immediately following Interest Payment Date.]</p> <p><i>[END OF OPTION 4]</i></p>
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		<p>Where:</p> <p>[Coupon Rate: [•] % [in respect of [date], [•] per cent in respect of [date]...];] [Final Reference Value (Coupon) is the Relevant Underlying Value as of each Interest Determination Date;] [Initial Reference Value is [•] / [the Relevant Underlying Value as of the Strike Date; Strike Date: [•]] [Interest Payment Date[s] means [•], [•]... and [•]]; [Interest Period means the period from and including [•] to but excluding [•], from and including [•] to but excluding [•]...;] [Knock-in Value means the Relevant Underlying Value [of the worst performing Basket Component] / [the best performing Basket Component] / [[•] number of the worst performing Basket Components] / [[•] number of the worst performing Basket Components], determined according to the Value Determination Terms specified below;] [Lower Coupon Rate: [•] % [in respect of [date], [•] per cent in respect of [date]...];] [Relevant Factor: [•];] [Relevant Underlying Value is the value of the Relevant Underlying, determined according to the Value Determination Terms specified below;] [Upper Coupon Rate: [•] % [in respect of [date], [•] per cent in respect of [date]...];] and</p> <p>The Interest Determination Date[s] and the corresponding [Coupon Barrier Value[s] [./ and] [Lower Coupon Barrier Value[s]] [and] [Upper Coupon Barrier Values] [and] [Barrier Observation Date[s]]/[Barrier Observation Period[s]] are as set out in the table below:</p> <table><tr><th>Interest Determination Date</th><th>Coupon Barrier Value</th><th>[Barrier Observation Date]</th><th>[Barrier Observation Period]</th><th>[Upper Coupon Barrier Value]</th><th>[Lower Coupon Barrier Value]</th></tr><tr><td>[•]</td><td>[•] / [•]% of Initial Reference Value</td><td>[•], [•]... and [•]</td><td>[•]</td><td>[•] / [•]% of Initial Reference Value</td><td>[•] / [•]% of Initial Reference Value</td></tr><tr><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td><td>[...]</td></tr></table> <p>[END OF OPTIONS FOR CERTAIN LINKED NOTES]</p>	Interest Determination Date	Coupon Barrier Value	[Barrier Observation Date]	[Barrier Observation Period]	[Upper Coupon Barrier Value]	[Lower Coupon Barrier Value]	[•]	[•] / [•]% of Initial Reference Value	[•], [•]... and [•]	[•]	[•] / [•]% of Initial Reference Value	[•] / [•]% of Initial Reference Value	[...]	[...]	[...]	[...]	[...]	[...]
Interest Determination Date	Coupon Barrier Value	[Barrier Observation Date]	[Barrier Observation Period]	[Upper Coupon Barrier Value]	[Lower Coupon Barrier Value]															
[•]	[•] / [•]% of Initial Reference Value	[•], [•]... and [•]	[•]	[•] / [•]% of Initial Reference Value	[•] / [•]% of Initial Reference Value															
[...]	[...]	[...]	[...]	[...]	[...]															
		<p>[Insert for Notes other than Fixed Rate Notes, Floating Rate Notes, Fixed to Floating Rate Notes, Floored Floating Rate Notes, Capped Floating Rate Notes, Collared Floating Rate Notes, Range Accrual Notes: Value Determination Terms for determining [Initial Reference Value][,] [Final Reference Value][,] [Final Reference Value (Coupon)] [and] [Relevant Underlying Value] [repeat separately for each if different]: The Determination Agent will determine the value of the Relevant Underlying [as of such time on the relevant date as the Determination Agent determines is appropriate] / [at any time during the relevant date] / [as of the scheduled weekday opening time of the exchange] / [as of the scheduled weekday closing time of the exchange] / [as of the Reference Month] / [by choosing the highest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by choosing the lowest of the values observed on each Value Observation Date [subject to a cap of [•]] / [subject to a floor of [•]] / [by determining the value as of each Averaging Date and then determining the [weighted]/[arithmetic] average of such values] / [by choosing [the greater of the value as of each averaging date and the Floor Value] / [the lesser of the value as of each averaging date and the Cap Value], and then determining the [weighted]/[arithmetic] average of such values] / [by choosing the [greater of] / [lesser of] the [arithmetic] / [weighted] average of the values determined on each Averaging Date and the [Global Floor Value] / [Global Cap Value];]</p> <p>Where: [Reference Month means [•];] [Value Observation Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•][in respect of [•]];] [Averaging</p>																		

		Dates means [•][in respect of [•]] [[•] [in respect of [•]].... and [•][in respect of [•]]; [Floor Value means [•];] [Cap Value means [•];] [Global Floor Value means [•];] [Global Cap Value means [•]].
		<p>[See Element C.15 for a description of how the value of the investment is affected by the Relevant Underlying.]</p> <p>[The following disruption events apply in relation to the Relevant Underlying: [Change in Law] / [Hedging Disruption] / [Loss of Stock Borrow] / [Increased Cost of Hedging] / [Price Source Disruption] [Nationalisation;] / [Insolvency Event;] / [NAV Trigger / Restriction Event;] / [Aggregate NAV Trigger Event;] / [Changes to Fund or Fund Services Providers;] / [Fund Modification;] / [Strategy Breach;] / [Breach by Fund Service Provider;] / [General Regulatory Event;] / [Reporting Disruption;] / [Compulsory Redemption or Assignment;] / [Closure to Subscriptions; Dealing Restrictions;] / [Disposals: Material Change: Merger;] / [Hedging Disruption;] / [Fraud;] / [Special Regulatory Event;] / [Force Majeure Event;] / [Value Limitation;] ("Disruption Events")</p> <p>Disruption Events can affect the Relevant Underlying and lead to adjustments and/or early redemption of the Notes. The Determination Agent shall determine whether the Notes or any exchanges or price sources are affected by such events on a relevant date of valuation, and may make adjustments to the Notes, or take any other appropriate action, to account for relevant adjustments or events in relation to the Relevant Underlying. In addition, in certain circumstances, the Issuer may redeem or terminate the Notes early following any such event. In this case, in relation to each Note, the Issuer will pay an amount (which amount may, in certain circumstances, be the fair market value of the Notes which may be less than the nominal value or face value).]</p>
C.11	Admission to Trading:	[Not applicable. The Notes are not listed.] / [Application has been made for Notes to be listed and/or admitted to trading on [the regulated market of] [the Luxembourg Stock Exchange] / [<i>specify other exchange in the European Union</i>]]
C.15	How the value of the investment is affected by the Relevant Underlying (unless the securities have a denomination of at least EUR100,000):	<p>[Not applicable. The return (interest or redemption amounts payable) on the Notes is not linked to any underlying]</p> <p>[OR]</p> <p>[The market price or value of Notes at any time is expected to be affected by changes in the value of the Relevant Underlying to which the Notes are linked.</p> <p>[[<i>insert each of the following which applies</i>]</p> <p>[[The [interest] [and] [redemption] amount[s] payable on the Notes [is/are] dependent on the value or performance of the Relevant Underlying [reaching] / [not reaching] a threshold or barrier and a small increase or decrease in the value or performance of the Relevant Underlying near to the threshold or barrier may lead to a significant increase or decrease in the return of the Notes[and Noteholders] may receive no interest at all].</p> <p>[The [interest] [and] [redemption] amount[s] payable on the Notes [is/are] linked to the value or performance of the Relevant Underlying as of one or more predefined dates and, irrespective of the level of the Relevant Underlying between these dates, the values or performance of the Relevant Underlying on these dates will affect the value of the Notes more than any other factor.]</p> <p>[The [Final Redemption Amount] payable on the Notes is linked to [a specified percentage of] the performance of the Relevant Underlying and Noteholders may not receive the amount initially invested, and may receive a significantly lesser amount [subject to the minimum amount specified].</p> <p>The market price or value of the Notes at any time is expected to be affected by changes in the value of the Relevant Underlying to which the Notes are linked.</p>

		<p>[The market price or value of the Notes could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or any other distributions on the Relevant Underlying.]</p> <p>[Determinations of amounts payable under the Notes are made by reference to the arithmetic mean of the values or performances of [all] / [the selected] Basket Components. The Basket Components are given different weightings. The higher the weighting applicable to a particular Basket Component, the more Noteholders will be exposed to the value or performance of that Basket Component in comparison with the remaining Basket Components.]</p> <p>[END OF OPTIONS]</p> <p>See also Element C.9.</p>
C.16	Expiration/ maturity date of the derivative securities – the exercise date/final reference date:	<p>[Not applicable. The Notes are not derivative securities.] / [Unless previously redeemed, each series of Notes will be redeemed on the applicable Maturity Date at [their Final Redemption Amount] [or] [the Physical Delivery Amount plus the Cash Residual Amount (if any)]. The value or performance of a Relevant Underlying will be determined as of the Determination Date. See also Element C.9 for further details.]</p>
C.17	Settlement procedure of the derivative securities:	<p>The Notes are [Cash Settlement Notes and will be redeemed by the payment of the Final Redemption Amount] / [Physical Settlement Notes, and will be redeemed by the payment of the Final Redemption Amount or, if the condition for the application of physical settlement is satisfied, the Notes may be redeemed by delivery of an amount of [Relevant Underlying] / [Underlying Securities] equal to the Physical Delivery Amount and the payment of an additional Cash Residual Amount (if any)].</p> <p>On the relevant date for redemption of the Notes [and unless physical settlement applies], the Issuer shall pay the relevant redemption amount per Calculation Amount to the Noteholders through the relevant clearing systems, and such amounts shall be credited to the relevant Noteholders' respective accounts held either with such clearing systems or with a financial intermediary that is a member of such clearing systems. [If the Issuer is required to deliver a Physical Delivery Amount, the Issuer will deliver the [Relevant Underlying] / [Underlying Securities] as well as pay any Cash Residual Amount to the Noteholders through the relevant clearing systems, upon the payment of any relevant taxes payable by the Noteholder in respect of such delivery.]</p>
C.18	How the return on the derivative securities takes place:	<p>[Not applicable. The Notes are not derivative securities.] / [Notes are not ordinary debt securities and [the interest and/or redemption amount] [is/are] linked to the performance of the [share(s)] [and/or] [index(es)] [and/or] [exchange traded fund(s)] [and/or] [inflation index(es)] [and/or] [fund(s)] [and/or] [preference shares] identified as the Relevant Underlying.</p> <p>Relevant Underlying: [•] (<i>specify the names of each reference asset</i>)</p> <p>See also Elements C.9 and C.15.</p>
C.19	Exercise price/final reference price of the underlying:	<p>[Not applicable. The Notes are not derivative securities.] / [The Final Reference Value for the purpose of determining the performance of a Relevant Underlying [will be determined by the Determination Agent by reference to [the price for a share] / [the price for an exchange traded fund on a relevant exchange] / [level of an equity index] / [level of an inflation index] / [the exchange rate in respect of a currency pair] / [the price of a fund interest] / [the price of a preference share] on [<i>specify exchange</i>] / derived from the published value of [•] / from the price source which is [•], in accordance with the Value Determination Terms specified in element C.9 above.]</p>
C.20	Type of underlying and where information on the	<p>[Not applicable: The Notes are not derivative securities.]</p> <p>[The Notes are [Equity-Linked Interest Notes] [Inflation-Linked Interest Notes] /</p>

	underlying can be found:	<p>[Currency-Linked Interest Notes] / [Fund-Linked Interest Notes].</p> <p>["Relevant Underlying" means [•] [issued by [•]] [and] / [,] [•] issued by [•]....][each a "Basket Component", and together the "Basket"] [Weighting applicable to each Basket Component: [•] in respect of [•],[•] in respect of [•].... and [•] in respect of [•]]</p> <p>[The Notes are [Equity-Linked Redemption Notes] / [Inflation-Linked Redemption Notes] / [Currency-Linked Redemption Notes] / [Fund-Linked Redemption Notes] / [Preference-Share Linked Notes]]</p> <p>["Relevant Underlying" means [•] [issued by [•]] [and] / [,] [•] issued by [•]....][each a "Basket Component", and together the "Basket"]</p> <p>[Weighting applicable to each Basket Component: [•] in respect of [•],[•] in respect of [•].... and [•] in respect of [•]]</p> <p>Information about the past and the further performance of the Relevant Underlying and its volatility can be obtained from: [•],[in respect of [•], [•] in respect of [•]... and [•] in respect of [•]].</p>
C.21	Indication of market where securities will be traded and for which prospectus has been published:	[Not applicable.] / [See Element C.11 for an indication of the market where securities will be traded and for which a prospectus in respect of the Notes has been published.]
		Section D – Risks
D.2	Key Risks Specific to the Issuers and the Guarantor:	<p>The following key risks affect Morgan Stanley [and, since Morgan Stanley is the ultimate holding company of [MSI plc] / [MSBV], also impact [MSI plc] / [MSBV]:</p> <p>Liquidity and funding risk: Liquidity is essential to Morgan Stanley's businesses and Morgan Stanley relies on external sources to finance a significant portion of its operations. Morgan Stanley's borrowing costs and access to the debt capital markets depend significantly on its credit ratings, which may change. Further, Morgan Stanley is a holding company and depends on payments from its subsidiaries. As a result, there is a risk that Morgan Stanley will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets. Further, Morgan Stanley's liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions.</p> <p>Market risk: Morgan Stanley's results of operations may be materially affected by market fluctuations and by global and economic conditions and other factors. Morgan Stanley may experience declines in value of its financial instruments and other losses related to volatile and illiquid market conditions. Holding large and concentrated positions may expose Morgan Stanley to losses. In particular, Morgan Stanley has incurred, and may continue to incur, significant losses in the real estate. These factors may result in losses for a position or portfolio held by Morgan Stanley or its consolidated subsidiaries.</p> <p>Credit Risk: Morgan Stanley is exposed to the risk that third parties that are indebted to it will not perform their obligations, as well as that a default by another large financial institution could adversely affect financial markets generally. Such factors give rise to a risk that risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations.</p>

		<p>Operational Risk: Morgan Stanley is subject to the risk of financial or other loss, or potential damage to a firm's reputation, resulting from inadequate or failed internal processes, people, resources and systems or from external events (e.g. fraud, legal and compliance risks or damage to physical assets). Morgan Stanley may incur operational risk across the full scope of its business activities, including revenue-generating activities (e.g. sales and trading) and control groups (e.g. information technology and trade processing).</p> <p>Legal, Regulatory and Compliance Risk: Morgan Stanley is subject to the risk of exposure to fines, penalties, judgments, damages and/or settlements in connection with regulatory or legal actions as a result of non-compliance with applicable legal or regulatory requirements and standards or litigation. In addition, Morgan Stanley is subject to the risk that a counterparty's performance obligations will be unenforceable. Further, in today's environment of rapid and possibly transformational regulatory change, Morgan Stanley also views regulatory change as a risk to which it is subject.</p> <p>Risk Management: Morgan Stanley's hedging strategies and other risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk.</p> <p>Competitive Environment Risk: Morgan Stanley faces strong competition from other financial services firms, which could lead to pricing pressures that could materially adversely affect its revenue and profitability. Further automated trading markets may adversely affect Morgan Stanley's business (for example by putting downward pressure on trading commissions or comparable fees). Finally, Morgan Stanley's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance</p> <p>International Risk: Morgan Stanley is subject to numerous political, economic, legal, operational, franchise and other risks as a result of its international operations (including risks of possible nationalization, expropriation, price, capital or exchange controls, increased taxes and levies and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability) which could adversely impact its businesses in many ways.</p> <p>Acquisition and Joint Venture Risk: in relation to past and future acquisitions, Morgan Stanley may be unable to fully capture the expected value from acquisitions, joint ventures, minority stakes and strategic alliances.</p> <p>[insert for MSBV:</p> <p>All material assets of MSBV are obligations of one or more companies in the Morgan Stanley group and MSBV's ability to perform its obligations is dependent upon such companies fulfilling their obligations to MSBV. Should such companies prospects be impaired, holders of securities issued by MSBV may also be exposed to a risk of loss.]</p> <p>[insert for MSI plc: The existence of substantial inter-relationships (including the provision of funding, capital, services and logistical support to or by MSI plc, as well as common or shared business or operational platforms or systems, including employees) between MSI plc and other Morgan Stanley group companies exposes MSI plc to the risk that, factors which could affect the business and condition of Morgan Stanley or other companies in the Morgan Stanley Group may also affect the business and condition of MSI plc. Further, Notes issued by MSI plc will not be guaranteed by Morgan Stanley.]</p>
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D.3	Key Risks Specific to the Notes:	<p>The securities are subject to the following risks: <i>[include all that apply]</i></p> <ul style="list-style-type: none"> • THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK. • [Investors may receive no or a limited amount of interest] • [Payments may occur at a different time than expected] • [Investors may lose all or a substantial portion of their investment if the value / performance of the Relevant Underlying does not move in the anticipated direction] • [The terms of certain Notes differ from those of ordinary debt securities because the Notes may not pay interest and, on maturity, depending on the performance of the Relevant Underlying, may return less than the amount invested or nothing, or may return assets or securities of an issuer that is not affiliated with the Issuer, the value of which is less than the amount invested.] • [Any person intending to use the Notes as a hedge instrument should recognise that the Notes may not hedge exactly a Relevant Underlying or portfolio of which a Relevant Underlying forms a part.] • [Secondary trading of the Notes may be limited. Further, if the Notes are traded via one or more electronic trading systems and these systems become partially or completely unavailable, this would effect the investor's ability to trade the Notes.] • [Potential conflicts of interest may exist between the investor and the Determination Agent, who, under the terms of the Notes, may make such adjustments as it considers appropriate as a consequence of certain events affecting the Relevant Underlying, and in doing so, is entitled to exercise substantial discretion.] • [Because the [Global Note Certificates] may be held by or on behalf of a clearing system investors will have to rely on such clearing system's procedures for transfer, payment and communication with the relevant Issuer.] • [The terms and conditions applicable to the Notes permit defined majorities to bind all holders of the Notes, including those who did not attend and vote at the relevant meeting.] • [The Issuer may enter into distribution agreements with various financial institutions and other intermediaries as determined by the Issuer, (i) to whom a periodic fee may be payable and (ii) who may sell the Notes to investors at a price different from the price at which they purchase the Notes.] • [The occurrence of a settlement disruption event may delay the delivery of specified assets required to be delivered as the Physical Delivery Amount, and may affect the value of the Notes.]
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		<ul style="list-style-type: none"> • [U.S. federal tax rules commonly referred to as "FATCA" generally impose a withholding tax of 30% on certain payments made after 31 December 2013 to certain foreign entities (including financial intermediaries) with respect to certain "obligations" issued after 31 December 2013, unless various U.S. information reporting and due diligence requirements have been satisfied.] • [U.S. federal tax law may impose a withholding tax of up to 30% on payments or deemed payments made to non-U.S. persons that are contingent upon or determined by reference to U.S. source dividends.] • [Notes may be redeemed early if the Issuer [or Guarantor] is obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes or such levies.] • [Notes may be redeemed early at the option of the Issuer.] • [If an event of default occurs in respect of the Issuer [or the Guarantor], investor would have an unsecured claim against the Issuer [or the Guarantor] for the amount due on the early redemption of the Notes.] • [An Issuer may amend the terms and condition of the Notes[, the Guarantee] and the deed of covenant dated 17 July 2013 (as amended or supplemented from time to time) in relation to, amongst others, the Notes, without Noteholder consent if, in its opinion, such amendments are not materially prejudicial to Noteholders] • [<i>insert for all Linked Notes:</i> The market price of Notes may be very volatile. Further, investors in Notes may receive no interest and payment or payment of principal or interest, if applicable, may occur at a different time or in a different currency than expected. The Relevant Underlying may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices. The timing of changes in a Relevant Underlying may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Underlying the greater the effect on yield.] • [<i>insert for all Linked Notes:</i> It is impossible to predict how the level of the Relevant Underlying will vary over time. The historical performance value (if any) of the Relevant Underlying does not indicate the future performance of the Relevant Underlying. Factors such as volatility, [distributions on the Relevant Underlying,] interest rates, remaining term of the Notes or exchange rates will influence the price investors will receive if an investor sells its Notes prior to maturity.] • [Notes linked to [an emerging market [security] / [ETF] / [fund] / [currency]] / [a basket of [emerging market securities] / [indices composed, in part or in whole, of emerging market securities] / [[ETFs]/[funds] composed, in part of in whole, of emerging market [ETFs]/[funds] are subject to a higher risk of fluctuations in trading prices.] • [The Issuer's and/or its affiliates' hedging costs tend to be higher the less liquidity the Relevant Underlying has or the greater the difference between the "buy" and "sell" prices for the Relevant Underlying or derivatives contracts referenced to the Relevant Underlying, and this may impact payments on the Notes.]
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		<ul style="list-style-type: none"> • [The issuer of the Relevant Underlying will not be an affiliate of the Issuer, but the Issuer its affiliates may presently or from time to time engage in business with such issuer of the Relevant Underlying.] • General exchange rate and exchange control risks, including the risk that exchange rates will affect an investment in the Notes, the risk of the Issuer's lack of any control over exchange rates and the risk that some currencies may become unavailable and of an alternative payment method used if the payment currency becomes unavailable. • [The Determination Agent may determine that a Disruption Event has occurred and such events can affect the Relevant Underlying and lead to adjustments and/or early redemption of the Notes.] • [<i>insert for Fund-Linked Notes:</i> Investments offering direct or indirect exposure to the performance of funds are generally considered to be particularly risky and may bear similar risks, including but not limited to, market risks to a direct investment in funds. The risks associated with investing in Fund-Linked Notes are similar to the risks attached to a direct investment in the underlying fund or funds.] • [<i>insert for Index-Linked Notes:</i> Indices are comprised of a synthetic portfolio of other assets, and its performance may be dependant on the performance of such assets. Returns on the Notes do not reflect a direct investment in underlying shares or other assets comprising the Index. A change in the composition or discontinuance of an Index could adversely affect the market value of the Notes. Notes are not sold or promoted by an Index or the sponsor of such Index. The Issuer or its affiliates are not liable for the actions or omissions of the sponsor of an Index, any information concerning an Index, the performance of such Index or use thereof in connection with the Notes.] • [<i>Insert for Share-Linked Notes:</i> No issuer of the Share(s) has participated in the preparation of the Final Terms or in establishing the terms of the Share-Linked Notes. Macroeconomic factors affecting the performance of Shares may adversely affect the value of the Share-Linked Notes. Holders have no claim against the Share Issuer(s) or recourse to the Shares.] • [<i>Insert for Preference Share Linked Notes:</i> The value of the Preference Shares may fluctuate up or down depending on the performance of the relevant underlying asset(s) or basis of reference to which Preference Shares are linked. The value of the Preference Share Linked Notes is dependent on the value of the Preference Shares, which will depend in part on the creditworthiness of Preference Share Issuer.] • [<i>Insert for Notes linked to a Basket:</i> The investors will bear the risk of the performance of each of the Basket Components. A high correlation of Basket Components may have a significant effect on amounts payable. The negative performance of a single Basket Component may outweigh a positive performance of one or more other Basket Components.] • [<i>Insert for caps.</i> Amounts payable on the Notes are limited by the caps on value / performance of the Relevant Underlying applicable to the Notes.] • [<i>Insert for baskets with unequal weighting, small baskets and for Best of/Worst of/ Selection of Average features:</i> The Notes are linked to a [small] [and] [unequally weighted Basket] [and determinations of amounts payable take into account the average value and/or performance of only a limited number of the components] and this will generally leave the Basket more vulnerable to changes in the value of any particular Relevant Underlying.]
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		<ul style="list-style-type: none"> • <i>[Insert for "Worst of Basket Performance feature:</i> Amounts payable in respect of the Notes are linked to the value / performance of the worst performing Basket Component, irrespective on the value / performance of the other Basket Components.] • <i>[Insert for "capitalised" notes:</i> The investor will not receive any periodic or other payment of interest on the Notes prior to the Maturity Date.] • <i>[Insert if Participation Rate is less than 100%:</i> The formula for calculation of [interest] [and] [redemption] amounts payable on the notes applies a Participation Rate, which is less than 100%, and accordingly, payments on the Notes will be less than if linked to the full value of the performance of the Relevant Underlying.] • <i>[Insert if Specified Rate is less than 100%:</i> The formula for calculation of [interest] [and] [redemption] amounts payable on the Notes applies a Specified Rate, which is less than 100%, and accordingly, payments on the Notes will be less than if the formula calculation applied without the application of the Specified Rate.] • <i>[Insert for Barrier feature:</i> Payment of [interest] [and] [redemption] and [early redemption] amounts on the Notes is conditional on the value or performance of the Relevant Underlying being [greater than [or equal to]] / [less than [or equal to]] a specified barrier value, and if such condition (a "barrier condition") is not satisfied, then [the amount of interest payable will be zero]/[a lower amount is payable than would otherwise have been payable on the notes. [Further, the barrier condition needs to be satisfied by the value / performance of the worst performing Basket Component, irrespective of the performance of the other Basket Components.]] • <i>[Insert for Autocall:</i> The Notes will be redeemed early if the Relevant Underlying Value [of the worst performing Basket Component] on any Automatic Early Redemption Valuation Date is [greater than [or equal to]] / [less than [or equal to]] a specified barrier value.] • <i>[Insert if Put Performance is applicable:</i> In certain circumstance, the performance of the Relevant Underlying will be determined by reference to the value obtained by subtracting from one the value which is the Final Reference Value divided by the Initial Reference Value. Unlike where the performance of the Relevant Underlying is determined without reference to Put Performance, this value will always be lower than 1 and the relevant payment will be lesser than if Put Performance was not applicable.] • <i>[Insert if Optimised Performance (Type 1) or (Type 2) is applicable and the highest of the Initial Reference Values across specified observation dates is to be used to determine performance:</i> The performance of the Relevant Underlying will be determined by reference to the highest of the Initial Reference Values observed across specified observation dates, and accordingly the performance of the Relevant Underlying will be (and any payment on the Notes which reference such performance will be) lower than if the lowest of the Initial Reference Values was used.] <p>An investment in the Notes bears the risk that the Issuer [or the Guarantor] is not able to fulfil its obligations in respect of such Notes at maturity or before maturity of the Notes. In certain circumstances holders may lose all or a substantial portion of their principal or investment.</p>
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D.6	Risk Warning:	<p>[insert if the Notes are capital protected: Not Applicable.]</p> <p>[insert if the Notes are not capital protected: See Element D.3 for the key risks that are specific to the Notes.</p> <p>WARNING: INVESTORS IN NOTES CONSTITUTING DERIVATIVE SECURITIES UNDER REGULATION EC/809/2004, AS AMENDED, MAY LOSE THE VALUE OF THEIR ENTIRE INVESTMENT, OR PART OF IT.]</p>
		Section E – Offer
E.2b	Reasons for the Offer and Use of Proceeds:	The net proceeds of each issue of Notes will be used by the relevant Issuer for [general corporate purposes] [and/or] [in connection with hedging its obligations under the Notes] / [specify other].
E.3	Terms and Conditions of the Offer:	<p>Conditions, offer statistics, expected timetable and action required to apply for the offer</p> <p>[The conditions to which the offer is subject are [•].]</p> <p>[The total amount of the offer is [•].] [The total size of the offer is not fixed at the time of the Issue. The arrangements and time for announcing to the public the definitive amount of the offer are: [•].]</p> <p>[The Offer Period is [•].]</p> <p>[Description of the application process: [•].]</p> <p>[Description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [•].]</p> <p>[The minimum amount of application is [•]] [and] [[t]/[T]he maximum amount of application is [•]].</p> <p>[Description of the method and time limits for paying up the securities and for delivery of the securities: [•].]</p> <p>[Description of the manner and date on which results of the offer are to be made public: [•].]</p> <p>Plan of distribution and allotment</p> <p>[The Notes are offered to [•].]</p> <p>[The Notes are being offered [simultaneously] in [•],[•]... and [•]].]</p> <p>[Tranche [•] of the Notes is reserved for offer in [•],[•]... and [•]].]</p> <p>[The process for notification to applicants of the amount allotted is [•]]</p> <p>[Dealing in the Notes [may] / [may not] begin before applicants are notified of the amount allotted to each applicant.]</p> <p>Pricing</p> <p>[The Notes will be offered at the Issue Price, being [•]] / [The Notes will be offered at [•]] / [The price at which the Notes will be offered will be determined at the end of the period for which such Notes are offered to the public [subject to a minimum offer price of [•]] [and] [subject to a maximum offer price of [•]]. Once so determined, the price at which the Notes will be offered will be disclosed [describe manner of disclosure].]</p>

		<p>Placing and Underwriting</p> <p>[Name and address of the co-ordinator of the global offer: [•]]</p> <p>[Name and address of the co-ordinator of the offer in [•], [•]... and [•]:[•]...]</p> <p>[To the knowledge of the Issuer, [•], [•]... and [•]] are the placers in respect of the Notes in [specify countries]....]</p> <p>Paying Agent[s]: [•], [•]...[•]]</p> <p>[Depositary Agent[s]: [•], [•]...[•]]</p> <p>[Name and address of entities who have agreed to underwrite the issuance of the Notes on a firm commitment basis: [•], [•]...[•]]</p> <p>[Name and address of the entities who have agreed to place the issuance of the Notes [without a firm commitment] / [under "best efforts" arrangements]: [•], [•]...[•]]</p> <p>[Portion of the issuance of Notes which is not underwritten: [•]]</p> <p>[Material features of the agreements with the underwriters: [•], [•]...[•]].</p> <p>[Overall amount of [underwriting commission] [and] [placing] commission: [•]]</p> <p>[An underwriting agreement [has been] / [is expected to be] agreed on [•]]</p> <p>[Calculation Agent: [•]]</p> <p>[Determination Agent: [•]]</p>
E.4	Interests Material to the Issue:	Subject to potential conflicts between the investor and the Determination Agent[, notably when MSI plc acts both as Issuer and Determination Agent,] [or] [when MSI plc and other affiliates or subsidiaries of Morgan Stanley carry out hedging activities or trades], [each of] [Morgan Stanley [and MSBV]] / [MSI plc] [do]/[does] not have interests material to the issue.
E.7	Estimated Expenses charged to the investor by the Issuer or the offeror:	[Estimated expenses charged to the investor by the relevant Issuer or the offeror are [•].] / [No expenses will be charged by the Issuer to the investor, however a subscription charge of up to [specify amount] may be charged by the Authorised Offeror] / [Not applicable. There are no estimated expenses charged to the investor by the Issuer [or the Authorised Offeror].]

RISK FACTORS RELATING TO THE NOTES

Prospective investors should read the entire Base Prospectus (and where appropriate, any relevant final terms). Words and expressions defined elsewhere in this Base Prospectus have the same meanings in this section.

Prospective investors should consider the section entitled "Risk Factors" at pages 4 to 16 in the Registration Document in respect of Morgan Stanley, MSI plc and MSBV referred to in the section entitled "Incorporation by Reference" in this Base Prospectus and the factors described below and consult with their own professional advisors if they consider it necessary. Each of the Issuers and the Guarantor believe that such factors represent the principal risks inherent in investing in Notes issued under the Program but the inability of an Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons, which may not be considered significant risks by such Issuer based on information currently available to it or which it may not currently be able to anticipate.

The Issuers, and MSI plc as Distribution Agent, disclaim any responsibility to advise prospective purchasers of any matters arising under the laws of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments on the Notes. These persons should consult their own legal and financial advisors concerning these matters. This section describes generally the most significant risks of investing in Notes linked to securities, indices or funds, to currency exchange rates, or to preference shares. Each investor should carefully consider whether the Notes, as described herein and in the applicable Final Terms, are suited to its particular circumstances before deciding to purchase any Notes.

Risk Factors relating to the Notes

Investors risk losing all of their investment in the Notes

Potential investors should be aware that depending on the terms of the Relevant Notes (i) they may receive no or a limited amount of interest, (ii) payments may occur at a different time than expected and (iii) except in the case of Notes which are principal protected, they may lose all or a substantial portion of their investment if the value / performance of the Relevant Underlying does not move in the anticipated direction.

The Notes are not ordinary debt securities

The terms of certain Notes differ from those of ordinary debt securities because the Notes may not pay interest and, on maturity, depending on the performance of the Relevant Underlying, may return less than the amount invested or nothing, or may return assets or securities of an issuer that is not affiliated with the Issuer, the value of which is less than the amount invested. Prospective investors who consider purchasing the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. The price of the Notes may fall in value as rapidly as it may rise, and investors in the Notes may potentially lose all of their investment.

The proposed financial transactions tax ("FTT")

The European Commission recently published a proposal for a Directive for a common financial transaction tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. The tax would be applicable from 1 January 2014.

The proposed FTT has very broad, potentially extraterritorial scope. It would apply to financial transactions where at least one party is a financial institution, and (a) one party is established in a Participating Member State or (b) the financial instrument which is subject to the transaction is issued in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Member State in a broad range of circumstances.

In relation to many secondary market transactions in bonds and shares, the FTT would be charged at a minimum rate of 0.1% on each financial institution which is party to the transaction. The issuance and subscription of the Notes should, however, be exempt. There are no broad exemptions for financial intermediaries or market makers. Therefore, the effective cumulative rate applicable to some dealings in bonds or shares (for instance, cleared transactions) could be greatly in excess of 0.1%.

A person transacting with a financial institution which fails to account for FTT would be jointly and severally liable for that tax.

The FTT proposal remains subject to negotiation between the Member States, and may therefore be altered. Additional Member States may decide to participate. Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the FTT.

Credit risk

The obligations of the Issuers under the Notes and of the Guarantor under the Guarantee are unsecured. Holders of Notes bear the credit risk of the Issuer and, if applicable, the Guarantor, that is the risk that the relevant Issuer and, if applicable, the Guarantor, is not able to meet its obligations under such Notes, irrespective of whether such Notes are referred to as capital or principal protected or how any principal, interest or other payments under such Notes are to be calculated. Any rating of the relevant Issuer or the Guarantor reflects the independent opinion of the relevant rating agency and is not a guarantee of the credit quality of such Issuer or the Guarantor.

Certain considerations regarding the use of the Notes as hedging instruments

Any person intending to use the Notes 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 instrument. The Notes may not hedge exactly a Relevant Underlying or portfolio of which a Relevant Underlying forms a part. In addition, it may not be possible to liquidate the Notes at a level which directly reflects the price of the Relevant Underlying or portfolio of which the Relevant Underlying forms a part. Potential investors should not rely on the ability to conclude transactions during the term of the Notes to offset or limit the relevant risks. This depends on market conditions and the value and/or performance of the Relevant Underlying. It is possible that such transactions will only be concluded at an unfavourable market price, resulting in a corresponding loss for Noteholders.

Effect on the Notes of hedging transactions by the Issuer

The Issuer may use a portion of the total proceeds from the sale of the Notes for transactions to hedge the risks of the Issuer relating to the Notes. In such case, the Issuer or any of its Affiliates may conclude transactions that correspond to the obligations of the Issuer under the Notes. 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 Notes. 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 a Relevant 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 Notes with a value based on the occurrence of a certain event in relation to a Relevant Underlying.

Financial Transfer Tax Risk

If, on or after the Trade Date, due to the adoption of or any change in any applicable law or regulation (including, without limitation, any law or regulation implementing a system of financial transaction tax in any jurisdiction, including the European Union, relating to any tax payable in respect of the transfer of, or entry into or modification or unwind of, any financial instruments), the Issuer determines that it (directly or through an Affiliate) would incur or has incurred a materially increased amount of tax, transfer tax, duty, stamp duty, stamp duty reserve tax, expense or fee (other than brokerage commissions) in relation to its obligations under the Notes or its related hedge positions ("**Additional Tax**"), the Issuer may adjust the Conditions of the Notes to reduce the amount otherwise payable under the Notes to holders of such Notes in order to pass on to the holders of such Notes the full amount of such Additional Tax imposed on the Issuer.

Secondary trading of the Notes may be limited

Potential investors should be willing to hold the Notes until maturity. The nature and extent of any secondary market in the Notes cannot be predicted and there may be little or no secondary market in the Notes. As a consequence any person intending to hold the Notes should consider liquidity in the Notes as a risk. Where the Notes are listed or quoted on an exchange or quotation system, this does not imply greater or lesser liquidity than if equivalent Notes were not so listed or quoted and the Issuer cannot

guarantee that the listing or quotation will be permanently maintained. Where the Notes are not listed or quoted, it becomes more difficult to purchase and sell such Notes and there may also be a lack of transparency with regard to pricing information.

Further, although an Issuer may apply to have certain issuances of Notes admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Regulated Market, or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system, approval for any listing is subject to meeting the relevant listing requirements. Even if there is a secondary market, it may not provide enough liquidity to allow the investor to sell or trade the Notes easily. Morgan Stanley & Co. International plc and other affiliates of Morgan Stanley may from time to time, make a market in the Notes, but they are not required to do so. If at any time Morgan Stanley & Co. International plc and other affiliates of the Issuers were to cease making a market in the Notes, it is likely that there would be little or no secondary market for the Notes.

Potential conflicts of interest between the investor and the determination agent

As determination agent for Notes linked to a single security, index, ETF or other fund or a basket of securities, indices, ETFs or other funds or Notes linked to other underlying instruments, assets or obligations, Morgan Stanley & Co. International plc or an affiliate will determine the payout to the investor at maturity. Morgan Stanley & Co. International plc and other affiliates may also carry out hedging activities related to any Notes linked to a single security, index, ETF or other fund or a basket of securities, indices, ETFs, other funds, or Notes linked to other instruments, assets or obligations including trading in the underlying securities, indices or ETFs as well as in other instruments related to the underlying securities, indices or ETFs. Morgan Stanley & Co. International plc and some of Morgan Stanley's other subsidiaries may also trade the applicable underlying securities or indices and other financial instruments related to the underlying securities or indices on a regular basis as part of their general broker-dealer and other businesses. Any of these activities could influence the Determination Agent's determination of adjustments made to any Notes linked to a single security, index, ETF or other fund or a basket of securities, indices, ETFs or other funds, or Notes linked to other underlying instruments, assets or obligations and any such trading activity could potentially affect the price of the underlying securities, indices, ETFs, other funds or other underlying instruments, assets or obligations and, accordingly, could affect the investor's payout on any Notes.

Actions taken by the Determination Agent may affect the Relevant Underlying

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

Notes in Global Form

Because the Global Note Certificates (as defined below) may be held by or on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), and/or any other clearing system as may be specified in the applicable Final Terms (such system or systems hereinafter referred to as the "Relevant Clearing System"), investors will have to rely on their procedures for transfer, payment and communication with the relevant Issuer.

Notes (other than Uncertificated Notes) issued under the Program may be represented by, in the case of Registered Notes, interests in a global note certificate (a "**Global Note Certificate**" or "**Global Instrument**"). Such Global Instruments may be deposited with a common depositary or common safekeeper for the Relevant Clearing System. Except in the circumstances described in the relevant Global Instrument, investors will not be entitled to receive definitive Notes. The Relevant Clearing System will maintain records of the beneficial interests in the Global Instruments. While the Notes are represented by one or more Global Instruments, investors will be able to trade their beneficial interests only through the Relevant Clearing System.

While the Notes are represented by one or more Global Instruments, the Issuer will discharge its payment obligations under the Notes by making payments through the Relevant Clearing System for distribution to

their account holders. A holder of an interest in a Global Instrument must rely on the procedures of the Relevant Clearing System to receive payments under the relevant Notes. Neither the relevant Issuer nor the Guarantor has responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Instruments.

Holders of beneficial interests in the Global Instruments will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Relevant Clearing System to appoint appropriate proxies.

Modification and waiver

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the relevant Notes, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

Change of law

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

Restricted secondary trading if the electronic trading system is unavailable

Trading in the Notes 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 Notes.

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 Notes is (i) fully consistent with its (or if it is acquiring the Notes 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 Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. 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 Notes.

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 Notes at a price equivalent to or below the Issue Price. Any difference between the price at which the Selling Agent subscribes the Notes and the price at which the Selling Agent sells the Notes 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 Notes up to and including the maturity 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 Agent's recommendation of the Notes 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 Notes 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.

Settlement risk

If (with respect to any Notes that are physically settled) prior to the delivery of any specified asset(s), the Determination Agent for the Notes determines that a settlement disruption event (as defined in Condition 17.3 (*Settlement Disruption of Physical Settlement*) and Condition 17.4 (*Delivery Disruption of Physical Settlement*), 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 Notes and/or may delay settlement in respect of the Notes.

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. Prospective investors should note that the disrupted cash settlement price will reflect the fair market value of the Notes less the cost to the Issuer and/or any of its Affiliates of unwinding any Relevant Underlying related hedging arrangements and that any such determination may affect the value of the Notes.

Issuer's credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer and/or the Guarantor (if applicable). 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 Notes. A credit rating is not a recommendation to buy, sell or hold Notes 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) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Representations and acknowledgments by Noteholders

Representations and acknowledgments by Noteholders. Each Noteholder shall be deemed to represent and acknowledge to the relevant Issuer on acquiring any Note that:

- (a) neither the Issuer and/or 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 Notes and that such holder 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 Notes or (c) an assurance or guarantee as to the expected results of an investment in the Notes (it being understood that information and explanations related to the terms and conditions of the Notes 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 Note holder (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 Notes 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 Notes relate and may engage in proprietary trading in any equity securities, indices or other property to which the Notes 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 Notes 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 Notes and (b) may be effected at any time.

Disclosure

Neither the issuer of any single security or basket security, an ETF, other fund, any Fund Service Provider nor the publisher of an underlying index has participated in the preparation of this document or in establishing the Conditions of the Notes and neither the Issuers nor any of their Affiliates will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer, ETF, other fund, Fund Service Provider, publisher, or specified entity 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 Relevant Underlying will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer, ETF, other fund, Fund Service Provider, publisher or specified entity could affect the trading price and/or level of the Relevant Underlying and therefore the trading price of the Notes.

Payments on certain Notes may be subject to U.S. withholding tax

Payments on a Note issued by Morgan Stanley may be subject to U.S. withholding tax of 30% if the beneficial owner of the Note does not meet the criteria for being exempt from this withholding tax including the requirement that the beneficial owner (or a financial institution holding the Note on behalf of the beneficial owner) furnish a U.S. Internal Revenue Service Form W-8BEN on which the beneficial owner certifies under penalties of perjury that it is not a United States person.

U.S. federal tax rules commonly referred to as "FATCA" also impose a withholding tax of 30% on certain payments made after 31 December 2013 to certain foreign entities (including financial intermediaries) with respect to certain "obligations" issued after 31 December 2013, unless various U.S. information reporting and due diligence requirements have been satisfied.

Furthermore, the U.S. Treasury Department has released proposed regulations under Section 871(m) of the U.S. Internal Revenue Code (the "**Code**"), which require withholding of up to 30% (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non-U.S. persons on certain financial instruments to the extent that such payments are treated as being contingent upon or adjusted to reflect any U.S.-source dividends.

If U.S. withholding tax is imposed because a beneficial owner (or financial institution holding a Note on behalf of a beneficial owner) does not provide the required U.S. tax forms or meet the current criteria for exemption from such U.S. withholding tax or if withholding is imposed under FATCA or Section 871(m) none of the Issuers nor the Guarantor shall be required to pay any additional amounts or otherwise indemnify a Holder with respect to the amounts so withheld. See "*United States Federal Taxation*" below for further discussion of these rules.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the relevant Issuer or the Guarantor (if applicable) would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction, the relevant Issuer may redeem all outstanding Notes in accordance with the Conditions at the redemption price specified in the applicable Final Terms.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the relevant Issuer's option in certain other circumstances the relevant Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such

circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

In addition, an optional redemption feature in any particular Tranche of Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In the case of certain Notes, if such Notes are redeemed early for any reason, the amount payable by the Issuer may be less than the amount that would have been paid had the Notes been redeemed at maturity.

In addition, in the circumstance of an event of default by the Issuer, the investor would have an unsecured claim against the Issuer or, if applicable, the Guarantor for the amount due on the early redemption of the Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

An Issuer may amend the terms and condition of the Notes, the Guarantee and the applicable Deed of Covenant without Noteholder consent if, in its opinion, such amendments are not materially prejudicial to Noteholders

Condition 24.2 of the terms and condition of the Notes allows an Issuer to amend the terms and conditions of the Notes, the Guarantee and the Deeds of Covenant without the consent of the Noteholders if, in that Issuers' opinion, the amendment is to correct a manifest error, where the effect of the amendment is of a formal, minor or technical nature or the amendment is not materially prejudicial to Noteholders. Prospective investors should be aware that an Issuer are not required to consult with any other party, including the Noteholders, prior to amending the terms and conditions of the Notes, the Guarantee and/or the Deeds of Covenant pursuant to this Condition. An Issuer is entitled to exercise its discretion in making these determinations and Noteholders will be bound by any such amendments made pursuant to this Condition.

Risk Factors relating to the Relevant Underlying - General

Notes linked to one or more securities, indices, funds, currencies and/or preference shares (including preference shares of Sienna Finance UK Limited)

The Issuers may issue Notes with principal and/or interest determined by reference to a single security, index, exchange traded fund ("**ETF**") or other funds, to baskets of securities, indices, ETFs or other funds, to currency prices, interest rates, or to preference shares (each, a "**Relevant Underlying**"). In addition, the Issuers may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) they may lose all or a substantial portion of their principal or investment, depending on the performance of each Relevant Underlying;
- (b) the market price of such Notes may be very volatile;
- (c) investors in Notes may receive no interest;
- (d) payment or payment of principal or interest, if applicable, may occur at a different time or in a different currency than expected;
- (e) a Relevant Underlying may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (f) if a Relevant Underlying is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Underlying on principal or interest payable on such Notes is likely to be magnified; and
- (g) the timing of changes in a Relevant Underlying may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Underlying the greater the effect on yield.

The value of the Notes linked to the Relevant Underlying may be influenced by unpredictable factors

The value of the Notes may be influenced by several factors beyond the Issuer's, and/or its Affiliates' and, where applicable, the Guarantor's control including:

1. *Valuation of the Relevant Underlying.* The market price or value of a Note at any time is expected to be affected primarily by changes in the level of the Relevant Underlying to which the Notes are linked. It is impossible to predict how the level of the Relevant Underlying will vary over time. The historical performance value (if any) of the Relevant Underlying does not indicate the future performance of the Relevant Underlying. Factors which may have an effect on the value of the Relevant Underlying include the rate of return of the Relevant Underlying and, where relevant, the financial position and prospects of the issuer of the Relevant Underlying, the market price or value of the applicable underlying security, index, ETF, fund or basket of securities, indices, ETFs or funds. In addition, the level of the Relevant 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 Notes is linked to the Relevant Underlying and will be influenced (positively or negatively) by the Relevant Underlying, any change may not be comparable and may be disproportionate. It is possible that while the Relevant Underlying is increasing in value, the value of the Notes may fall. Further, the Conditions of the Notes will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where the Notes or any exchanges or price sources are affected by market disruption, adjustment events or circumstances affecting normal activities;
2. *Volatility.* The term "**volatility**" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to a Relevant 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 a Relevant Underlying will move up and down over time (sometimes more sharply than at other times) and different Relevant Underlyings will most likely have separate volatilities at any particular time;
3. *Dividend Rates and other Distributions.* The value of certain Equity-Linked Notes and Fund-Linked Notes could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or other distributions on a Relevant Underlying;
4. *Interest Rates.* Investments in the Notes may involve interest rate risk. The interest rate level may fluctuate on a daily basis and cause the value of the Notes 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 Notes will decrease as the maturity date approaches. However, this reduction in the effect of pricing factors will not necessarily develop consistently up until the maturity date, but may undergo temporary acceleration and/or deceleration. Even if the price of the Relevant Underlying rises or falls there may a reduction or increase, as the case may be, in the value of the Notes due to the other value determining factors. Given that the term of the Notes is limited, investors cannot rely on the price of the Relevant Underlying or the value of the Notes recovering again prior to maturity;
6. *Creditworthiness.* Any prospective investor who purchases the Notes is relying upon the creditworthiness of the Issuer and, if applicable, the Guarantor and has no rights against any other person. If the Issuer or the Guarantor, if applicable, becomes insolvent, investors may

suffer potential loss of their entire investment irrespective of any favourable development of the other value determining factors, such as a Relevant Underlying; and

7. *Exchange Rates.* Even where payments in respect of the Notes are not expressly linked to a rate or rates of exchange between currencies, the value of the Notes 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 Notes is to be made and any currency in which a Relevant 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 Notes will be representative of the relevant rates of exchange used in computing the value of the Notes at any time thereafter. Where Notes are described as being "quantoed", the value of the Relevant Underlying will be converted from one currency (the "**Relevant 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 Relevant Underlying Currency and the Settlement Currency will have an implication on the value of the Notes. The implication will vary during the term of the Notes. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Relevant Underlying Currency and the Settlement Currency, a quanto feature in a Note would at any time enhance the return on the Note over a level of a similar security issued without such a quanto feature, and a quanto feature may worsen the return.

Some or all of the above factors will influence the price investors will receive if an investor sells its Notes prior to maturity, which is usually referred to as "secondary market practice". For example, investors may have to sell certain Notes at a substantial discount from the principal amount or investment amount if the market price or value of the applicable Relevant Underlying is at, below, or not sufficiently above the initial market price or value or if market interest rates rise. The secondary market price may be lower than the market value of the issued Notes as at the Issue Date to take into account, amongst other things, amounts paid to distributors and other intermediaries relating to the issue and sale of the Notes and amounts relating to the hedging of the Issuer's obligations. As a result of all of these factors, any investor that sells the Notes before the stated expiration or maturity date, may receive an amount in the secondary market which may be less than the then intrinsic market value of the Notes and which may also be less than the amount the investor would have received had the investor held the Notes through to maturity.

Notes linked to a single emerging market security, a single emerging market ETF or other fund, or a basket of securities or a basket of indices composed, in part or in whole, of emerging market securities or a basket of ETFs or other funds composed, in part or in whole, of emerging market ETFs or funds.

Fluctuations in the trading prices of the underlying emerging market equity will affect the value of Equity-Linked Notes and Fund-Linked Notes linked to emerging market securities and/or ETFs or other funds. Changes may result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the related countries or member nations, including economic and political developments in other countries. Of particular importance to potential risks are (i) rates of inflation; (ii) interest rate levels; (iii) balance of payments; and (iv) the extent of governmental surpluses or deficits in the relevant country. All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the related countries, the governments of the related countries and member nations (if any), and other countries important to international trade and finance. Government intervention could materially and adversely affect the value of such Notes. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes to affect the trading of the underlying equity. Thus, a special risk in purchasing such Notes is that their trading value and amount payable at maturity could be affected by the actions of governments, fluctuations in response to other market forces and the movement of currencies across borders. Emerging markets stocks may be more volatile than the stocks in more developed markets.

Emerging markets currencies

Where the Notes are denominated in an emerging market currency or linked to one or more emerging market currencies, such emerging market currencies can be significantly more volatile than currencies of more developed markets. Emerging markets currencies are highly exposed to the risk of a currency crisis

happening in the future and this could trigger the need for the determination agent (Morgan Stanley & Co. International plc or an affiliate) to make adjustments to the terms and conditions of the Notes.

Effect of the liquidity of the Relevant Underlying on Note pricing

An Issuer's and/or its Affiliates' hedging costs tend to be higher the less liquidity the Relevant Underlying has or the greater the difference between the "buy" and "sell" prices for the Relevant Underlying or derivatives contracts referenced to the Relevant Underlying. When quoting prices for the Notes, the Issuer and/or its Affiliates will factor in such hedging costs and will pass them on to the Noteholders by incorporating them into the "buy" and "sell" prices. Thus, Noteholders selling their Notes 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 Notes at the time of sale.

No affiliation with underlying companies

The underlying issuer for any single security or basket security, ETF or other fund or any Fund Adviser, or the publisher of an underlying index will not be an affiliate of Morgan Stanley, MSI plc or MSBV, unless otherwise specified in the applicable Final Terms. Morgan Stanley or its subsidiaries may presently or from time to time engage in business with any underlying company, fund or any specified entity, including entering into loans with, or making equity investments in, the underlying company, fund or specified entity, or its affiliates or subsidiaries or providing investment advisory services to the underlying company, fund or specified entity, including merger and acquisition advisory services. Moreover, no Issuer has the ability to control or predict the actions of the underlying company, fund, index publisher, or specified entity, including any actions, or reconstitution of index components, of the type that would require the determination agent to adjust the payout to the investor at maturity. No underlying company, fund or Fund Adviser, index publisher, or specified entity, for any issuance of Notes is involved in the offering of the Notes in any way or has any obligation to consider the investor's interest as an owner of the Notes in taking any corporate actions that might affect the value of the Notes. None of the money an investor pays for the Notes will go to the underlying company, fund or Fund Adviser or specified entity, for such Notes. However, the Issuer or any affiliate may purchase underlying shares, shares which comprise the underlying index, fund interests etc for hedging purposes.

Fluctuations in the value of any one component of the Relevant Underlying may, where applicable, be offset or intensified by fluctuations in the value of other components. The historical value (if any) of the Relevant Underlying or the components of the Relevant Underlying does not indicate their future performance. Where the value of the components is determined in a different currency to the value of the Relevant Underlying, investors may be exposed to exchange rate risk.

Exchange rates and exchange controls may affect the value or return of the Notes

General Exchange Rate and Exchange Control Risks. An investment in a Note denominated in, or the payment of which is linked to the value of, currencies other than the investor's home currency entails significant risks. These risks include the possibility of significant changes in rates of exchange between its 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 Issuers have no control. Investors should consult their financial and legal advisors as to any specific risks entailed by an investment in Notes that are denominated or payable in, or the payment of which is linked to the value of, a currency other than the currency of the country in which such investor resides or in which such investor conducts its business, which is referred to as their home currency. Such Notes are not appropriate investments for investors who are not sophisticated in foreign currency transactions.

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 any Note. Depreciation against the investor's home currency or the currency in which a Note is payable would result in a decrease in the effective yield of the Note below its coupon rate 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 a Currency-Linked Note, 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 that Note.

The Issuers Have 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.

As a consequence, these government actions could adversely affect yields or payouts in the investor's home currency for (i) Notes denominated or payable in currencies other than U.S. dollars and (ii) Currency-Linked Notes or Currency Notes.

The Issuers will not make any adjustment or change in the terms of the Notes 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. The investor 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 a Specified Currency (as defined herein). Even if there are no actual exchange controls, it is possible that the applicable currency for any security would not be available when payments on that security are due.

Currency Exchange Information may be provided in the Final Terms. The applicable Final Terms or base prospectus supplement, where relevant, may include information with respect to any relevant exchange controls and any relevant historic exchange rate information for any Note. 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.

Investors have no shareholder rights

As an owner of Notes, investors will not have voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to any underlying security, preference share, ETF, other fund or index.

Exchange rates may affect the value of a judgment

The Notes and any non-contractual obligations arising out of or in connection with them shall be governed by English law. Although an English court has the power to grant judgment in the currency in which a Note is denominated, it may decline to do so in its discretion. If judgment were granted in a currency other than that in which a Note is denominated, the investor will bear the relevant currency risk.

Risk associated with estimating the price of the Relevant Underlying if its domestic market is closed while secondary trading in the Notes is open

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

Provision of information

None of the Issuer or any of its Affiliates makes any representation as to the issuer for any single security or basket of securities, any preference share, fund or Fund Service Provider, or the publisher of an underlying index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to any such issuer, publisher or specified entity, their respective affiliates or any guarantors that is or may be material in the context of the Notes. The issue of Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or any other party such information (whether or not confidential).

Market Disruption Event, Disrupted Day, Adjustments and Early Redemption or termination of Notes

The Determination 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 Notes.

In addition the Determination Agent may make adjustments to the Notes to account for relevant adjustments or events in relation to the Relevant Underlying including, but not limited to, determining a successor to the Relevant Underlying or its sponsor (in the case of an Index). In addition, in certain circumstances, the Issuer may redeem or terminate the Notes early following any such event. In this case, in relation to each Note, 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 Notes and what constitutes a Market Disruption Event or relevant adjustment event.

Notes linked to the performance of funds

The Issuers may issue Notes where the redemption amount or, if applicable, the interest amount in relation to Fund-Linked Notes or the return, in relation to Fund Securities (together with the Fund-Linked Notes, "**Fund-Linked Notes**") is linked to the performance of a unit, share or other interest in a fund (each a "**Fund Interest Unit**") or a basket of Fund Interest Units. Such funds may include mutual funds or any other types of fund in any jurisdiction, or any combination of the foregoing. Investments offering direct or indirect exposure to the performance of funds are generally considered to be particularly risky and may bear similar risks, including but not limited to, market risks to a direct investment in funds.

Prospective investors should note that payments on redemption or termination of Fund-Linked Notes at maturity, expiration, early redemption or early termination may be postponed, in accordance with the Conditions, up to a specified long stop date and if the specified long stop date is reached, for the purposes of determining the Redemption Amount or any other such redemption amounts, as applicable, the affected fund interest units or shares may be deemed to have a zero value. Prospective investors should also be aware that if one or more events occurs in relation to the Fund or any Fund Service Provider, including insolvency of the Fund or Fund Service Provider, then the Issuer, may in its sole and absolute discretion, determine whether the Fund-Linked Notes will continue or whether they will be redeemed or terminated early. If the Issuer determines that the Fund-Linked Notes will continue, this may result in the substitution of the affected Fund Interest Unit with other Fund Interest Units with similar characteristics or adjustments to the Conditions of the Notes to account for the occurrence of the relevant event. These actions may have an adverse effect on the return and risk profile of the relevant Fund-Linked Notes, and consequently, the value of such Fund-Linked Notes and if the Fund-Linked Notes are redeemed or terminated early the amount investors receive may be considerably less than their original investment and may even be zero.

The risks associated with investing in Fund-Linked Notes are similar to the risks attached to a direct investment in the underlying fund or funds. There are substantial risks in directly or indirectly investing in funds including, without limitation, the risks set out below. Prospective investors should note that references to funds below can refer both to the funds referenced in any Fund-Linked Notes and also to any funds in which any of those funds invests its assets from time to time:

Investments risks that prospective investors should be aware of include the following:

1. Different types of funds are subject to differing levels of regulatory supervision.

2. Funds may have varying restrictions on leverage. Leverage presents the potential for a higher rate of return but also increases the volatility of the fund and increases the risk of a total loss of the amount invested.
3. Funds may have differing investment restrictions and some funds may invest in assets which are illiquid or difficult to transfer. This may have an effect on the realisation of such assets and in turn, the value and performance of the fund. In addition, a fund's assets or investments may be concentrated in a few markets, countries, industries, commodities, sectors of an economy or issuers. If so, adverse movements in a particular market, country, industry, commodity, economy or industry or in the value of the securities of a particular issuer could have a severely negative effect on the value of such a fund. In addition, a fund may use a single advisor or employ a single strategy, which could mean a lack of diversification and higher risk.
4. Substantial redemptions by holders of Fund Interest Units in a fund within a short period of time could require the fund's investment manager(s) and/or adviser(s) to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the fund's assets.
5. The performance of a fund will be heavily dependent on the performance of investments selected by its advisers or investment managers and the skill and expertise of such fund service providers in making successful and profitable investment decisions. Such skill and expertise may be concentrated in a number of the adviser's or investment manager's key personnel. Should these key personnel leave or become no longer associated with the fund's adviser or investment manager, the value or profitability of the fund's investments may be adversely affected as a result.

Risks relating to Index-Linked Notes

Factors affecting the performance of Indices may adversely affect the value of the Notes

Indices are comprised of a synthetic portfolio of shares, bonds, currency exchange rates, commodities, property or other assets, and as such, the performance of an Index is dependent upon the performance of components of such Index, which may include interest rates, currency developments, political factors, market factors such as the general trends in capital markets or broad based indices and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. If an Index does not perform as expected, this will materially and adversely affect the value of Index-Linked Notes.

Returns on the Notes do not reflect a direct investment in underlying shares or other assets comprising the Index

The return payable on Notes that reference Indices may not reflect the return a potential investor would realise if it actually owned the relevant assets comprising the components of the Index or owned a different form of interest in the relevant Index. For example, if the components of the Indices are shares, Holders will not receive any dividends paid or distributions made on those shares and will not participate in the return on those dividends or distributions unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Holders will not have any voting rights in the underlying shares or any other assets which may comprise the components of the relevant Index. Accordingly, Holders of Notes that reference Indices as Relevant Underlying may receive a lower payment upon redemption/settlement of such Notes than such Holder would have received if it had invested in the components of the Index directly or other comparable instruments linked to the Index.

A change in the composition or discontinuance of an Index could adversely affect the market value of the Notes

The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of components of any Index may affect the level of such Index as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the payments made by the relevant Issuer to the Holders of the Index-Linked Notes. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Index-Linked Notes and will have no obligation to any

Holder of such Notes. Accordingly, the sponsor of an Index may take any actions in respect of such Index without regard to the interests of the Holder of the Notes, and any of these actions could adversely affect the market value of the Index-Linked Notes.

Exposure to Index Modification, Index Cancellation, Index Disruption and correction of Index levels

The Determination Agent has broad discretion to make certain determinations and adjustments, to replace the original Relevant Underlying with another and/or to cause early redemption/settlement of the Notes, any of which may be adverse to Holders in connection with Index Modification, Index Cancellation, and Index Disruption. The Determination Agent may determine that the consequence of any such event is to make adjustments to the Notes, or to replace such Index with another or to cause early redemption/settlement of the Notes. The Determination Agent may (subject to the terms and conditions of the relevant Notes) also amend the relevant Index level due to corrections in the level reported by the Index Sponsor. The consequences of such amendments could adversely affect the market value of the Index-Linked Notes.

Notes are not sold or promoted by an Index or the sponsor of such Index

Notes linked to an Index are not sponsored, endorsed, sold, or promoted by such Index or the sponsor of such Index. The sponsor of an Index makes no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of such Index or the levels at which such Index stands at any particular time on any particular date. Neither an Index nor sponsor of such Index shall be liable (whether in negligence or otherwise) to any person for any error in such Index. A sponsor of an Index is under no obligation to advise any person of any error in such Index. A sponsor of an Index does not make any representation whatsoever, whether express or implied, as to the advisability of investing or assuming any risk in connection with the Notes linked to such Index.

The relevant Issuer, Morgan Stanley or any of Morgan Stanley's affiliates are not liable for the actions or omissions of the sponsor of an Index, any information concerning an Index, the performance of such Index or use thereof in connection with the Notes

The relevant Issuer, Morgan Stanley or any of Morgan Stanley's affiliates are not liable to the Holders of Notes for any act or failure to act by a sponsor of an Index in connection with the calculation, adjustment, or maintenance of such Index. Although the Determination Agent, as applicable, will obtain information concerning an Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty, or undertaking (express or implied) is made and no responsibility is accepted by the relevant Issuer, Morgan Stanley or any of Morgan Stanley's affiliates, or the Determination Agent as to the accuracy, completeness, and timeliness of information concerning such Index. In addition, the relevant Issuer, Morgan Stanley or any of Morgan Stanley's affiliates, or the Determination Agent makes no representation whatsoever, whether express or implied, as to the performance of any Index which is linked to the Notes, any data included in, or omitted from, such Index, or the use of such Index in connection with the Index-Linked Notes.

Risks relating to Share-Linked Notes

No issuer of the relevant Share(s) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Share-Linked Notes

No Share Issuer(s) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Share-Linked Notes and none of the relevant Issuer, Morgan Stanley or any of Morgan Stanley's affiliates will make any investigation or enquiry in connection with such offering with respect to any information concerning any such Share Issuer(s) contained in such Final Terms or in the documents from which such information was extracted. Neither the relevant Issuer, Morgan Stanley or any of Morgan Stanley's affiliates controls any Share Issuer(s) and are not responsible for any disclosure made by any Share Issuer(s). Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the adequacy, accuracy or completeness of the publicly available information described in this paragraph or in any applicable Final Terms) that would affect the trading price of the relevant Share(s) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such Share Issuer(s) could affect the trading price of the Share(s) and therefore the trading price of the Notes.

Factors affecting the performance of Shares may adversely affect the value of the Share-Linked Notes

The performance of Shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors are not within the relevant Issuer, Morgan Stanley or any of Morgan Stanley's affiliates' control and may result in a decline in the value of the Notes.

Holders have no claim against the Share Issuer(s) or recourse to the Shares

Share-Linked Notes do not represent a claim against or an investment in any Share Issuer(s) and investors will not have any right of recourse under the Share-Linked Notes to any such company or the Shares. Share-Linked Notes are not in any way sponsored, endorsed or promoted by any Share Issuer(s) and such companies have no obligation to take into account the consequences of their actions for any Holders. Accordingly, the Share Issuer(s) may take any actions in respect of such Share without regard to the interests of the investors in the Share-Linked Notes, and any of these actions could adversely affect the market value of the Share-Linked Notes.

Determinations made by the Determination Agent in respect of Potential Adjustment Events, Merger Events, Tender Offers, De-listing, Nationalisations, Insolvencies and Additional Disruption Events may have an adverse effect on the value of the Share-Linked Notes

Upon determining that a Potential Adjustment Event, Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or Additional Disruption Event has occurred in relation to an underlying Share or Share Company, the Determination Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Share-Linked Notes and/or (ii) (in the case of a Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or an Additional Disruption Event) cause early redemption/settlement of the Share-Linked Notes, any of which determinations may have an adverse effect on the value of the Share-Linked Notes. In particular, in the event that the Share-Linked Notes are early settled/redeemed, the amount payable to Holders may be significantly less than the investor's initial investment, and may be as low as zero.

Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the Shares, (b) an extraordinary dividend, (c) a call of the Shares that are not fully paid, (d) a repurchase by the Share Company, or an affiliate thereof, of the Shares, (e) a separation of rights from the Shares or (f) any event having a dilutive or concentrative effect on the value of the Shares. Additional Disruption Events include (1) a change in applicable law since the Trade Date that makes it illegal to hold, acquire or dispose of the Shares or more expensive for the relevant Issuer to hedge its obligations under the relevant Share-Linked Notes, (2) an insolvency filing by or on behalf of any issuer of the relevant Share(s), (3) Increased Cost of Hedging and (4) Hedging Disruption.

Notes linked to Preference Shares

General Risks relating to Notes linked to preference shares

Morgan Stanley and MSBV may issue Notes with principal determined by reference to the changes in the value of the preference shares ("**Preference Shares**"), which may fluctuate up or down depending on the performance of the relevant underlying asset(s) or basis of reference to which Preference Shares are linked (the "**Preference Share Underlying**") as set out in the terms and conditions of the Preference Shares (the "**Terms of the Preference Shares**"). If, as a result of the performance of the Preference Share Underlying, the performance of the Preference Shares is negative the value of the Preference Share-Linked Notes will be adversely affected. Purchasers of Preference Share-Linked Notes risk losing all or a part of their investment if the value of the Preference Shares falls.

An investment in Preference Share-Linked Notes will entail significant risks not associated with a conventional debt or equity security. Purchasers of Preference Share-Linked Notes should conduct their own investigations and, in deciding whether or not to purchase the Preference Share-Linked Notes, prospective purchasers should form their own views of the merits of an investment related to the Preference Shares based upon such investigations and not in reliance on any information given in this document.

As set out below, Preference Share-Linked Notes will be subject to early redemption if an Extraordinary Event or, if applicable, an Additional Disruption Event occurs or if an Early Redemption Event occurs. In these circumstances the Issuer may redeem the Notes at the Early Redemption Amount or the Early Share Redemption Note Amount, as applicable. The Early Redemption Amount or Early Preference Share Redemption Note Amount may be less (and in certain circumstances, significantly less) than investors' initial investment.

Exposure to the Preference Share Underlying

The Preference Share Underlying may be a specified index or basket of indices, a specified equity or basket of equities, a specified currency or basket of currencies, a specified fund share or unit or basket of fund shares or units or such other underlying instruments, bases of reference or factors as may be determined by the issuer of the relevant Preference Shares (the "**Preference Share Issuer**") and specified in the terms and conditions of the relevant series of Preference Shares. ***Consequently potential investors should also consider the risk factors entitled "Notes linked to performance of funds", "Risks relating to Index-Linked Notes " and "Risks relating to Share-Linked Notes" set out on pages [49] to [52] in respect of the risks involved in investing in Notes (in this case the Preference Shares) linked to certain Relevant Underlying(s).***

The Terms of the Preference Shares provide that the Preference Shares will be redeemable on their final redemption date (or otherwise in accordance with the Terms of the Preference Shares). On redemption, the Preference Shares will carry preferred rights to receive an amount calculated by reference to the Preference Share Underlying.

Investors should review the Terms of the Preference Shares and consult with their own professional advisers if they consider it necessary.

Credit and Fraud Risk of Preference Share Issuer

Preference Share-Linked Notes are linked to the performance of the relevant Preference Shares. Investors bear the risk of an investment in Preference Share Issuer. The value of the Preference Share-Linked Notes is dependent on the value of the Preference Shares, which will depend in part on the creditworthiness of Preference Share Issuer, which may vary over the term of the Preference Share-Linked Notes. Preference Share Issuer is not an operating company. Its sole business activity is the issue of redeemable preference shares. Preference Share Issuer does not have any trading assets and does not generate any significant net income. As its funds are limited any misappropriation of funds or other fraudulent action by Preference Share Issuer or person acting on its behalf would have a significant effect on the value of the Preference Shares and will affect the value of the Preference Share-Linked Notes.

Potential Conflicts of Interest

The calculation agent in respect of the Preference Shares (the "**Preference Share Calculation Agent**") is a member of Morgan Stanley group of companies. As a result, potential conflicts of interest may arise in acting in its capacity as Preference Share Calculation Agent and other capacities in which it acts under the Preference Share-Linked Notes. Subject to any relevant regulatory obligations, the Preference Share Calculation Agent owes no duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder. Preference Share Issuer may also rely on members of Morgan Stanley (including the Preference Share Calculation Agent) or other service providers to perform its operational requirements. In the event any relevant Morgan Stanley entities or other service providers fail to perform any obligations, this may adversely affect the value of the Preference Shares and potentially the amounts payable under the Preference Share-Linked Notes. In addition to providing calculation agency services to Preference Share Issuer, Morgan Stanley or any of its affiliates may perform further or alternative roles relating to Preference Share Issuer and any series of Preference Shares including, but not limited to, for example, being involved in arrangements relating to any of the underlying reference assets (for example as a calculation agent). Further, Morgan Stanley or any of its affiliates may contract with Preference Share Issuer and/or enter into transactions, including hedging transactions, which relate to Preference Share Issuer or the Preference Shares and as a result Morgan Stanley may face a conflict between its obligations as Preference Share Calculation Agent and its and/or its affiliates' interests in other capacities.

Determination of Extraordinary Events and Additional Disruption Events

The Determination Agent may determine the occurrence of a Merger Event, Tender Offer, Insolvency or Additional Disruption Event in relation to the Preference Share-Linked Notes. Upon such determination, the relevant Issuer may, at its option redeem the Preference Share-Linked Notes in whole at the Early Redemption Amount which may be less than the amount invested in the Preference Share-Linked Notes. Noteholders will not benefit from any appreciation of the Preference Shares that may occur following such redemption.

No ownership rights

An investment in Preference Share-Linked Notes is not the same as an investment in the Preference Shares and does not confer any legal or beneficial interest in the Preference Shares or any Preference Share Underlying or any voting rights, right to receive dividends or other rights that a holder of the Preference Shares or any Preference Share Underlying may have. The Preference Share-Linked Notes are unsubordinated and unsecured obligations of the Issuer.

Hedging activities of the Issuer and affiliates

The Issuer or its affiliates may carry out hedging activities related to the Preference Share-Linked Notes, including purchasing the Preference Shares and/or the Preference Share Underlying, but will not be obliged to do so. Certain of the Issuer's affiliates may also purchase and sell the Preference Shares and/or purchase and sell the Preference Share Underlying on a regular basis as part of their securities businesses. Any of these activities could potentially affect the value of the Preference Share Underlying and, accordingly, the value of the Preference Shares and the Preference Share-Linked Notes.

Risks associated with Relevant Underlying comprised of a Basket

Exposure to performance of Basket and its components

Where the Notes are linked to or reference a Basket of assets, the investors in such Notes are exposed to the performance of such Basket. The investors will bear the risk of the performance of each of the Basket Components.

A high correlation of Basket Components may have a significant effect on amounts payable

Some Notes are linked to Baskets of Relevant Underlying where the performance of such Relevant Underlying tends to move in the same direction, or correlate, as a result of changes in market conditions, such as a change in interest rates. Correlation of Basket Components indicates the level of interdependence among the individual Basket Components with respect to their performance. If, for example, all of the Basket Components originate from the same sector and the same country, a high positive correlation may generally be assumed. Past rates of correlation may not be determinative of future rates of correlation: investors should be aware that, though Basket Components may not appear to be correlated based on past performance, it may be that they suffer the same adverse performance following a general downturn or other economic or political event. Where the Basket Components are subject to high correlation, any move in the performance of the Basket Components will exaggerate the performance of the Notes.

The negative performance of a single Basket Component may outweigh a positive performance of one or more other Basket Components

Investors in Notes must be aware that even in the case of a positive performance of one or more Basket Components, the performance of the Basket as a whole may be negative if the performance of the other Basket Components is negative to a greater extent, subject to the terms and conditions of the relevant Notes.

A small Basket, or an unequally weighted Basket, will generally leave the Basket more vulnerable to changes in the value of any particular Relevant Underlying

The performance of a Basket that includes a smaller number of Relevant Underlying will generally, subject to the terms and conditions of the relevant Notes, be more affected by changes in the value of any

particular Relevant Underlying included therein than a Basket that includes a greater number of Relevant Underlying.

The performance of a Basket that gives greater weight to some Relevant Underlying will generally, subject to the terms and conditions of the relevant Notes, be more affected by changes in the value of any such particular Relevant Underlying included therein than a Basket that gives relatively equal weight to each Relevant Underlying.

A change in composition of a Basket may have an adverse effect on Basket performance

Where the Notes grant the Calculation Agent the right, in certain circumstances, to adjust the composition of the Basket, investors should be aware that any replacement Basket Component may perform differently from the original Basket Component, which may have an adverse effect on the performance of the Basket which will in turn have an adverse effect on the value of the Notes.

Feature-specific Risk Factors

Caps and floors

Caps on value / performance of the Relevant Underlying. The formula or other basis for determining the value and/or performance of the Relevant Underlying in respect of a Series of Notes (or of individual Basket Components comprised in a Relevant Underlying which is a Basket) may provide for a maximum value, or cap, such that any value and/or performance of the Relevant Underlying (or individual Basket Components) in excess of the applicable cap will not be taken into account for the purposes of the relevant determination. Amounts payable on the Notes linked to such capped value and/or performance will be limited accordingly.

Floors on value / performance of the Relevant Underlying. The formula or other basis for determining the value and/or performance of the Relevant Underlying in respect of a Series of Notes (or of individual Basket Components comprised in a Relevant Underlying which is a Basket) may alternatively, or additionally, be subject to a minimum value, or floor, such that any value and/or performance of the Relevant Underlying (or individual Basket Components) below the applicable floor will not be taken into account for the purposes of the relevant determination. Amounts payable on the Notes linked to such floored value and/or performance will be limited accordingly. However, depending on the relevant formula or other basis for determination, such a floor may entitle holders to receive payment(s) greater than they would have received if the relevant determination had not been subject to the floor.

Caps and floors on interest rates. In addition, the rate of interest payable on certain Floating Rate Notes may be subject to a maximum rate of interest or a minimum rate of interest specified in the applicable Final Terms. If a maximum rate of interest is specified, the rate of interest payable on such Floating Rates Notes will be limited to such maximum rate. However, if a floor or a minimum rate of interest is specified in respect of any Floating Rate Notes, the rate of interest payable on such Notes may entitle holders to receive payment(s) greater than they would have received if the relevant rate of interest had not been subject to the floor.

Basket Notes - "Best of" Average/"Worst of" Average/"Selection" Average

Determinations of amounts payable under Notes linked to the value and/or performance of a basket of Shares, Indices, ETFs, Inflation Indices, Funds, Currencies and/or Preference Shares may take into account the average value and/or performance of only a limited number of the components of the relevant basket, identified by reference to their value and/or performance relative to the other components of the basket as of one or more relevant dates. For the purpose of such determinations, the Determination Agent will order the values and/or performances of the components, high to low, and the relevant determination will be based on an average of the values (or performances) of an identified number of components having the highest values or performances (in the case of Notes in respect of which "Best of Average" applies), or having the lowest values or performances (in the case of Notes in respect of which "Worst of Average" applies) or which are otherwise identified by reference to such order (in the case of Notes in respect of which "Selected Average" applies).

Weighting of Basket Components

Determinations of amounts payable under Notes linked to the value and/or performance of a basket of Shares, Indices, ETFs, Inflation Indices, Funds, Currencies and/or Preference Shares may be determined by reference to the arithmetic mean of the values and/or performances of all (or some only, in the case of "Best of Average", Worst of Average" or "Selected Average") of the Basket Components, which may be equally-weighted or, if so specified in the applicable Final Terms, given different weightings. The higher the weighting applicable to a particular Basket Component, the more Noteholders will be exposed to the value and/or performance of that Basket Component in comparison with the remaining Basket Components.

Worst-of Basket Performance feature

Determinations of the Final Redemption Amount payable in respect of Notes linked to the value and/or performance of a basket of Shares, Indices, ETFs, Inflation Indices, Funds, Currencies and/or Preference Shares may be made solely by reference to the worst performing Basket Component if "Worst-of Basket Performance" feature is applicable in respect of the Notes (for instance, where Paragraph 3.1(b)(ii) (*Single Barrier Final Redemption – Worst-of Basket Performance-Linked Redemption 1*) or Paragraph 3.1(b)(iii) (*Single Barrier Final Redemption – Worst-of Basket Performance-Linked Redemption 2*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions is applicable). Accordingly, in relation to such Notes, the Final Redemption Amount payable may be linked to the value/performance of the worst performing Basket Component, irrespective of the value/performance of any other Basket Component.

Further, where Paragraph 3.1(c)(ii) (*Worst-of Basket Performance-Linked Redemption*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions applies, upon the condition for this section to be applicable being satisfied, Physical Settlement will apply in respect of the Notes, and pursuant to the "Worst-of Basket Performance" feature being applicable, the Underlying Securities which will comprise the Physical Delivery Amount shall be the worst performing Basket Component. None of the other Basket Components will comprise the Underlying Securities delivered to the Noteholder.

Highest Performance

Where "Highest Performance" is applicable (for instance where Paragraph 3.1(a)(iv) (*Single Barrier Final Redemption – Highest Performance Redemption*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions is applicable), determinations of amounts payable under Notes linked to the value and/or performance of a single Share, Index, ETF, Inflation Index, Fund, Currency and/or Preference Share, or a basket of Shares, Indices, ETFs, Inflation Indices, Funds, Currencies and/or Preference Shares may be determined based on the highest of the values determined as of a series of Final Redemption Observation Dates. This will limit the extent to which a sudden increase or decrease in value and/or performance of the Relevant Underlying on a single date affects the relevant determination and, in addition, the investor will have the benefit of the highest of the observed values across such dates.

Top Rank Underlying Performance

Where "Top Rank Underlying Performance" is applicable (for instance, where Paragraph 2.11 (*Ranked Underlying Redemption*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), determinations of the Final Redemption Amount payable in respect of Notes may be made by reference to (i) the performance of "top ranked" Basket Components and (ii) a specified value which is to be applied as the performance of Basket Components other than "top ranked" Basket Components. The "top ranked" Basket Components are selected by the Determination Agent by (A) determining the performance of each of the Basket Components, (B) ordering them by value, high to low, and (C) by selecting such number of the Basket Components, starting with the first, as are specified in the applicable Final Terms. Where "Top Rank Underlying Performance" applies, because the Final Redemption Amount is linked to the performance of the better performing Basket Components, the Final Redemption Amount may be higher than if the Final Redemption Amount had been linked to the performance of all the Basket Components.

Averaging features

Determinations of amounts payable under Notes linked to the value and/or performance of a single Share, Index, ETF, Inflation Index, Fund, Currency and/or Preference Share, or a basket of Shares, Indices, ETFs, Inflation Indices, Funds, Currencies and/or Preference Shares may be determined based on the arithmetic mean of values determined as of a series of Averaging Dates. This will limit the extent to which a sudden increase or decrease in value and/or performance of the Relevant Underlying on a single date affects the relevant determination.

Memory feature (Interest, Automatic Early Redemption Amount or Final Redemption Amount)

Interest - Where the determination of interest payable on the Notes includes a "Memory" feature (for instance, where Paragraph 1.3(B) (*Barrier Conditional Coupon – Memory Barrier Conditional Coupon*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) or Paragraph 1.3(ii) (*Barrier Conditional Coupon – Memory Barrier Conditional Coupon*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable) the interest accrued with respect to each Interest Determination Date will be conditional on the value or performance of the Relevant Underlying determined as of such Interest Determination Date being (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, a specified barrier value, and the interest so accrued will therefore be zero if the condition (referred to herein as a "**barrier condition**") is not satisfied. However, the amount of interest to be accrued if such barrier condition is satisfied will be an amount which is increased on each successive Interest Determination Date but from which is deducted the sum of all interest accrued in respect of prior Interest Determination Dates. Accordingly, if the interest accrued in respect of an Interest Determination Date (two or more successive Interest Determination Dates) is zero, the interest accrued in respect of the next following Interest Determination Date (if any) where such condition is satisfied will be in an increased amount which will typically equal the sum of the amounts which would have accrued had such condition been satisfied in respect of both (or all) such Interest Determination Dates, but without any interest or other allowance for the deferred accrual.

Automatic Early Redemption Amount – where the determination of Automatic Early Redemption Amount includes a "Memory" feature (for instance, where Paragraph 2.1(C) (*Autocall 1 – Memory Redemption*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions is applicable), the Automatic Early Redemption Amount payable will include all interest amounts which would have been paid on each Interest Determination Date before, and including, the relevant Automatic Early Redemption Determination Date as if the barrier condition been satisfied on each such date (but without any interest or other allowance for the deferred accrual) but from which is deducted the sum of all interest previously paid on the notes.

Final Redemption Amount - where the determination of Automatic Early Redemption Amount includes a "Memory" feature (for instance, where Paragraph 3.1(a)(iii) (*Single Barrier Final Redemption – Capitalised Memory Redemption*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions is applicable), the Final Redemption Amount payable will include all interest amounts which would have been paid on each Interest Determination Date as if the barrier condition had been satisfied on each such date (but without any interest or other allowance for the deferred accrual) but from which is deducted the sum of all interest previously paid on the notes.

Capitalised Redemption feature

Where "capitalised" is used to identify the terms for determining the Final Redemption Amount in respect of any Notes (for instance, where Paragraph 3.1(a)(ii) (*Single Barrier Final Redemption – Capitalised Non-Memory Redemption*) and/or Paragraph 3.1(a)(iii) (*Single Barrier Final Redemption – Capitalised Memory Redemption*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions is applicable), the Final Redemption Amount will include a component which will typically be equal to all interest accruing in respect of the Notes, which will be payable only on the Maturity Date and by a single payment. Therefore, an investor may not receive any periodic or other payment of interest on such Notes prior to the Maturity Date.

Participation feature (Final Redemption Amount)

Where "participation" is used to identify the terms for determining the Final Redemption Amount payable on any Notes (for instance, where Paragraph 2.2 (*Participation and Performance-Linked Redemption*), Paragraph 2.3 (*Participation and OTM Performance-Linked Redemption*) or Paragraph 2.5 (*Barrier and Participation Redemption*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), the formula for determining such Final Redemption Amount may include a percentage multiplication factor (or "**Participation Rate**") applied to the calculation of the performance of the Relevant Underlying. Where such percentage is less than 100 per cent., the Final Redemption Amount will accordingly be linked to part only of such performance and may be less than the amount that would have been payable if linked to the full value of such performance, and may be less than par.

The formula for determining the Final Redemption Amount may also apply an amount which is 100 per cent. minus such a percentage (or Participation Factor) as a multiplication factor to a fixed amount in determining the Final Redemption Amount, in which case the deduction of such percentage will reduce the Final Redemption Amount that would otherwise be payable in respect of the Notes.

Specified Rate (interest, automatic early redemption and Final Redemption Amount)

Where the formula for calculating the interest, automatic early redemption or Final Redemption Amount includes reference to a Specified Rate, such interest, automatic early redemption or Final Redemption Amount may be calculated, amongst other factors, by reference to a percentage multiplication factor (or "**Specified Rate**"). The Specified Rate shall be a percentage rate between 0 and 100 per cent., and where the Specified Rate is less than 100 per cent., the interest, early redemption or Final Redemption Amount may be less than the amount that would have been payable if linked to 100 per cent., and, in the case of the early or final redemption amount, may be less than par.

Barrier (including Dual Barrier) feature (interest and Final Redemption Amount)

Interest - Where "barrier" is used to identify the terms for determining interest payable on any Notes (for instance, where Paragraph 1.9 (*Barrier Notes*) of Section 2 (*Additional Terms and Conditions for Fixed Rate Notes and/or Floating Rate Notes*), Paragraph 1.3 (*Barrier Conditional Coupon*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) or Paragraph 1.3 (*Barrier Conditional Coupon*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), each such payment of interest on the Notes will be conditional on the value or performance of the Relevant Underlying, as determined in accordance with the applicable Conditions as of the relevant Interest Determination Date, being (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, a specified barrier value, and if such condition (referred to as a "**barrier condition**") is not satisfied, then the amount of interest payable will be zero.

Where "dual barrier" is used to identify the terms for determining the interest payable on any Notes (for instance, where Paragraph 1.4 (*Dual Barrier Conditional Coupon*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), the interest amount payable will be conditional on two barriers, and a different interest amount may be payable depending on which of the two barrier conditions is satisfied. If neither barrier condition is satisfied, then the amount of interest payable will be zero.

Redemption - Where "barrier" is used to identify the terms for determining the Final Redemption Amount payable on any Notes (for instance, where Paragraph 3.1 (*Single Barrier Final Redemption*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*), Paragraph 1.2 (*Redemption at Maturity*) of Section 4 (*Additional Terms and Conditions for Reverse Convertible Notes*), Section 2.4 (*Barrier Redemption*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*), Section 2.5 (*Barrier and Participation Redemption*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) or Paragraph 2.10 (*Lock In Ladder Barrier Redemption*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), the redemption amount payable will be par if the value or performance of the Relevant Underlying, as determined in accordance with the applicable Conditions as of the relevant Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the

applicable Final Terms, a specified barrier value, and if such condition is not satisfied, an amount determined by reference to the performance of the Relevant Underlying, which may be less than par.

Where "dual barrier" is used to identify the terms for determining the Final Redemption Amount payable on any Notes (for instance, where Paragraph 2.6 (*Dual Barrier Redemption*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) or Paragraph 2.7 (*Dual Barrier Redemption – Twin Win*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), the Final Redemption Amount payable will be conditional on two barriers, and a different Final Redemption Amount may be payable depending on which of the two barrier conditions is satisfied, or if neither is satisfied.

"Worst Performance" variation of "barrier" feature

Interest - Where the determination of interest payable on the Notes includes a "Worst Performance" feature (i.e., where "Worst Performance" is specified as being applicable in the applicable Final Terms in relation to Paragraph 1.3 (*Barrier Conditional Coupon*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions, payment of interest will be conditional on the value/performance of the worst performing Basket Component as determined in accordance with the applicable Conditions as of the relevant Interest Determination Date, being (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, a specified barrier value, and if such condition is not satisfied, then the amount of interest payable will be zero. Accordingly, if the "Worst Performance" feature is specified as being applicable, the interest payable may be zero even if the value / performance of the other Basket Components satisfy the specified barrier condition.

"Twin Win" variation of the "dual barrier" feature

Where "Twin Win" is used to identify the terms for determining the Final Redemption Amount payable on any Notes (for instance, where Paragraph 2.7 (*Dual Barrier Redemption – Twin Win*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), the Final Redemption Amount payable where the first barrier condition is satisfied shall be an amount linked to the value/performance of the Relevant Underlying and the Final Redemption Amount where the second barrier condition is satisfied shall be amount linked to the performance of the Relevant Underlying, but on the basis that "Put Performance" feature is applicable. See "*Put Performance feature*" below for a description of this feature.

Barrier Automatic Early Redemption (Autocall)

Where "Barrier Automatic Early Redemption", as provided for in the Additional Terms and Conditions, is applicable, and the value of the Relevant Underlying, as of any Automatic Early Redemption Valuation Date specified in the applicable Final Terms, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the applicable Autocall Barrier Value, then an Automatic Early Redemption Event shall be deemed to have occurred and the Issuer shall redeem the Notes on the immediately following Automatic Early Redemption Date at a percentage (specified as the Autocall Early Redemption Rate) of par. Note also the risks described in paragraph entitled "*The Notes may be redeemed prior to maturity*" above.

"Worst Performance" variation of Barrier Automatic Early Redemption (Autocall)

Where the determination of whether an automatic early redemption event has occurred includes a "Worst Performance" feature (i.e., where "Worst Performance" is specified as being applicable in the applicable Final Terms in relation to Section 2.1 (*Autocall 1*) of Section 3 (*Additional Terms and Conditions for Autocallable Notes*) of the Additional Terms and Conditions), whether or not an automatic early redemption event has occurred (and therefore whether or not the relevant Notes would be redeemed before their scheduled maturity date) will be conditional on the value/performance of the worst performing Basket Component as determined in accordance with the applicable Conditions as of the relevant Interest Determination Date, being (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms. Accordingly, if the "Worst Performance" feature is specified as being applicable, such automatic early redemption event may be triggered by a single Basket Component (being the worst performance such Basket Component) irrespective of the value / performance of the other components of the basket.

Lock in Ladder feature (Final Redemption Amount)

Where "lock in ladder" is used to identify the terms for determination of the Final Redemption Amount payable with respect to any Notes (for instance where Paragraph 2.9 (*Lock In Ladder Redemption*) or 2.10 (*Lock In Ladder Barrier Redemption*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), the Final Redemption Amount may be a determined by reference to the *lesser of* (A) the "Maximum Lock in Step" and (B) the performance of the Relevant Underlying. "Maximum Lock in Step" is the highest of the specified levels which may be included in the value which determined as the performance of the Relevant Underlying, observed across a set of Lock in Observation Dates. Where "lock in ladder" applies, therefore, the investor may receive a Final Redemption Amount which is lower than if the Final Redemption Amount only referenced the performance of the Relevant Underlying rather than also having regard to the Maximum Lock In Step.

Step-Up feature

Where the determination of interest payable on the Notes includes a "**Step-Up**" feature (for instance where Paragraph 1.3 (*Step-Up Notes*) of Section 2 (*Additional Terms and Conditions for Fixed Rate Notes and/or Floating Rate Notes*) of the Additional Terms and Conditions is applicable), the rate of interest at which interest is calculated will increase in respect of each Interest Payment Date as specified in the applicable Final Terms.

Range Accrual feature

Where the determination of interest payable on the Notes includes a "**range**" accrual feature (for instance where Paragraph 1.8 (*Range Accrual Notes*) of Section 2 (*Additional Terms and Conditions for Fixed Rate Notes and/or Floating Rate Notes*) or Paragraph 1.5 (*Range Barrier Conditional Coupon*) or Paragraph 1.6 (*Range Accrual Coupon*) of Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) of the Additional Terms and Conditions is applicable), the interest payable on the Notes will be calculated by reference to (A) the number of days (Scheduled Trading Days or Business Days or specified Observation Dates, as applicable) in a specified Interest Period on which the reference rate or the value / performance of the Relevant Underlying (as applicable) is greater than a specified rate or value (B) divided by the total number of days (Scheduled Trading Days, Business Days or specified Observation Dates, as applicable) in such specified Interest Period.

Put Performance

Where "Put Performance" is specified as being applicable when determining the performance of the Relevant Underlying, the performance of the Relevant Underlying will be determined by the Determination Agent by reference to the value obtained by subtracting from one the value which is the Final Reference Value divided by the Initial Reference Value. Unlike where the performance of the Relevant Underlying is determined without reference to Put Performance, this value will always be lower than 1. Accordingly, where "Put Performance" is applicable, the value determined as the performance of the Relevant Underlying will be lower than if Put Performance had not been applied in respect of the same Relevant Underlying.

Optimised Performance

Where "Optimised Performance (Type 1)" or "Optimised Performance (Type 2)" is specified as being applicable when determining the performance of the Relevant Underlying, the performance of the Relevant Underlying will be determined by the Determination Agent by reference to, as specified in the applicable Final Terms, either (A) the highest or (B) the lowest of the Initial Reference Values observed on each of the Optimised Observation Dates. If the applicable Final Terms specify that the highest of the Initial Reference Values will be used, then the performance of the Relevant Underlying will be (and any payments on the Notes which reference such performance) lower than if the lowest of the Initial Reference Values was used.

Multiple features i.e. different combinations of payout features

Investors should note that a series of Notes issued under the Program may contain one or more of the features described in this section entitled "*Feature-specific risk factors*" in various different combinations. As a result, the risks highlighted in respect of each such feature above may be compounded where a number of features apply to a single Series of Notes. Depending on the features that apply to a Series of

Risk Factors Relating to the Notes

Notes, an investor may bear the risk that no interest is payable throughout the life of the Notes and that the redemption amount in respect of the Notes may be less than par and, in certain circumstances, may be zero.

GENERAL DESCRIPTION OF THE NOTES

The following overview describes the key features of the Notes that each Issuer is offering under the Program in general terms only. Investors should read this general description together with the more detailed information that is contained in this Base Prospectus and in the applicable Final Terms.

Issuers	Morgan Stanley, MSI plc, MSBV.
Guarantor	In the case of Notes issued by MSBV, Morgan Stanley.
Distribution Agents	Morgan Stanley & Co. International plc.
Fiscal Agent	The Bank of New York Mellon.
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A. (together with the Fiscal Agent, the " Agents ")
Euroclear Registrar	Computershare Investor Services (Guernsey) Limited.
Notes:	Series A and Series B Notes which are issued under the Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates (the " Program "), and which are (i) issued pursuant to the issue and paying agency agreement dated on or about the date hereof between the Issuers, the Guarantor and the Agents (the " Issue and Paying Agency Agreement "), (ii) issued in dematerialised and uncertificated book-entry form with a Nordic central securities depository or (iii) issued pursuant to the Euroclear Agreement dated on or about the date hereof between MSBV, MSI plc and the Euroclear Registrar (the " Euroclear Agreement "). For the avoidance of doubt, this Base Prospectus does not relate to or describe any securities other than the Notes.
Program Amount	The U.S. dollar value, determined as of the respective issue dates, of the aggregate principal amount of Notes issued under the Program which are outstanding and the aggregate issue price of the Warrants and Certificates outstanding and any other notes, warrants and/or certificates authorised pursuant to the Authorising Resolutions (as defined below), shall not at any one time exceed U.S.\$55,000,000,000. The issue of, amongst others, the Notes were authorised by Morgan Stanley pursuant to resolutions (the " Authorising Resolutions ") adopted at a meeting of the Board of Directors of Morgan Stanley held on 14 December 2004, 20 September 2005, 12 December 2006, 19 June 2007, 17 September 2007 and 16 June 2008. The maximum aggregate amount of Program Securities permitted to be outstanding at any one time under this Program may be increased from time to time.
Issuance in Series	Notes will be issued in series (each, a " Series "). Each Series may comprise one or more tranches (" Tranches " and each, a " Tranche ") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches and each Series may comprise Notes of different denominations. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes	Morgan Stanley, MSI plc and MSBV may issue Notes in registered form (" Registered Notes "). Registered Notes may be in either individual certificate form or in global certificate form. MSBV and MSI plc may also issue Notes in dematerialised and uncertificated book-entry form with a Nordic central securities depository

("Nordic Notes"). MSBV or MSI plc may also issue Notes in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001 (as amended, modified or re-enacted and such other regulations made under Sections 783, 784(3), 785 and 788 of the Companies Act 2006 as are applicable to the Euroclear Registrar) ("**Uncertificated Notes**").

Registered Notes

Registered Notes will be in the form of either individual note certificates or global note certificates, in each case as specified in the relevant Final Terms. Each global note certificate will either be: (a) in the case of Registered Notes which are not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a nominee of a common depositary for the Relevant Clearing System and the relevant global note certificate will be deposited on or about the issue date with the common depositary; or (b) in the case of Registered Notes which are to be held under the New Safekeeping Structure, registered in the name of a nominee of a common safekeeper for the Relevant Clearing System and the relevant global note certificate will be deposited on or about the issue date with the common safekeeper for the Relevant Clearing System.

Uncertificated Notes

Uncertificated Notes will be held in uncertificated form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**"). The Uncertificated Registered Notes are participating securities for the purposes of the Regulations. Title to the Uncertificated Notes is recorded on the relevant Operator register of eligible debt securities (as defined in the Regulations) and the relevant "**Operator**" (as such term is used in the Regulations) in Euroclear UK & Ireland Limited or any additional or alternative operator from time to time approved by the Issuer and the Euroclear Registrar and in accordance with the Regulations. Notes in definitive registered form will not be issued (either upon issue or in exchange for Uncertificated Notes).

The Euroclear Registrar will make all payments in respect of Uncertificated Notes.

Terms and Conditions

Final Terms will be prepared in respect of each Tranche of Notes (each, a "**Final Terms**"). The terms and conditions applicable to each Tranche will be those set out herein under the heading "*Terms and Conditions of the Notes*", as completed by the applicable Final Terms. The applicable Final Terms will also specify which of the provisions set out in Part 1 of the Terms and Conditions (the "**General Terms and Conditions**") and Part 2 of the Terms and Conditions (the "**Additional Terms and Conditions**") are applicable in respect of a particular Series of Notes.

Any Issuer may issue Notes that are Share-Linked Notes, Index-Linked Notes, ETF-Linked Notes, Currency-Linked Notes, Inflation-Linked Notes, Fund-Linked Notes, Preference Share-Linked Notes and/ or any combination thereof (each as defined in Condition 8 (*Equity-Linked, Currency-Linked, Inflation-Linked, Fund-Linked and Preference Share-Linked Notes*) of "*Terms and Conditions of the Notes*").

Specified Currency	Notes may be denominated or payable in any currency as set out in the applicable Final Terms, subject to all applicable consents being obtained and compliance with all applicable legal and regulatory requirements.
Status	Notes will be direct and general obligations of the relevant Issuer.
Guarantee	The payment of all amounts due in respect of Notes issued by MSBV will be unconditionally and irrevocably guaranteed by Morgan Stanley pursuant to a guarantee dated as of 17 July 2013 . Payment of amounts due in respect of MSI plc Notes is not guaranteed by Morgan Stanley.
Issue Price	Notes may be issued at any price, as specified in the applicable Final Terms, subject to compliance with all applicable legal and regulatory requirements.
Maturities	<p>Notes will have maturities as specified in the applicable Final Terms, subject to compliance with all applicable legal and regulatory requirements.</p> <p>Where Notes have a maturity of less than one year and either (i) the issue proceeds are received by the relevant Issuer in the United Kingdom or (ii) the activity of issuing the Notes is carried on from an establishment maintained by the relevant Issuer in the United Kingdom, such Notes must: (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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; or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the relevant Issuer.</p>
Relevant Underlying:	The interest and / or redemption amounts payable on Notes may be linked to the value or performance of (each, a " Relevant Underlying ") (i) one or more shares (such Notes, the " Share-Linked Notes "), (ii) one or more equity indices (such Notes, the " Index-Linked Notes "), (iii) interests in one or more exchange traded funds (such Notes, the " ETF-Linked Notes "), (iv) one or more currencies (such Notes, the " Currency-Linked Notes "), (v) one or more inflation indices (such Notes, the " Inflation-Linked Notes "), (vi) interests in one or more funds (such Notes, the " Fund-Linked Notes ") or (vii) one or more preference shares issued by an entity which is not Morgan Stanley, MSI plc or MSBV or any legal entity belonging to the same group as Morgan Stanley, MSI plc or MSBV (such Notes, the " Preference Share-Linked Notes ").
Redemption	Notes may be redeemed at par or at such other redemption amount (detailed in a formula or otherwise, which may be linked to the performance of a Relevant Underlying) or may be Notes (" Physical Settlement Notes ") which are redeemable by delivery of securities of an issuer that is not affiliated with Morgan Stanley, as may be specified in such provisions of the General Terms and Conditions and the Additional Terms and Conditions as are specified as being applicable in respect of a Series of Notes in the applicable Final Terms..

Early Redemption	Early redemption will be permitted for taxation reasons as mentioned in Condition 14 (<i>Redemption and Purchase</i>) of "Terms and Conditions of the Notes" but will otherwise be permitted only to the extent specified in the applicable Final Terms.
Interest	Notes may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate, which may be zero, or floating rate, at a rate which varies during the lifetime of the relevant Series, or a rate which is linked to the performance of a Relevant Underlying.
Denominations	Notes will be issued in such denominations as may be specified in the applicable Final Terms, subject to compliance with all applicable legal and regulatory requirements.
Taxation	Unless otherwise provided in the applicable Final Terms, payments made by the Issuer, or if applicable, the Guarantor, in respect of any Notes will be made without withholding or deduction for, or on account of, any present or future tax, assessment or governmental charge (" Taxes ") imposed or levied by or on behalf of the United States or (i) the United Kingdom, in the case of payment by MSI plc in respect of Notes issued by MSI plc or (ii) the Netherlands, in the case of payments by MSBV in respect of Notes issued by MSBV, or any representative political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of those Taxes is required by law. In the case of payments in respect of Notes issued by Morgan Stanley, the beneficial owner of the Note (or a financial institution holding the Note on behalf of the beneficial owner) is required under current applicable law to furnish the U.S. Internal Revenue Service Form W-8BEN on which the beneficial owner certifies under penalties of perjury that it is not a U.S. person.
Benefit Plan Investors	The Notes may not be acquired or held by, or acquired with the assets of, any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (" ERISA "), any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, or any entity whose underlying assets include "plan assets" within the meaning of Section 3(42) of ERISA by reason of any such employee benefit plan's account's or plan's investment therein.
Use of Proceeds	The net proceeds from the sale of Notes will be used by the relevant Issuer for general corporate purposes, in connection with hedging the relevant Issuer's obligations under the Notes, or both.
Listing and admission to trading	Applications have been made to admit the Notes which are "Series A" Notes by Morgan Stanley, MSI plc or MSBV to the Luxembourg Stock Exchange. The applicable Final Terms will specify whether an issue of Notes which are "Series A Notes" will be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Regulated Market, admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system or will be unlisted, as the relevant Issuer and any Distribution Agent may agree. Notes which are "Series B" Notes will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

Clearing Systems	Euroclear, Clearstream, Luxembourg and/or any other clearing system as may be specified in the applicable Final Terms.
Governing Law	Unless otherwise specified in the applicable Final Terms, the Notes and any non-contractual obligations arising out of or in connection with them shall be governed by English law.
Enforcement of Notes in Global Form	In the case of Notes issued by Morgan Stanley in global form, individual holders' rights will be governed by a deed of covenant entered into by Morgan Stanley dated 17 July 2013 (the " Morgan Stanley Deed of Covenant "), in the case of Notes issued by MSI plc in global form or in dematerialised form, individual holders' rights will be governed by a deed of covenant entered into by MSI plc dated 17 July 2013 (the " MSI plc Deed of Covenant ") and in the case of Notes issued by MSBV in global form or in dematerialised form, individual holders' rights will be governed by a deed of covenant entered into by MSBV dated 17 July 2013 (the " MSBV Deed of Covenant "), copies of which, in each case, will be available for inspection at the specified office of the Fiscal Agent.
Restrictions on sale to U.S. Persons	The Notes may not be offered, sold or delivered at any time, directly or indirectly, within the United States or to or for the account of U.S. Persons (as defined in Regulation S under the Securities Act).
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States and in certain other countries, see " <i>Subscription and Sale</i> " and " <i>No Ownership by U.S. Persons</i> ".

CONSENT TO THE USE OF THE BASE PROSPECTUS

In the context of any offer of Notes that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Non-exempt Offer**"), in relation to any person (an "**Investor**") to whom an offer of any Notes is made by any financial intermediary to whom the Responsible Persons (as defined below) have given their consent to use this Base Prospectus (an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and where the offer is made in the Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus, each of Morgan Stanley, MSI plc and MSBV (together the "**Responsible Persons**") accepts responsibility in each such Member State for the information relating to itself in this Base Prospectus. However, neither any Responsible Person nor any Distribution Agent has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

Each Issuer and, if applicable, the Guarantor consents to the use of this Base Prospectus in connection with a Non-exempt Offer of Notes to be issued by such Issuer during the Offer Period specified in the relevant Final Terms (the "**Offer Period**") either:

- (1) by any Authorised Offeror which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and which satisfies the conditions (if any) specified in the relevant Final Terms in one or more of the following Member State(s), as specified in the relevant Final Terms: (i) Austria, (ii) Belgium, (iii) Czech Republic, (iv) Denmark, (v) Finland, (vi) France, (vii) Germany, (viii) Ireland, (ix) Italy, (x) Liechtenstein, (xi) Luxembourg, (xii) Norway, (xiii) Portugal, (xiv) Spain, (xv) Sweden, (xvi) The Netherlands, or (xvii) United Kingdom; or
- (2) by any Authorised Offeror specified in the relevant Final Terms, subject to the relevant conditions specified in the relevant Final Terms, for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and in one or more of the following Member State(s) as specified in the relevant Final Terms: (i) Austria, (ii) Belgium, (iii) Czech Republic, (iv) Denmark, (v) Finland, (vi) France, (vii) Germany, (viii) Ireland, (ix) Italy, (x) Liechtenstein, (xi) Luxembourg, (xii) Norway, (xiii) Portugal, (xiv) Spain, (xv) Sweden, (xvi) The Netherlands, or (xvii) United Kingdom.

The relevant Issuer and, if applicable, the Guarantor, may give consent to additional financial intermediaries after the date of the relevant Final Terms and, if they do so, such Issuer and, if applicable, the Guarantor, will publish the above information in relation to them on www.morganstanleyiq.eu.

Subject to the conditions specified in the relevant Final Terms, the consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

Any Authorised Offeror who wishes to use this Base Prospectus in connection with a Non-exempt Offer as set out in (1) above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus for such Non-exempt Offer in accordance with the consent of the relevant Issuer and the conditions attached thereto.

To the extent specified in the relevant Final Terms, a Non-exempt Offer may be made during the relevant Offer Period by any of the Issuers, the Guarantor, the Distribution Agent or, subject to any restrictions on the consent, any relevant Authorised Offeror in any relevant Member State and subject to any relevant conditions, in each case all as specified in the relevant Final Terms.

Unless otherwise specified, none of the Issuers, the Guarantor and the Distribution Agent has authorised the making of any Non-exempt Offer of any Notes by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes. Any such Non-exempt Offers are not made by or on behalf of the Issuers, the Guarantor, the Distribution Agent or any Authorised Offeror and none of the Issuers, the Guarantor, the Distribution Agent or any Authorised Offeror has any responsibility or liability for the actions of any person making such offers.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any

terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "**Terms and Conditions of the Non-exempt Offer**"). None of the Issuers and the Guarantor will be a party to any such arrangements with Investors (other than the Distribution Agent) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information.

In the event of a Non-Exempt Offer being made by an Authorised Offeror, the Terms and Conditions of the Non-exempt Offer shall be provided to Investors by that Authorised Offeror at the time the offer is made. None of the Issuers, the Guarantor, the Distribution Agent or other Authorised Offerors has any responsibility or liability for such information.

In the case of any Tranche of Notes which is being (a) offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) and/or (b) admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may complete any information in this Base Prospectus.

WHERE THE INVESTOR CAN FIND MORE INFORMATION ABOUT MORGAN STANLEY

Morgan Stanley files annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (the "**SEC**"). Investors may read and copy any document that Morgan Stanley files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at +1-800-SEC-0330 for information on the public reference room. The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information that issuers (including Morgan Stanley) file electronically with the SEC. Morgan Stanley's electronic SEC filings are available to the public at the SEC's internet site www.sec.gov. The information contained on this website, and any information available at the SEC's public reference room, shall not form part of this Base Prospectus, unless such information has been expressly incorporated herein by way of a supplement to this Base Prospectus.

INCORPORATION BY REFERENCE

The following documents and/or information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

Document filed	Information reference	incorporated by	Page
1. Registration Document dated 5 June 2013 (the " Registration Document ")	(1)	The cover page	1
	(2)	Important Notices	2
	(3)	Risk Factors	4-16
	(4)	Description of Morgan Stanley	23-65
	(5)	Selected Financial Information of Morgan Stanley	66
	(6)	Description of Morgan Stanley & Co. International plc	67-72
	(7)	Selected Financial Information of Morgan Stanley & Co. International plc	73
	(8)	Description of Morgan Stanley B.V.	74-76
	(9)	Selected Financial Information of Morgan Stanley B.V.	77
	(10)	Subsidiaries of Morgan Stanley	78-97
	(11)	Names and addresses of the Issuers and their advisers	98-99
Morgan Stanley			
2. Annual Report on Form 10-K for the year ended 31 December 2012	(1)	Paragraph entitled "Credit Ratings"	99-100
	(2)	Report of Independent Registered Public Accounting Firm	137
	(3)	Consolidated Statements of Financial Condition of Morgan Stanley and its subsidiaries as of 31 December 2012 and 31 December 2011	138-139
	(4)	Consolidated Statements of Income for the years ended 31 December 2012, 31 December 2011 and 31 December 2010	140
	(5)	Consolidated Statements of Comprehensive Income for the years ended 31 December 2012, 31 December 2011 and 31	141

	December 2010	
	(6) Consolidated Statements of Cash Flow for the years ended 31 December 2012, 31 December 2011 and 31 December 2010	142
	(7) Consolidated Statements of Changes in Total Equity for the years ended 31 December 2012, 31 December 2011 and 31 December 2010	143-144
	(8) Notes to the Consolidated Financial Statements	145-282
	(9) Paragraph titled "Management's Report on Internal Control Over Financial Reporting"	290
3. Quarterly Report on Form 10-Q for the quarter ended 31 March 2013	(1) Condensed Consolidated Statements of Financial Condition	1
	(2) Condensed Consolidated Statements of Income	2
	(3) Condensed Consolidated Statements of Comprehensive Income	3
	(4) Condensed Consolidated Statements of Cash Flows	4
	(5) Condensed Consolidated Statements of Changes in Total Equity	5 - 6
	(6) Notes to Condensed Consolidated Financial Statements (unaudited)	7 - 88
	(7) Report of Independent Registered Public Accounting Firm	89
	(8) Management's Discussion and Analysis of Financial Condition and Results of Operations	90-135
	(9) Quantitative and Qualitative Disclosures about Market Risk	136-150
	(10) Controls and Procedures	151
	(11) Financial Data Supplement (unaudited)	152-154
	(12) Legal Proceedings	155-157
	(13) Unregistered Sales of Equity	158

		Securities and Use of Proceeds	
	(14)	Exhibits	158
	(15)	Signature	159
	(16)	Exhibit Index	E-1
4.	Morgan Stanley's Current Report on Form 8-K dated 14 March 2013	Current Report on Form 8-K	1-3
5.	Morgan Stanley's Proxy Statement dated 28 March 2013	(1) Election of Directors	1 – 9
		(2) Corporate Governance	9-19
		(3) Beneficial Ownership of Company Common Stock	19-22
		(4) Executive Compensation	22-55
		(5) Ratification of Appointment of Morgan Stanley's Independent Auditor	55-57
		(6) Morgan Stanley Proposal to Approve the Compensation of Executives as Disclosed in the Proxy Statement (Non-Binding Advisory Resolution)	57-59
		(7) Morgan Stanley Proposal to Amend the 2007 Equity Incentive Compensation Plan to Increase Shares Available for Grant	59-66
		(8) Morgan Stanley Proposal to Amend the 2007 Equity Incentive Compensation Plan to Provide for Qualifying Performance-Based Long-Term Incentive Awards under Section 162(m)	66-68
		(9) Morgan Stanley Proposal to Amend the Section 162(m) Performance Formula Governing Annual Incentive Compensation for Certain Officers	68-70
		(10) Information about the Annual Meeting	71-74
		(11) Other Business	75
		(12) Annex A (2007 Equity Incentive Compensation Plan)	(A-1) – (A-10)
		(13) Annex B (Performance Formula and Provisions)	(B-1) – (B-4)

6.	Morgan Stanley's Current Report on Form 8-K dated 14 May 2013	(1)	Current report on Form 8-K	1-4
		(2)	Exhibit 10.1 (Morgan Stanley 2007 Equity Incentive Compensation Plan, as amended and restated as of March 21, 2013)	(10.1) 1-8
		(3)	Exhibit 10.2 (Morgan Stanley Performance Formula and Provisions, as amended and restated as of March 21, 2013)	(10.2) 1-4
7.	Morgan Stanley's Current Report on Form 8-K dated 21 June 2013	(1)	Current report on Form 8-K	1-3
		(2)	Exhibit 99.1	(99.1) 1-2
8.	Morgan Stanley's Current Report on Form 8-K dated 28 June 2013		Current report on Form 8-K	1-3
Morgan Stanley & Co. International plc				
9.	Report and Financial Statements for the year ended 31 December 2012	(1)	Independent auditor's report	14-15
		(2)	Consolidated income statement	16
		(3)	Consolidated Statement of comprehensive income	17
		(4)	Consolidated Statement of changes in equity	18
		(5)	Consolidated Statement of financial position	19
		(6)	Consolidated Statement of cash flows	20
		(7)	Notes to the consolidated financial statements	21-105
		(8)	MSI plc balance sheet	106
		(9)	Notes to MSI plc financial statements	107-135
10.	Report and Financial Statements for the year ended 31 December 2011	(1)	Independent auditor's report	12-13
		(2)	Consolidated income statement	14
		(3)	Consolidated Statement of comprehensive income	15
		(4)	Consolidated Statement of changes in equity	16-17

	(5)	Consolidated Statement of financial position	18
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	(7)	Notes to the consolidated financial statements	20-93
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	(9)	Notes to MSI plc financial statements	95-119
Morgan Stanley B.V.			
11.	Report and Financial Statements for the year ended 31 December 2012	(1)	Independent auditors' report 49-50
		(2)	Statement of comprehensive income 8
		(3)	Statement of changes in equity 9
		(4)	Statement of financial position 10
		(5)	Statement of cash flows 11
		(6)	Notes to the financial statements 12-47
		(7)	Additional information 48
12.	Report and Financial Statements for the year ended 31 December 2011	(1)	Independent auditors' report 47-48
		(2)	Statement of comprehensive income 8
		(3)	Statement of changes in equity 9
		(4)	Statement of financial position 10
		(5)	Statement of cash flows 11
		(6)	Notes to the financial statements 12-45
		(7)	Additional information 46
13.	The terms and conditions set out on pages 85 to 112 and 112 to 136 of Part C of the base prospectus for notes, Series A and B dated 21 June 2005 relating to the Program under the heading " <i>Terms and Conditions of the English Law Notes issued by Morgan Stanley</i> " and " <i>Terms and Conditions of the English Law Notes issued by Morgan Stanley Jersey or MSBV</i> " (the " 2005 English Law Note Conditions ").		
14.	The terms and conditions set out on pages 86 to 147 of the base prospectus for notes, Series A and B dated 12 July 2006 relating to the Program under the heading " <i>Terms and Conditions of the English Law Notes</i> " (the " 2006 English Law Note Conditions ").		
15.	The terms and conditions set out on pages 94 to 157 of the base prospectus for notes, Series A and B dated 22 June 2007 relating to the Program under the heading " <i>Terms and Conditions of the English Law Notes</i> " (the " 2007 English Law Note Conditions ").		

16. The terms and conditions set out on pages 52 to 115 of the base prospectus for notes, Series A and B dated 19 June 2008 relating to the Program under the heading "*Terms and Conditions of the English Law Notes*" (the "**2008 English Law Note Conditions**").
17. The terms and conditions set out on pages 51 to 109 of the base prospectus for notes, Series A and B dated 17 June 2009 relating to the Program under the heading "*Terms and Conditions of the English Law Notes*" (the "**2009 English Law Note Conditions**").
18. The terms and conditions set out on pages 66 to 130 of the base prospectus for notes, Series A and B, warrants and certificates dated 15 June 2010 relating to the Program under the heading "*Terms and Conditions of the English Law Notes*" (the "**2010 English Law Note Conditions**").
19. The terms and conditions set out on pages 72 to 157 of the base prospectus for notes, Series A and B, warrants and certificates dated 10 June 2011 relating to the Program under the heading "*Terms and Conditions of the English Law Notes*" (the "**2011 English Law Note Conditions**").
20. The terms and conditions set out on pages 73 to 163 of the base prospectus for notes, Series A and B, warrants and certificates dated 7 June 2012 relating to the Program under the heading "*Terms and Conditions of the English Law Notes*" (the "**2012 English Law Note Conditions**").

Any statement contained in this Base Prospectus or any documents incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Base Prospectus is prepared modifies or supersedes such statement.

The non-incorporated parts of the documents (1) to (12), listed above are as follows:

Document filed	Information not incorporated by reference
1. Registration Document	The documents and/or information incorporated by reference into the Registration Document by way of the section entitled "Information Incorporated by Reference" therein.
Morgan Stanley	
2. Annual Report on Form 10-K for the year ended 31 December 2012	(1) Pages i – 136, save for the paragraph titled "Credit Ratings" on pages 99 - 100 (2) Pages 283 - E-6, save for the paragraph titled "Management's Report On Internal Control Over Financial Reporting" on page 290
Morgan Stanley & Co. International plc	
3. Report and Financial Statements for the year ended 31 December 2012	Pages 1 - 13
4. Report and Financial Statements for the year ended 31 December 2011	Pages 1 – 11
Morgan Stanley B.V.	
5. Report and Financial Statements for the year ended 31 December 2012	Pages 1 - 7

6. Report and Financial Statements for the year ended 31 December 2011 Pages 1 - 7

The information about Morgan Stanley, MSI plc and MSBV incorporated by reference in this Base Prospectus (the "**Incorporated Information**") is considered to be part of this Base Prospectus. Following the publication of this 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 this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents incorporated by reference into the documents listed above do not form part of this Base Prospectus. For the purposes of Article 28.4 of the Commission Regulation (EU) No 809/2004, any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2012 (at pages 99-100), incorporated by reference, includes details of the long-term and short-term credit ratings assigned to Morgan Stanley by DBRS, Inc. ("**DBRS**"), Fitch Ratings, Inc. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**"), Rating and Investment Information, Inc. ("**R&I**") and Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services ("**S&P**").

MSI plc's short-term and long-term debt has been respectively rated (i) P-2 and Baa1, with a stable outlook, by Moody's and (ii) A1 and A, with a negative outlook, by S&P.

DBRS is not established in the European Economic Area ("**EEA**") but the ratings it has assigned to Morgan Stanley may be endorsed by DBRS Ratings Limited, which is established in the EEA and registered under Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended from time to time (the "**CRA Regulation**") by the relevant competent authority.

Fitch is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Fitch Ratings Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

Moody's is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Moody's Investors Service Limited, which is established in the EEA and registered under the CRA Regulation by the relevant competent authority.

R&I is not incorporated in the EEA and is not registered under the CRA Regulation in the EU.

S&P is not established in the EEA but the rating it has assigned to Morgan Stanley is, with effect from 9 April 2012, endorsed by Standard and Poor's Credit Market Services Europe Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the applicable Final Terms, will be endorsed on each Note in definitive form (if any) issued under the Program. In the case of any Tranche of Notes which are being (a) offered to the public in a Member State (other than pursuant to one or more exemptions set out in Article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. The terms and conditions applicable to any Note issued in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

PART 1: GENERAL TERMS AND CONDITIONS

1. INTRODUCTION

- 1.1 **Program:** Morgan Stanley ("**Morgan Stanley**"), Morgan Stanley & Co. International plc ("**MSI plc**") and Morgan Stanley B.V. ("**MSBV**") have established a Program (the "**Program**") for the issuance of up to U.S.\$55,000,000,000 in aggregate principal amount, *inter alia*, of notes which are expressed to be governed by English law (the "**Notes**"). References to the "**Issuer**" in these terms and conditions shall mean (i) if the Notes to which these terms and conditions apply are issued by Morgan Stanley, Morgan Stanley, (ii) if the Notes to which these terms and conditions apply are issued by MSI plc, MSI plc, or (iii) if the Notes to which these terms and conditions apply are issued by MSBV, MSBV. The payment obligations of MSBV in respect of Notes issued by it under the Program are (unless otherwise specified in the applicable Final Terms) guaranteed by Morgan Stanley (in its capacity as Guarantor (the "**Guarantor**")) under the terms of a guarantee dated as of 17 July 2013 (the "**Guarantee**").
- 1.2 **Final Terms:** Notes issued under the Program are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a set of Final Terms (each, a "**Final Terms**") which complete these terms and conditions (the "**Conditions**") and specify, among other matters, the additional terms and conditions set out in Part 2 (*Additional Terms & Conditions*) below (the "**Additional Terms and Conditions**"), if any, applicable in relation to such Series. The terms and conditions applicable to any particular Tranche of Notes are these Conditions (including the applicable provisions of the Additional Terms and Conditions) as completed by the applicable Final Terms.
- 1.3 **Issue and Paying Agency Agreement:** The Notes are the subject of an issue and paying agency agreement dated 17 July 2013 and as from time to time further modified and/or restated, the "**Issue and Paying Agency Agreement**") between Morgan Stanley, MSI plc, MSBV, The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A., London Branch) as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes and together with any additional paying agents appointed pursuant thereto, the "**Paying Agents**", which expression includes any successor paying agents appointed from time to time in connection with the Notes). The Fiscal Agent is also appointed as initial calculation agent. In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- 1.4 **Euroclear Agreement:** In relation to issues of Uncertificated Notes (as defined below), MSBV, MSI plc and the Guarantor have entered into an agreement dated 17 July 2013 (such agreement as amended and/or supplemented and/or restated from time to time, the "**Euroclear Agreement**") with Computershare Investor Services (Guernsey) Limited as registrar in respect of Uncertificated Notes (the "**Euroclear Registrar**", which expression shall include any successor or additional Euroclear registrar appointed in respect of Uncertificated Notes).
- 1.5 **Deed of Covenant:** Notes issued by Morgan Stanley in global form are constituted by a deed of covenant entered into by Morgan Stanley dated 17 July 2013 (the "**Morgan Stanley Deed of**

Covenant"). Notes issued by MSI plc in global form or in dematerialised form are constituted by a deed of covenant entered into by MSI plc dated 17 July 2013 (the "**MSI plc Deed of Covenant**"); and Notes issued by MSBV in global form or in dematerialised form are constituted by a deed of covenant entered into by MSBV dated 17 July 2013 (the "**MSBV Deed of Covenant**", together with the Morgan Stanley Deed of Covenant and the MSI plc Deed of Covenant, the "**Deeds of Covenant**").

- 1.6 **The Notes:** All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the applicable Final Terms. Copies of the applicable Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- 1.7 **Summaries:** Certain provisions of these Conditions are summaries of the Issue and Paying Agency Agreement, the Euroclear Agreement and the Guarantee and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") are bound by, and are deemed to have notice of, all the provisions of each of the Issue and Paying Agency Agreement, the Euroclear Agreement and the Guarantee as are applicable to them. Copies of the Issue and Paying Agency Agreement, the Euroclear Agreement and the Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. **INTERPRETATION**

- 2.1 **Definitions:** In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" means the rate specified as such in the applicable Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the applicable Final Terms;

"**Business Day**" means any day, other than a Saturday or Sunday,

- (i) that is neither a legal holiday nor a day on which banking institutions are authorised or required by law or regulation to close (a) in The City of New York or in London, or (b) for Notes denominated in a Specified Currency other than U.S. dollars, euro or Australian dollars, in the principal financial centre of the country of the Specified Currency, or (c) for Notes denominated in Australian dollars, in Sydney, and in each (if any) Additional Business Centre.
- (ii) for Notes denominated in euro, that is also a TARGET Settlement Day and a day that is neither a legal holiday nor a day on which banking institutions are authorised or required by law or regulation to close in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, means one of Following Business Day Convention, Modified Following Business Day Convention (or Modified Business Day Convention), Preceding Business Day Convention, FRN Convention (or Floating Rate Convention or Eurodollar Convention) or No Adjustment (or Unadjusted), as specified in the applicable Final Terms. In this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
- (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment" or "Unadjusted"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means, in respect of any Notes, the Fiscal Agent or such other Person specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or any other amount(s) which may be specified as being calculated by the Calculation Agent in these Conditions;

"Calculation Amount" means, in relation to any Series of Notes, (i) where the Notes have only one Specified Denomination, such Specified Denomination; and (ii) where Notes of such Series may have more than one Specified Denomination, the lowest common factor of those Specified Denominations;

"Call Option Exercise Date" means, if applicable in respect of any Series of Notes, the date specified as such in the applicable Final Terms;

"Cash Settlement Notes" means Notes specified as being Notes to which Cash Settlement applies in the applicable Final Terms or Notes specified as being Notes to which either Physical Settlement or Cash Settlement applies in the applicable Final Terms and where the conditions to the application of Cash Settlement have been satisfied;

"Clearstream, Luxembourg" means Clearstream Banking, *société anonyme*, Luxembourg;

"Day Count Fraction" means (subject as provided in Condition 5 (*Fixed Rate Note Provisions*)), in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the applicable Final Terms and:

- (i) if **"Actual/Actual"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (iv) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (vi) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"Determination Agent" means MSI plc or, if different in relation to any Series of Notes, the Person or entity specified as such in the applicable Final Terms. The Determination Agent shall act as an expert and not as an agent for the Issuer or the Noteholders. All determinations, considerations and decisions made by the Determination Agent shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive and the Determination Agent shall have no liability in relation to such determinations except in the case of its wilful default or bad faith;

"Early Redemption Amount" means, in the case of Condition 19 (*Events of Default*) or Condition 31 (*Inconvertibility Events*),

- (i) in the case of Zero Coupon Notes, such amount as may be specified in the applicable Final Terms or, if applicable, determined in accordance with Condition 14.8 (*Early Redemption of Zero Coupon Notes*);
- (ii) in the case of Preference Share-Linked Notes where the applicable Final Terms specify **"Early Preference Share Redemption Note Amount"** as being applicable, the Early Preference Share Redemption Note Amount as defined in Condition 13.8 (*Definitions applicable to Preference Share-Linked Notes*); and
- (ii) in the case of any other Notes, such amount as may be specified in the applicable Final Terms or, if no other amount is specified,
 - (a) if **"Fixed Redemption"** is, in relation to Condition 19 (*Events of Default*), specified as being applicable in respect of the Notes in the applicable Final Terms, an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount, together with accrued interest (if any); or
 - (b) if **"Qualified Financial Institution Determination"** is, in relation to Condition 13.5 (*Extraordinary Events*), Condition 19 (*Events of Default*) or Condition 31 (*Inconvertibility Events*), specified as being applicable in respect of the Notes in the applicable Final Terms, an amount determined by the Determination Agent, acting in good faith and in a commercially reasonable manner, as at such date as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 Business Days prior to the date fixed for redemption of the Notes) to be the amount that a Qualified Financial Institution would charge to assume all of the Issuer's payment and other

Terms and Conditions of the Notes
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obligations with respect to such Notes as if no such Event of Default had occurred or to undertake obligations that would have the effect of preserving the economic equivalent of any payment by the Issuer to the Noteholder with respect to the Notes.

"Early Redemption Amount (Tax)" means, with respect to any Note, an amount (determined by the Determination Agent, acting in good faith and in a commercially reasonable manner) equal to the fair value of such Note on such day as is selected by the Determination Agent acting in good faith and in a commercially reasonable manner, less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements;

"EEA" means the European Economic Area;

"Euroclear" means Euroclear Bank S.A./N.V.;

"Euroclear Registrar" has the meaning given to it in Condition 1.4;

"Extraordinary Resolution" has the meaning given in the Issue and Paying Agency Agreement;

"Final Redemption Amount" means, (i) in respect of Linked-Redemption Notes, an amount determined in accordance with such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, and (ii) in respect of any other Note, its principal amount (which may be expressed as a percentage of the Calculation Amount or an amount per Calculation Amount) as may be specified in the applicable Final Terms;

"Finnish CSD" means a duly authorised Finnish central securities depository (Fi.: *Arvopaperikeskus*) under the Finnish Act on Book-Entry Securities System (Fi.: *laki arvo-osuujärjestelmästä 17.5.1991/826*), which is expected to be Euroclear Finland Oy, Urho Kekkosen katu 5 C Box 1110, FI-00101 Helsinki, Finland;

"Finnish Notes" means any Tranche of Notes issued by MSBV or, as applicable, MSI plc, and designated by the Issuer as "Finnish Notes" in the paragraph *"Form of the Notes"* of the applicable Final Terms;

"Fixed Coupon Amount" mean the amount, if any, specified as such in the applicable Final Terms;

"Implementation of Financial Transaction Tax Event" means that, on or after the Trade Date of any Notes, due to the adoption of or any change in any applicable law or regulation (including without limitation any law or regulation implementing a system of financial transaction taxes in any jurisdiction, including the European Union relating to any tax, payable in respect of the transfer of, or issue or modification or redemption of, any financial instruments), the Issuer determines (acting in good faith and in a commercially reasonable manner) that either it or any of its Affiliates would incur or has incurred a materially increased amount of tax, transfer tax, duty, stamp duty, stamp duty reserve tax, expense or fee (other than brokerage commissions) to (A) enter into, modify or unwind the Notes or any part thereof, or perform its obligations under such Notes, including for the avoidance of doubt any obligation or exercise of any right to deliver Shares or any other asset or (B) 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 relevant Notes or (C) realize, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** the Issuer has determined that the nature of the adoption of or any change in law or regulation is such that it is applicable to investors generally when carrying out similar trading or hedging activities in the relevant jurisdiction.

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the applicable Final Terms;

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"Interest Determination Date" means the date or dates, if any, specified as such in the applicable Final Terms, **provided that**, in relation to any Equity-Linked Notes, (i) if any such date is not a Scheduled Trading Day (as defined in Condition 9.7 (*Definitions applicable to Equity-Linked Notes*) below), the relevant Interest Determination Day shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Interest Determination Date (including as adjusted pursuant to (i)) is a Disrupted Day (as defined in Condition 9.7 (*Definitions applicable to Equity-Linked Notes*) below), the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis* as if such Interest Determination Date were a Valuation Date;

"Interest Payment Date" means the date or dates specified as such in the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the applicable Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means, subject as otherwise provided in these Conditions, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date or any other period specified as such in the applicable Final Terms, subject to adjustment in accordance with the relevant Business Day Convention;

"ISDA Definitions" means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

"Issue Date" means the date specified as such in the applicable Final Terms;

"Linked Redemption Notes" has the meaning given to it in Condition 8 (*Equity-Linked, Currency-Linked, Inflation-Linked, Fund-Linked and Preference Share-Linked Notes*);

"Margin" means the rate, if any, specified as such in the applicable Final Terms;

"Maturity Date" has the meaning given in the applicable Final Terms;

"Morgan Stanley Notes" means all notes issued by Morgan Stanley;

"MSBV Notes" means all Notes issued by MSBV;

"MSI plc Notes" means all Notes issued by MSI plc;

"NCSD" means the Finnish CSD or the Swedish CSD, as applicable;

"NCSD Issuing Agent" means a duly authorised issuing agent under the relevant NCSD Rules and designated as such by the Issuer in Part B, paragraph 9 of the relevant Final Terms;

"NCSD Register" means the book entry register maintained by the relevant NCSD on behalf of the Issuer in respect of the relevant Tranche of Nordic Notes;

"NCSD Rules" means any Finnish or, as applicable, Swedish legislation, regulations, rules and operating procedures applicable to and/or issued by the relevant NCSD (including but not limited to, the Finnish Act on Book-Entry Securities System (Fi.: *laki arvo-osuujärjestelmästä 17.5.1991/826*) and the Swedish Financial Instruments Accounts Act (Sw.: *lag (1998:1479) om kontoföring av finansiella instrument*));

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"**Nordic Notes**" means Finnish Notes or Swedish Notes, as applicable;

"**Optional Redemption Amount (Call)**" means an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Optional Redemption Amount (Call)} = \text{Participation Rate (Call)} \times \text{Calculation Amount};$$

"**Optional Redemption Amount (Put)**" means an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Optional Redemption Amount (Put)} = \text{Participation Rate (Put)} \times \text{Calculation Amount}$$

"**Optional Redemption Date (Call)**" means, in relation to any Series of Notes, the date, if any, specified as such in the applicable Final Terms;

"**Optional Redemption Date (Put)**" means, in relation to any Series of Notes, the date, if any, specified as such in the applicable Put Option Notice;

"**Participating Member State**" means a Member State of the European Community which adopts the euro as its lawful currency in accordance with the Treaty;

"**Participation Rate (Call)**" means a percentage rate specified as such in the applicable Final Terms, or, if no such rate is specified, 100 per cent.;

"**Participation Rate (Put)**" means a percentage rate specified as such in the applicable Final Terms, or, if no such rate is specified, 100 per cent.;

"**Payment Business Day**" means:

- (i) if the currency of payment is euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (b) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (b) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Business Centre;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality;

"**Physical Settlement Notes**" means Notes specified as being Notes to which Physical Settlement applies, or Notes specified as being Notes to which either Physical Settlement or Cash Settlement applies in the applicable Final Terms and where the Conditions to the application of Physical Settlement have been satisfied;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Sydney and Melbourne and, in relation to New Zealand dollars, it means Wellington and Auckland;

"Put Option Exercise Date" means, if applicable in respect of any Series of Notes, the date specified as such in the applicable Final Terms;

"Put Option Exercise Period" means, if applicable in respect of any Series of Notes, the period specified as such in the applicable Final Terms;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Qualified Financial Institution" means a financial institution organized under the laws of any jurisdiction in the United States of America, the European Union or Japan, which, as at the date the Determination Agent selects to determine the Early Redemption Amount, has outstanding debt obligations with a stated maturity of one year or less from the date of issue of such outstanding debt obligations, and such financial institution is rated either:

- (i) A2 or higher by Standard & Poor's Ratings Services or any successor, or any other comparable rating then used by that rating agency, or
- (ii) P-2 or higher by Moody's Investors Service, Inc. or any successor, or any other comparable rating then used by that rating agency,

provided that, if no Qualified Financial Institution is reasonably available, then the Determination Agent shall, in good faith and acting in a commercially reasonable manner, select a financial institution of reputable standing organized under the laws of any jurisdiction in the United States of America, the European Union or Japan as a Qualified Financial Institution;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes as specified in applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions (including the such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms);

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Redemption Amount, Physical Delivery Amount, the Automatic Early Redemption Amount or such other amount in the nature of a redemption amount as may be specified in the applicable Final Terms or determined in accordance with these Conditions (including such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms);

"Redemption Expenses" means, in respect of any Note or Notes, any expenses (other than in relation to Taxes) payable on or in respect of or in connection with the redemption of such Note or Notes;

"Reference Banks" means the banks specified as such in the applicable Final Terms or, if none are specified, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the applicable Final Terms;

"Reference Rate" has the meaning given in the applicable Final Terms;

"Register" shall have the meaning given to it in the Issue and Paying Agency Agreement;

"Relevant Clearing System" means, as appropriate, Clearstream, Luxembourg and/or Euroclear and/or such other relevant clearing system, as the case may be, through which interests in Notes are to be held and through an account at which the Notes are to be cleared, as specified in the applicable Final Terms;

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" means, in relation to any Series of Notes and the applicable Reference Rate, the city specified as such in the applicable Final Terms;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as such in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" means, in relation to any Floating Rate Notes, the time specified as such in the applicable Final Terms;

"Reserved Matter" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"Specified Currency" means the currency or currencies specified as such in the applicable Final Terms;

"Specified Denomination(s)" means, in relation to Notes of any Series, the denomination or denominations of such Notes specified as such in the applicable Final Terms and may be expressed as (i) currency amounts or (ii) a currency amount and integral multiples of a second currency amount in excess of such currency amount, **provided that**, the Specified Denomination shall, in no circumstance, be an amount less than €1,000 or, if the Notes are denominated in any other currency, the equivalent amount in such other currency;

"Specified Office" has the meaning given to it in the Issue and Paying Agency Agreement;

"Specified Period" means a period specified as such in the applicable Final Terms;

"Specified Rate" means the percentage rate (which will be between 0% and 100%) specified as such in the applicable Final Terms **provided that** if no such rate is specified, the Specified Rate shall be equal to 100 per cent;

"Strike Date" means the date specified as such in the applicable Final Terms;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

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- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"Swedish CSD" means a duly authorised Swedish central securities depository (Sw.: *central värdepappersförvarare*) under the Swedish Financial Instruments Accounts Act (Sw.: *lag (1998:1479) om kontoföring av finansiella instrument*), which is expected to be Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden;

"Swedish Notes" means any Tranche of Notes issued by MSBV or, as applicable, MSI plc and designated by the Issuer as "Swedish Notes" in paragraph 39 ("*Form of the Notes*") of the applicable Final Terms;

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"TARGET Settlement Day" means any day on which TARGET2 is open for the settlement of payments in euro;

"Taxes" means any tax, duty, impost, levy, charge or contribution in the nature of taxation or any withholding or deduction for or on account thereof, including (but not limited to) any applicable stock exchange tax, turnover tax, stamp duty, stamp duty reserve tax and/or other taxes chargeable or payable in connection with any redemption of a Note and/or payment of the Redemption Amount and/or delivery of the Physical Delivery Amount and/or the transfer or delivery of Underlying Securities and/or the relevant Transfer Documentation;

"Trade Date" means in relation to any series of Notes, the date specified as such in the applicable Final Terms;

"Transfer Documentation" means, for each Series of Notes, such documentation as is generally acceptable for settlement of transfer of Underlying Securities on the relevant Exchange or through the Relevant Clearing System including, without limitation, stock notes and/or stock transfer forms in the case of settlement on the Luxembourg Stock Exchange;

"Treaty" means the Treaty establishing the European Community, as amended;

"Underlying Securities" means shares, bonds, other debt securities, other securities or other property specified as such in the relevant Final Terms, and **"Underlying Security"** shall be construed accordingly;

"Zero Coupon Note" means a Note specified as such in the applicable Final Terms.

2.2 Interpretation: In these Conditions:

- (i) any reference to a numbered **"Condition"** shall be construed as a reference to the relevant Condition contained in Part 1 (*General Terms and Conditions*) of these Conditions.
- (ii) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 18 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (iii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 18 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (v) references to Notes being **"outstanding"** shall be construed in accordance with the Issue and Paying Agency Agreement; and
- (vi) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given or specified in the applicable Final Terms, but the applicable Final Terms gives no such

meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes.

3. **FORM, MINIMUM DENOMINATION AND TITLE**

3.1 **Form:** Morgan Stanley, MSI plc and MSBV may issue Notes in registered form ("**Registered Notes**"). In addition, (i) MSI plc may also issue Notes in dematerialised and uncertificated book-entry form with a Nordic central securities depositary ("**Nordic Notes**"), and (ii) MSBV and MSI plc may also issue Notes in uncertificated registered form ("**Uncertificated Notes**").

3.2 **Minimum Denomination:** The minimum Denomination for each Note which is admitted to trading on an EEA exchange and/or offered to the public in an EEA State will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

3.3 **Registered Notes**

3.3.1 **Form:** Registered Notes may be in either individual certificate form or in global certificate form.

3.3.2 **Title:** Title to the Registered Notes passes by registration in the Register which is kept by the Registrar in accordance with the provisions of the Issue and Paying Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. "**holder**" means, in the case of Registered Notes, the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

3.3.3 **Ownership:** The holder of any Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder.

3.3.4 **Transfers:** Subject to Conditions 3.3.7 (*Closed Periods*) and 3.3.8 (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Note transferred and (where not all of the Registered Notes held by a holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

3.3.5 **Registration and Delivery:** Within five business days of the surrender of a Note Certificate in accordance with Condition 3.3.4 (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this Condition 3.3.5 (*Registration and Delivery*), "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

- 3.3.6 **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- 3.3.7 **Closed Periods:** Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- 3.3.8 **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Issue and Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any holder of Registered Notes who requests in writing a copy of such regulations.

3.4 **Nordic Notes**

Notes designated as "Finnish Notes" or "Swedish Notes" in the applicable Final Terms will be issued in uncertificated and dematerialised book-entry form in accordance with the NCSD Rules. In respect of Nordic Notes, "**Noteholder**" and "**holder**" means the person in whose name a Nordic Note is registered in the NCSD Register and the reference to a person in whose name a Nordic Note is registered shall include also any person duly authorised to act as a nominee and so registered for the Nordic Note. Title to Nordic Notes shall pass by registration in the NCSD Register. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined above) of any Nordic Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the holder. The Issuer shall be entitled to obtain information from the NCSD Register in accordance with the NCSD Rules. As the Nordic Notes will be in uncertificated and dematerialised book-entry form, the Conditions as so amended shall be deemed to be incorporated by reference in, and to form part of, the MSBV Deed of Covenant or the MSI plc Deed of Covenant (as the case may be) by which the Nordic Notes are constituted. No physical global or definitive notes or certificates will be issued in respect of Nordic Notes.

3.5 **Uncertificated Notes**

3.5.1 **Title**

Uncertificated Notes shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**" and such other regulations made under Sections 783, 784(3), 785 and 788 of the Companies Act 2006 as are applicable to the Euroclear Registrar). Uncertificated Notes are participating securities for the purposes of the Regulations. Title to the Uncertificated Notes is recorded on the relevant Operator register of eligible debt securities. The Euroclear Registrar on behalf of the Issuer shall maintain a record of uncertificated eligible debt securities (the "**Record**") in relation to the Uncertificated Notes and shall procure that the Record is regularly updated to reflect the Operator register of eligible debt securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Notes shall be treated by the Issuer, the Guarantor, the Euroclear Registrar and any other Person as the holder of such number of Uncertificated Notes for all purposes (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions in the context of Uncertificated Notes shall be construed accordingly), and (ii) none of the Issuer, the Guarantor, the Euroclear Registrar and any other Person shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the

Euroclear Registrar maintains are in accordance with particulars entered in the Operator register of eligible debt securities relating to the Uncertificated Notes.

No provisions of these Conditions as completed by the applicable Final Terms shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Notes in uncertificated form, (II) the transfer of title to Uncertificated Notes by means of a relevant system or (III) the Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Final Terms, so long as the Uncertificated Notes are participating securities, (A) the Operator register of eligible debt securities relating to the Uncertificated Notes shall be maintained at all times outside the United Kingdom, (B) the Uncertificated Notes may be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (C) for the avoidance of doubt, the Conditions and the applicable Final Terms in relation to any Uncertificated Note shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Note.

As used herein each of "**Operator register of eligible debt securities**", "**participating securities**" and "**relevant system**" is as defined in the Regulations and the relevant Operator (as such term is used in the Regulations) is Euroclear UK & Ireland Limited or any additional or alternative operator from time to time approved by the Issuer and the Euroclear Registrar in relation to the Uncertificated Notes and in accordance with the Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the Uncertificated Noteholders in accordance with Condition 26 (*Notices*).

Notes in definitive registered form will not be issued, either initially or in exchange for an Uncertificated Note.

3.5.2 **Title**

Title to Uncertificated Notes will pass upon registration of the transfer in the Operator register. All transactions in relation to Uncertificated Notes (including transfers of Uncertificated Notes) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

4. **STATUS**

- 4.1 **Status of the Notes:** The Notes constitute direct and general obligations of the Issuer which rank *pari passu* among themselves.
- 4.2 **Status of Guarantee:** The Guarantor's obligations in respect of the Notes issued by MSBV (other than Notes the Final Terms relating to which specifies that such Notes are not guaranteed by Morgan Stanley) constitute direct and general obligations of the Guarantor which rank *pari passu* among themselves.

5. **FIXED RATE NOTE PROVISIONS**

- 5.1 **Application:** This Condition 5 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable.
- 5.2 **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 15 (*Payments – Registered Notes*), Condition 16 (*Payments – Uncertificated Notes*). Each Note will cease to bear interest from the due date for final redemption unless upon such due date, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day

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which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- 5.3 **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period which is a Regular Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- 5.4 **Regular Interest Periods:** If all of the Interest Payment Dates fall at regular intervals between the Issue Date and the Maturity Date, then:
- 5.4.1 the Notes shall for the purposes of this Condition 5 (*Fixed Rate Note Provisions*) be "**Regular Interest Period Notes**";
- 5.4.2 the day and month (but not the year) on which any Interest Payment Date falls shall, for the purposes of this Condition 5 (*Fixed Rate Note Provisions*), be a "**Regular Date**"; and
- 5.4.3 each period from and including a Regular Date falling in any year to but excluding the next succeeding Regular Date shall, for the purposes of this Condition 5 (*Fixed Rate Note Provisions*), be a "**Regular Period**".
- 5.5 **Irregular first or last Interest Periods:** If the Notes would be Regular Interest Period Notes but for the fact that either or both of:
- 5.5.1 the interval between the Issue Date and the first Interest Payment Date; and
- 5.5.2 the interval between the Maturity Date and the immediately preceding Interest Payment Date
- is longer or shorter than a Regular Period, then the Notes shall nevertheless be deemed to be Regular Interest Period Notes, **provided, however, that** if the interval between the Maturity Date and the immediately preceding Interest Payment Date is longer or shorter than a Regular Period, the day and month on which the Maturity Date falls shall not be a "**Regular Date**".
- 5.6 **Irregular Interest Amount:** If the Notes are Regular Interest Period Notes, the amount of interest payable in respect of each Note for any period which is not a Regular Period shall be an amount per Calculation Amount calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- 5.7 **Day Count Fraction:** In respect of any period which is not a Regular Period the relevant day count fraction (the "**Day Count Fraction**") shall be determined in accordance with the following provisions:
- 5.7.1 if the Day Count Fraction is specified in the applicable Final Terms as being 30/360, the relevant Day Count Fraction will be the number of days in the relevant period (calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed) divided by 360;
- 5.7.2 if the Day Count Fraction is specified in the applicable Final Terms as being Actual/Actual (ICMA) and the relevant period falls during a Regular Period, the relevant Day Count Fraction will be the number of days in the relevant period divided by the product of (A) the number of days in the Regular Period in which the relevant period falls and (B) the number of Regular Periods in any period of one year; and

- 5.7.3 if the Day Count Fraction is specified in the applicable Final Terms as being Actual/Actual (ICMA) and the relevant period begins in one Regular Period and ends in the next succeeding Regular Period, interest will be calculated on the basis of the sum of:
- (a) the number of days in the relevant period falling within the first such Regular Period divided by the product of (1) the number of days in the first such Regular Period and (2) the number of Regular Periods in any period of one year; and
 - (b) the number of days in the relevant period falling within the second such Regular Period divided by the product of (1) the number of days in the second such Regular Period and (2) the number of Regular Periods in any period of one year.
- 5.8 **Number of days:** For the purposes of this Condition 5 (*Fixed Rate Note Provisions*), unless the Day Count Fraction is specified in the applicable Final Terms as being 30/360 (in which case the provisions of Condition 5.7.1 above shall apply), the number of days in any period shall be calculated on the basis of actual calendar days from and including the first day of the relevant period to but excluding the last day of the relevant period.
- 5.9 **Irregular Interest Periods:** If the Notes are not Regular Interest Period Notes and interest is required to be calculated for any period other than an Interest Period, interest shall be calculated on such basis as is described in the applicable Final Terms.
- 5.10 **Interest on Swedish Notes:** For the purposes of calculation of any amount of interest on Swedish Notes, the provisions of this Condition 5 (*Fixed Rate Note Provisions*) shall be amended so that all periods shall consist of the period from (but excluding) the first day of the relevant period up to (and including) the last day of the relevant period.
6. **FLOATING RATE NOTE, EQUITY-LINKED, CURRENCY-LINKED, INFLATION-LINKED AND FUND-LINKED INTEREST NOTE PROVISIONS**
- 6.1 **Application:** This Condition 6 (*Floating Rate Note, Equity-Linked, Currency-Linked, Inflation-Linked and Fund-Linked Interest Note Provisions*) is applicable to the Notes only if one or more of the Floating Rate Note Provisions or Equity-Linked, Currency-Linked, Inflation-Linked, Property-Linked or Fund-Linked Interest Note Provisions are specified in the applicable Final Terms as being applicable.
- 6.2 **Accrual of interest:** The Floating Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 15 (*Payments – Registered Notes*) or Condition 16 (*Payments – Uncertificated Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon such due date, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Floating Rate Note, Equity-Linked, Currency-Linked, Inflation-Linked and Fund-Linked Interest Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment). The Rate of Interest in respect of all or any Interest Periods shall, if so specified in the applicable Final Terms, be zero.
- 6.3 **Screen Rate Determination:** If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- 6.3.1 if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - 6.3.2 in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- 6.3.3 if, in the case of Condition 6.3.1 above, such rate does not appear on that page or, in the case of Condition 6.3.2 above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
- (a) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (b) determine the arithmetic mean of such quotations; and
- 6.3.4 if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,
- and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined, **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.
- 6.4 **ISDA Determination:** If ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- 6.4.1 the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Final Terms;
 - 6.4.2 the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Final Terms; and
 - 6.4.3 the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the applicable Final Terms.
- 6.5 **Equity-Linked, Currency-Linked, Inflation-Linked and Fund-Linked Interest Note Provisions:** If one of more of the Equity-Linked, Currency-Linked, Inflation-Linked or Fund-Linked Interest Note Provisions are specified in the applicable Final Terms as being applicable, the interest payable in respect of the Notes for each Interest Period will be determined in accordance with such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms.
- 6.6 **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- 6.7 **Calculation of Interest Amount:** In respect of Floating Rate Notes, the Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to

each Interest Period, calculate the Interest Amount payable in respect of each Floating Rate Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- 6.8 **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- 6.9 **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Floating Rate Note, Equity-Linked, Currency-Linked, Inflation-Linked and Fund-Linked Interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- 6.10 **Interest on Swedish Notes:** For the purposes of calculation of any amount of interest on Swedish Notes, the provisions of this Condition 6 (*Floating Rate Note, Equity-Linked, Currency-Linked, Inflation-Linked, Property-Linked and Fund-Linked Interest Note Provisions*) shall be amended so that all periods shall consist of the period from (but excluding) the first day of the relevant period up to (and including) the last day of the relevant period.
7. **ZERO COUPON NOTE PROVISIONS**
- 7.1 **Application:** This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the applicable Final Terms as being applicable.
- 7.2 **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- 7.2.1 the Reference Price; and
- 7.2.2 the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- 7.3 **Interest on Swedish Notes:** For the purposes of calculation of any amount of interest on Swedish Notes, the provisions of this Condition 7 (*Zero Coupon Note Provisions*) shall be amended so that the relevant period shall consist of the period from (but excluding) the Issue Date up to (and including) the earlier of the dates specified in Conditions 7.2.1 and 7.2.2.

8. **EQUITY-LINKED, CURRENCY-LINKED, INFLATION-LINKED, FUND-LINKED AND PREFERENCE SHARE-LINKED NOTES**

8.1 Morgan Stanley, MSI plc or MSBV may issue Notes:

- 8.1.1 the payment of interest on which is linked to the shares of an entity ("**Single Share-Linked Interest Notes**") or a basket of shares ("**Share Basket-Linked Interest Notes**") of entities not affiliated with the Issuer and/or to a single index ("**Single Index-Linked Interest Notes**") or indices of shares ("**Index Basket-Linked Interest Notes**") and/or interests in a single exchange traded fund ("**Single ETF-Linked Interest Notes**") or basket of exchange traded funds ("**ETF Basket-Linked Interest Notes**" and together with Single Share-Linked Interest Notes, Share Basket-Linked Interest Notes, Single Index-Linked Interest Notes, Index Basket-Linked Interest Notes and Single ETF-Linked Interest Notes, "**Equity-Linked Interest Notes**";
- 8.1.2 the payment of principal of which is linked to the shares of an entity ("**Single Share-Linked Redemption Notes**", and together with Single Share-Linked Interest Notes, the "**Single Share Notes**") or a basket of shares ("**Share Basket-Linked Redemption Notes** and along with Share Basket-Linked Interest Notes, "**Share Basket Notes**") of entities not affiliated with the Issuer and/or to a single index ("**Single Index-Linked Redemption Notes**", and together with Single Index-Linked Interest Notes, "**Single Index Notes**") or indices of shares ("**Index Basket-Linked Redemption Notes**", and along with Index Basket-Linked Interest Notes, "**Index Basket Notes**") and/or interests in a single exchange traded fund ("**Single ETF-Linked Redemption Notes**", and together with Single ETF-Linked Interest Notes, "**Single ETF Notes**") or basket of exchange traded funds ("**ETF Basket-Linked Redemption Notes**", and (i) together with ETF Basket-Linked Interest Notes, "**ETF Basket Notes**", and (ii) together with Single Share-Linked Redemption Notes, Basket Share-Linked Redemption Notes, Single Index-Linked Redemption Notes, Basket Index-Linked Redemption Notes and the Single ETF-Linked Redemption Notes, "**Equity-Linked Redemption Notes**"). Equity-Linked Redemption Notes and Equity-Linked Interest Notes shall together be referred to as "**Equity-Linked Notes**";
- 8.1.3 the payment of interest on which is to be determined by reference to a single currency in comparison with another currency ("**Single-Currency-Linked Interest Notes**") or a basket of Currencies in comparison with one or more other currencies ("**Currency Basket-Linked Interest Notes**" and together with the Single Currency-Linked Interest Notes, the "**Currency-Linked Interest Notes**";
- 8.1.4 the payment of principal on which is to be determined by reference to a single currency in comparison with another currency ("**Single Currency-Linked Redemption Notes**") or to a basket of currencies in comparison with one or more other currencies ("**Currency Basket-Linked Redemption Notes**", and together with the Single Currency-Linked Redemption Notes, the "**Currency-Linked Redemption Notes**"). The Currency-Linked Interest Notes and the Currency-Linked Redemption Notes shall together be referred to as the "**Currency-Linked Notes**";
- 8.1.5 the payment of interest on which is linked to an inflation index ("**Inflation-Linked Interest Notes**";
- 8.1.6 the payment of principal on which is linked to an inflation index ("**Inflation-Linked Redemption Notes**", and together with the Inflation-Linked Redemption Notes, the "**Inflation-Linked Notes**";
- 8.1.7 the payment of interest on which is linked to interests in a single fund ("**Single Fund-Linked Interest Notes**") or in a basket of funds ("**Fund Basket-Linked Interest Notes**", and together with the Single Fund-Linked Interest Notes, "**Fund-Linked Interest Notes**"). The Equity-Linked Interest Notes, Currency-Linked Interest Notes, Inflation-Linked Interest Notes and Fund-Linked Interest Notes are together referred to as the "**Linked Interest Notes**";

- 8.1.8 the payment of principal on which is linked to interests in a single fund ("**Single Fund-Linked Redemption Notes**") or in a basket of funds ("**Fund Basket-Linked Redemption Notes**", and together with the Single Fund-Linked Redemption Notes, "**Fund-Linked Redemption Notes**"). The Fund-Linked Interest Notes and the Fund-Linked Redemption Notes are together referred to as the Fund-Linked Notes, or
- 8.1.8 the payment of principal of which is linked to preference shares issued by a company not affiliated with the Issuer ("**Preference Share Linked Notes**") The Equity-Linked Redemption Notes, Currency-Linked Redemption Notes, Inflation-Linked Redemption Notes, Fund-Linked Redemption Notes and Preference Share-Linked Notes are together referred to as the "**Linked Redemption Notes**" and the Linked Interest Notes and Linked Redemption Notes are together referred to as "**Linked Notes**",

in each case, in accordance with the Conditions herein which are specified as being applicable to the Linked Notes of the relevant category and the detailed terms and conditions set out in such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, in accordance with the elections made in the applicable Final Terms.

9. PROVISIONS RELATING TO EQUITY-LINKED NOTES

This Condition 9 (*Provisions Relating to Equity-Linked Notes*) is applicable only in relation to Notes specified in the relevant Final Terms as being Single Share Notes, Share Basket Notes, Single Index Notes, Index Basket Notes, Single ETF Notes or ETF Basket Notes.

9.1 Valuation, Market Disruption and Averaging Dates

- 9.1.1 "**Valuation Date**" means each date specified as such in the applicable Final Terms and, for the purposes of this Condition 9.1.1, each date specified as an Observation Date, Determination Date or Interest Determination Date in the applicable Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of this Condition 9.1 (*Valuation, Market Disruption and Averaging Dates*). If any Valuation Date is a Disrupted Day, then:
- (a) in the case of a Single Index Note, Single Share Note or Single ETF Note, 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 Scheduled Valuation Date (and, as the case may be, the relevant Observation Date or Determination Date) is a Disrupted Day. In that case, (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (2) the Determination Agent shall determine in its sole and absolute discretion:
 - (i) in respect of a Single Index Note, the level of the Index as of the Determination Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Determination Time on that eighth Scheduled Trading Day of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Determination Time on that eighth Scheduled Trading Day); and
 - (ii) in respect of a Single Share Note or a Single ETF Note, its good faith estimate of the value for the Underlying Share or the ETF Interest (as the case may be) as of the Determination Time on that eighth Scheduled Trading Day;
 - (b) in the case of an Index Basket Note, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation

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Date, and for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day, and (2) the Determination Agent shall determine, in its sole and absolute discretion, the level of that Index as of the Determination Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Determination Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Determination Time on that eighth Scheduled Trading Day); and

- (c) in the case of a Share Basket Note and an ETF Basket Note, the Valuation Date for each Underlying Share or ETF Interest (as the case may be) not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Underlying Share or ETF Interest (as the case may be) affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Underlying Share or ETF Interest (as the case may be), unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Underlying Share or ETF Interest (as the case may be). In that case, (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Underlying Share or ETF Interest (as the case may be), notwithstanding the fact that such day is a Disrupted Day, and (2) the Determination Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Underlying Share or ETF Interest (as the case may be) as of the Determination Time on that eighth Scheduled Trading Day;

For the purposes hereof:

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

- 9.1.2 If Averaging Dates are specified in the applicable Final Terms as being applicable, then, notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index, Underlying Share, ETF Interest, Basket of Indices, Basket of Shares or Basket of ETF Interests in relation to the relevant Valuation Date, Observation Date, Determination Date or Interest Determination Date (such Valuation Date, Observation Date, Determination Date or Interest Determination Date being referred to herein as the **"Relevant Date"**):

- (a) **"Averaging Date"** means, in respect of each Relevant Date, each date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day) and **"Relevant Underlying Value"** has the meaning given to it in such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms.
- (b) If an Averaging Date is a Disrupted Day, then if, in relation to **"Averaging Date Disruption"**, the consequence specified in the relevant Final Terms is:
 - (i) **"Omission"**, then such Averaging Date will be deemed not to be a relevant Averaging Date for the purposes of determining the Relevant Underlying Value, as applicable **provided that**, if through the operation of this provision no Averaging Date would occur with respect to the

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Relevant Date, then Condition 9.1.1 will apply for purposes of determining the Relevant Underlying Value on the final Averaging Date in respect of that Relevant Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day;

- (ii) **"Postponement"**, then Condition 9.1.1 will apply for the purposes of determining the Relevant Underlying Value on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date in respect of the Relevant Date; or
- (iii) **"Modified Postponement"**, then:
 - (1) in the case of a Single Index Note, a Single Share Note or a Single ETF Note, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Determination Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Determination Agent shall determine, in its sole and absolute discretion, the Relevant Underlying Value for that Averaging Date in accordance with (x) in the case of a Single Index Note, Condition 9.1.1(a)(i) and (y) in the case of a Single Share Note or a Single ETF Note, Condition 9.1.1(a)(ii);
 - (2) in the case of an Index Basket Note, a Share Basket Note or an ETF Basket Note, the Averaging Date for each Index, Underlying Share or ETF Interest (as the case may be) not affected by the occurrence of a Disrupted Day shall be the date specified in the applicable Final Terms as an Averaging Date in relation to the Relevant Date, and the Averaging Date for an Index, Underlying Share or ETF Interest (as the case may be) affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index, Underlying Share or ETF Interest (as the case may be). If the first succeeding Valid Date in relation to such Index, Underlying Share or ETF Interest (as the case may be) has not occurred as of the Determination Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, Underlying Share or ETF Interest (as the case may be), and (B) the Determination Agent shall determine, in its sole and absolute discretion, the Relevant Underlying Value for that Averaging Date in accordance with (x) in the case of an Index Basket Note, Condition 9.1.1(b) and (y) in the case of a Share Basket Note or an ETF Basket Note, Condition 10.1.1(c); and
 - (3) **"Valid Date"** shall mean a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the Relevant Date does not, or is not deemed to, occur.

- (c) If any Averaging Dates in relation to a Relevant Date occur after that Relevant Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Interest Payment Date, Maturity Date, Automatic Early Redemption Date or, as the case may be, the relevant Physical Settlement Date or (ii) the occurrence of an Extraordinary Event, an Extraordinary ETF Event, an Index Adjustment Event, a Potential Adjustment Event or an Additional Disruption Event shall be determined by reference to the last such Averaging Date as though it were that Relevant Date.

9.2 **Adjustments to Indices**

This Condition 9.2 (*Adjustments to Indices*) is applicable only in relation to Notes specified in the relevant Final Terms as being Single Index Notes or Index Basket Notes.

9.2.1 **Successor Index**

If a relevant Index is (a) not calculated and announced by the Index Sponsor, but is calculated and announced by a successor sponsor acceptable to the Determination Agent in its sole and absolute discretion or (b) replaced by a Successor Index using, in the determination of the Determination Agent (such determination to be at the Determination Agent's sole and absolute discretion), 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.

9.2.2 **Index Adjustment Events:**

If (i) on or prior to any Valuation Date, Observation Date, Determination Date, Interest Determination Date or Averaging 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 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 Valuation Date, Observation Date, Determination Date, Interest Determination Date or Averaging Date, the Index Sponsor fails to calculate and announce a relevant Index (**provided that** the Calculation Agent may, in its sole and absolute discretion, determine that, in respect of a Multi exchange Index, such failure to calculate and announce such Index shall instead be a Disrupted Day in respect of such 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 Determination Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate in its sole and absolute discretion the Relevant Underlying Value using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date, Observation Date, Determination Date, Interest Determination Date or, as the case may be, that Averaging Date as determined by the Determination Agent in its sole and absolute discretion 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 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 in its sole and absolute discretion, determine that the Notes shall be redeemed as of any later date. If the Issuer so determines that the Notes shall be redeemed, then the Issuer shall give not less than five Business Days' notice to the Noteholders to redeem the Notes and upon redemption the Issuer will pay in respect of each Note an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.. The Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount. If

the Issuer determines that the relevant Notes shall continue, the Determination Agent may make such adjustment as the Determination Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula and other provisions for determining the Final Redemption Amount, any Interest Amount or the Relevant Underlying Value (as defined in Section 7 (*Value Determination Terms*) of the Additional Terms and Conditions) set out in these Conditions and such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, and any other variable relevant to the settlement or payment terms of the Notes, which change or adjustment shall be effective on such date as the Determination Agent shall determine.

9.2.3 ***Correction of Index Levels***

If the level of an Index published by the Index Sponsor and which is utilised by the Determination Agent for any calculation or determination (the "**Original Determination**") under the Notes is subsequently corrected and the correction (the "**Corrected Value**") is published by the Index Sponsor by such time (the "**Correction Cut Off Time**") as may be specified in the relevant Final Terms (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date, Automatic Early Redemption Date, Early Redemption Date or Maturity Date), then the Determination Agent will notify the Issuer and the Fiscal Agent 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 and practicable, the Determination Agent may adjust any relevant terms accordingly.

9.3 ***Adjustments affecting Underlying Shares and ETF Interests***

This Condition 9.3 (*Adjustments affecting Underlying Shares and ETF Interests*) is applicable only in relation to Single Share Notes, Single ETF Notes, Share Basket Notes and ETF Basket Notes.

9.3.1 ***Adjustments for Potential Adjustment Events***

Following the declaration by the Underlying Issuer, the relevant ETF or an ETF Service Provider of the terms of a Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Underlying Shares or ETF Interests and, if so, will (i) make such adjustment as it in its sole and absolute discretion considers appropriate, if any, to the formula or other provisions for determining the Final Redemption Amount, any Interest Amount and/or the Relevant Underlying Value set out in these Conditions or such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, the number of Underlying Shares or ETF Interests to which each Note relates, the number of Underlying Shares or ETF Interests comprised in a Basket of Shares or Basket of ETF Interests, the amount, the number of or type of shares, fund interests or other securities which may be delivered in respect of such Notes and/or any other adjustment and, in any case, to any other variable relevant to the exercise, settlement, payment or other terms of the relevant Notes as the Determination Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and (ii) determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).

9.3.2 ***Correction of Underlying Share and ETF Interest Prices***

If any price published on the Exchange and which is utilised by the Determination Agent for any calculation or determination (the "**Original Determination**") under the Notes is subsequently corrected and the correction (the "**Corrected Value**") is published by the Exchange by such time as may be specified in the relevant Final Terms (the "**Correction Cut Off Time**") (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date, Automatic Early

Redemption Date, Early Redemption Date or Maturity Date), then the Determination Agent will notify the Issuer and the Fiscal Agent 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 and practicable, the Determination Agent may adjust any relevant terms accordingly.

9.4 **Extraordinary Events**

This Condition 9.4 (*Extraordinary Events*) is applicable only in relation to Notes specified in the relevant Final Terms as being Single Share Notes, Single ETF Notes, Share Basket Notes or ETF Basket Notes.

9.4.1 ***Merger Event or Tender Offer***

- (a) Following the occurrence of any Merger Event or Tender Offer, the Issuer will, in its sole and absolute discretion, determine whether the relevant Notes shall continue or shall be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Determination Agent may make such adjustment as the Determination Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula or other provisions for determining the Final Redemption Amount, any Interest Amount and/or the Relevant Underlying Value set out in these Conditions or such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, the number of Underlying Shares or ETF Interests to which each Note relates, the number of Underlying Shares or ETF Interests comprised in a Basket of Shares or Basket of ETF Interests (as the case may be), the amount, the number of or type of shares or other securities which may be delivered under such Notes and, in any case, any other variable relevant to the exercise, settlement, or payment terms of the relevant Notes and/or any other adjustment (including, without limitation, in relation to Share Basket Notes or ETF Basket Notes, the cancellation of terms applicable in respect of Underlying Shares or ETF Interests affected by the relevant Merger Event or Tender Offer) which adjustment shall be effective on such date as the Determination Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to the Noteholders to redeem the Notes and the Issuer's obligations under the Notes 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).

- (d) For the purposes hereof:

"**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 Determination Agent, in its sole discretion;

"**Merger Event**" means, in respect of any relevant Underlying Shares or ETF Interests, as determined by the Determination Agent, acting in a commercially reasonable manner, any: (i) reclassification or change of such Underlying Shares or ETF Interests that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Shares or ETF Interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Issuer or ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Underlying Issuer or ETF is the continuing entity and which does not result in a reclassification or change of all

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such Underlying Shares or ETF Interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 90 per cent. of the outstanding Underlying Shares or ETF Interests of the Underlying Issuer or ETF that results in a transfer of or an irrevocable commitment to transfer all such Underlying Shares or ETF Interests (other than such Underlying Shares or ETF owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Issuer or its subsidiaries or ETF or its sub-funds with or into another entity in which the Underlying Issuer or ETF is the continuing entity and which does not result in a reclassification or change of all such Underlying Shares or ETF Interests outstanding but results in the outstanding Underlying Shares or ETF Interests (other than Underlying Shares or ETF Interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Shares or ETF Interests immediately following such event (a "**Reverse Merger**"), in each case if the Merger Date is on or before, (A) in respect of Physical Settlement Notes, the later to occur of the Maturity Date and the Physical Settlement Date or, (B) in any other case, the final date for determining the Relevant Underlying Value in respect of the relevant Underlying Shares or ETF Interests.

"Merger Event Settlement Amount" means in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.

"Tender Offer" means, in respect of any Underlying Shares or ETF Interests, as determined by the Determination Agent, acting in a commercially reasonable manner, 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 9 per cent. and less than 90 per cent. of the outstanding voting shares of the Underlying Issuer or ETF, as determined by the Determination Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Determination 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 Determination Agent in its sole and absolute discretion.

"Tender Offer Settlement Amount" means, in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.

9.4.2 *Nationalisation, Insolvency and Delisting*

- (a) If in the determination of the Determination Agent, acting in a commercially reasonable manner:
 - (A) all the Underlying Shares or ETF Interests or all or substantially all the assets of an Underlying Issuer, ETF or ETF Service Provider 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, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, an Underlying Issuer, ETF or ETF Service Provider, (1) all the Underlying Shares or ETF Interests of that Underlying Issuer, ETF or ETF Service Provider are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Underlying Shares or ETF Interests of that Underlying Issuer, ETF or ETF Service provider become legally prohibited from transferring them ("**Insolvency**"); or
 - (C) the Exchange announces that pursuant to the rules of such Exchange, the Underlying Shares or ETF Interests 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, in its sole and absolute discretion, determine whether or not the Notes shall continue.

- (b) If the Issuer determines that the relevant Notes shall continue, the Determination Agent may make such adjustment as the Determination Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula or other provisions for determining the Final Redemption Amount, any Interest Amount and/or the Relevant Underlying Value set out in these Conditions or such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, the number of Underlying Shares or ETF Interests to which each Note relates, the number of Underlying Shares or ETF Interests comprised in a Basket of Shares or a Basket of ETF Interests (as the case may be), the amount, the number of or type of shares or other securities which may be delivered under such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment (including without limitation, in relation to Share Basket Notes or ETF Basket Notes, the cancellation of terms applicable in respect of Underlying Shares or ETF Interests affected by the relevant Extraordinary Event) which change or adjustment shall be effective on such date as the Determination Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes. The Issuer's obligations under the Notes shall be satisfied in full upon payment of, in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging

arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.

9.5 Extraordinary ETF Events

This Condition 9.5 (*Extraordinary ETF Events*) is applicable only in relation to Single ETF Notes or ETF Basket Notes.

- (a) Following the occurrence of any Extraordinary ETF Event, the Issuer will, in its sole and absolute discretion, determine whether the relevant Notes shall continue or shall be redeemed early. The Determination Agent shall not have any obligation to monitor the occurrence of an Extraordinary ETF Event nor shall it have any obligation to make a determination that an Extraordinary ETF Event has occurred and is continuing.
- (b) If the Issuer determines that the relevant Notes shall continue, the Determination Agent may:
 - (i) substitute any Affected ETF Interest with the Successor ETF Interest relating to such Affected ETF interest, **provided that** if no Successor ETF Interest has been identified in the manner set forth below within 10 Business Days of the Extraordinary ETF Event Notice Date (as defined below), then sub-paragraph (ii) below shall apply; and/or
 - (ii) make such adjustment as the Determination Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula or other provisions for determining the Final Redemption Amount, Interest Amount and/or the Relevant Underlying Value set out in these Conditions or such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, the number of ETF Interests to which each Note relates, the number of ETF Interests comprised in a Basket of ETF Interests, the amount, the number of or type of shares or other securities which may be delivered under such Notes and, in any case, any other variable relevant to the exercise, settlement, or payment terms of the relevant Notes and/or any other adjustment (including, without limitation, in relation to ETF Basket Notes, the cancellation of terms applicable in respect of ETF Interests affected by the relevant Extraordinary Fund Event) which adjustment shall be effective on such date as the Determination Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to the Noteholders to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment of an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.
- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent of the Determination Agent's determination of the occurrence of an Extraordinary ETF Event (the date of such notice, the "**Extraordinary ETF Event Notice Date**").
- (e) For the purposes hereof:

"**Extraordinary ETF Event**" shall mean, with respect to an ETF or ETF Service Provider (as the case may be), the occurrence of any of the following events, as determined by the Determination Agent, in its sole and absolute discretion:

 - (i) there exists any litigation against the ETF or an ETF Service Provider which in the sole and absolute discretion of the Determination Agent could materially

affect the value of the ETF Interests or on the rights or remedies of any investor therein;

- (ii) an allegation of criminal or fraudulent activity is made in respect of the ETF, or any ETF Service Provider, or any employee of any such entity, or the Determination Agent reasonably determines that any such criminal or fraudulent activity has occurred, or (ii) any investigative, judicial, administrative or other civil or criminal proceedings is commenced or is threatened against the ETF, any ETF Service Provider or any key personnel of such entities if such allegation, determination, suspicion or proceedings could, in the sole and absolute discretion of the Determination Agent, materially affect the value of the ETF Interests or the rights or remedies of any investor in such ETF Interests;
- (iii) (A) an ETF Service Provider ceases to act in such capacity in relation to the ETF (including by way of Merger Event or Tender Offer) and is not immediately replaced in such capacity by a successor acceptable to the Determination Agent; and/or (B) any event occurs which causes, or will with the passage of time (in the opinion of the Determination Agent) cause, the failure of the ETF and/or any ETF Service Provider to meet or maintain any obligation or undertaking under the ETF Documents which failure is reasonably likely to have an adverse impact on the value of the ETF Interests or on the rights or remedies of any investor therein;
- (iv) a material modification of or deviation from any of the investment objectives, investment restrictions, investment process or investment guidelines of the ETF (howsoever described, including the underlying type of assets in which the ETF invests), from those set out in the ETF Documents, or any announcement regarding a potential modification or deviation, except where such modification or deviation is of a formal, minor or technical nature;
- (v) a material modification, cancellation or disappearance (howsoever described), or any announcement regarding a potential future material modification, cancellation or disappearance (howsoever described), of the type of assets (A) in which the ETF invests, (B) the ETF purports to track, or (C) the ETF accepts/provides for purposes of creation/redemption baskets;
- (vi) a material modification, or any announcement regarding a potential future material modification, of the ETF (including but not limited to a material modification of the ETF Documents or to the ETF's liquidity terms) other than a modification or event which does not affect the ETF Interests or the ETF or any portfolio of assets to which the ETF Interest relates (either alone or in common with other ETF Interests issued by the ETF);
- (vii) the ETF ceases to be an undertaking for collective investment under the legislation of its relevant jurisdiction, **provided that** on the relevant Issue Date, the ETF was such an undertaking and any such cessation would, in the sole and absolute discretion of the Determination Agent, have a material adverse effect on any investor in such ETF Interests;
- (viii) (A) any relevant activities of or in relation to the ETF or any ETF Service Provider are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, in any applicable jurisdiction (including, but not limited to, any cancellation, suspension or revocation of the registration or approval of the ETF by any governmental, legal or regulatory entity with authority over the ETF), (B) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the ETF or the ETF Service Provider or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (C) the ETF is required by a competent authority to redeem any ETF Interests, (D)

any hedge provider is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any ETF Interests held in connection with any hedging arrangements relating to the Notes and/or (E) any change in the legal, tax, accounting or regulatory treatment of the ETF or any ETF Service Provider that is reasonably likely to have an adverse impact on the value of the ETF Interests or other activities or undertakings of the ETF or on the rights or remedies of any investor therein; or

- (ix) the value of any ETF Interest held by the Issuer and its Affiliates is greater than 10 per cent. of the aggregate net asset value of the relevant ETF (whether or not all of such holding results from hedging transactions entered into in connection with the Notes) and including, where the excess holding results from a reduction in the aggregate net asset value of the relevant ETF.

For these purposes, "**Successor ETF Interest**" means, in respect of an Affected ETF Interest, (1) if specified in the applicable Final Terms, any Eligible ETF Interest; (2) if no Eligible ETF Interest is specified, the successor ETF Interest as determined by the Determination Agent, using commercially reasonable efforts, taking into account any factors which the Determination Agent determines to be relevant, including (but not limited to) the existence of other ETFs that are linked to the same underlying index or asset as the Affected ETF Interest, liquidity of the proposed successor ETF Interest, the prevailing market conditions at the time the Determination Agent makes its determination and the Issuer's hedging arrangements in respect of the relevant Notes; or (3) if the Determination Agent determines that it is unable to determine a suitable successor ETF Interest, the Determination Agent may determine that the relevant Notes, where the Affected ETF Interest will be linked to the relevant underlying index (the "**Related Underlying Index**") and such Related Underlying Index shall be the Successor ETF Interest and the provisions applicable to Index-Linked Notes will apply to the relevant Notes with such adjustments as the Determination Agent determines to be appropriate.

9.6 **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Determination Agent may make such adjustment as the Determination Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula or other provisions for determining the Final Redemption Amount, any Interest Amount and/or the Relevant Underlying Value set out in the relevant Final Terms, the number of Underlying Shares or ETF Interests to which each Note relates, the number of Underlying Shares or ETF Interest comprised in a Basket, the amount, the number of or type of shares, fund interests or other securities or assets which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment (including without limitation, in relation to Share Basket Notes, Index Basket Notes or ETF Basket Notes, the cancellation of terms applicable in respect of any Underlying Shares, Index or ETF Interest, as the case may be, affected by the relevant Additional Disruption Event) which change or adjustment shall be effective on such date as the Determination Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment in respect of each Note of an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any

related hedging arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.

- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Determination Agent of the occurrence of an Additional Disruption Event.

- (e) For the purposes hereof:

"Additional Disruption Event" means with respect to any Series of Notes, any or all of (i) a Change in Law, (ii) Hedging Disruption, (iii) Increased Cost of Hedging and (iv) Loss of Stock Borrow as have been specified in the applicable Final Terms as an applicable Additional Disruption Event with respect to such Notes.

9.7 Definitions applicable to Equity-Linked Notes

In relation to Equity-Linked Notes, the following expressions have the meanings set out below:

"Affected ETF Interest" means, at any time, any ETF Interest in respect of which the Determination Agent has determined that an Extraordinary ETF Event has occurred;

"Basket" means in relation to any Share Basket Notes, the Underlying Shares specified in the applicable Final Terms as comprising the Basket, in relation to Index Basket Notes, the Indices specified in the applicable Final Terms as comprising the Basket and in relation to any ETF Basket Notes, the ETF Interests specified in the applicable Final Terms as comprising the Basket, in each case in the relative proportions specified in such Final Terms;

"Basket Component" means, in relation to a particular Series of Share Basket Notes, Index Basket Notes or ETF Basket Notes, each Underlying Share, Index or ETF Interest comprised in the relevant Basket of Shares, Indices or ETF Interests, as applicable;

"Basket of ETF Interests" means, in relation to a particular Series, a basket comprising the ETF Interests specified in the applicable Final Terms in the relative proportions or number of ETF Interests specified in the such Final Terms;

"Basket of Indices" means, in relation to a particular Series, a basket comprising the Indices specified in the applicable Final Terms in the relative proportions specified in such Final Terms;

"Basket of Shares" means, in relation to a particular Series, a basket comprising Underlying Shares of each Underlying Issuer specified in the applicable Final Terms in the relative proportions or number of Underlying Shares of each Underlying Issuer specified in such Final Terms;

"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 that (x), in the case of Single Share Notes, Single Index Notes, Single ETF Notes, Share Basket Notes, Index Basket Notes or ETF Basket Notes, it has become illegal to hold, acquire or dispose of any relevant Underlying Shares or ETF Interests or of any financial instrument or contract providing exposure to the Underlying Shares or ETF Interests or Underlying Index or Indices (as the case may be), or (y) it will incur a materially increased cost in performing its obligations with respect to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"Component" means in relation to an Index, any security which comprises such Index;

"Determination Date" means, in relation to any determination, each date or dates, if any, specified as such in the applicable Final Terms, **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Determination Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Determination Date is a Disrupted Day, the provisions of

Condition 9.1.1 shall apply *mutatis mutandis* as if such Determination Date were a Valuation Date;

"Determination Time" means the time specified as such in the applicable Final Terms, or if no such time is specified, (a) save with respect to a Multi-exchange Index, the Scheduled Closing Time on the relevant Exchange in relation to each Index, Underlying Share or ETF Interest to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Determination Time is after the actual closing time for its regular trading session, then the Determination Time shall be such actual closing time; and (b) with respect to any Multi-exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component and (y) in respect of any option contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor;

"Disrupted Day" means (a) except with respect to a Multi-exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred, and (b) with respect to any Multi-exchange Index, 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;

"Early Closure" means (a) except with respect to a Multi-exchange Index, the closure on any Exchange Business Day of the relevant Exchange (or in the case of a Single Index Note or Index Basket Note, any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or 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 Determination Time on such Exchange Business Day and (b) with respect to any Multi-exchange Index, the closure on any Exchange Business Day of the 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 Determination Time on such Exchange Business Day;

"Eligible ETF Interest" means, in respect of any Affected ETF Interest, the interest specified as such in the applicable Final Terms;

"ETF" means (in respect of an ETF Interest) any exchange traded fund specified in the applicable Final Terms as an ETF;

"ETF Documents" means, with respect to any ETF Interest, the offering document of the relevant ETF, the constitutive and governing documents, subscription agreements and any other agreement or document specifying the terms and conditions of such ETF Interest and any additional documents specified in the applicable Final Terms, each as amended from time to time.;

"ETF Interest" means the share or other interest or unit of holding (including, without limitation, any debt security) issued to or held by an investor in an ETF, as identified in the applicable Final Terms;

"ETF Service Provider" means, in respect of any ETF, any person who is appointed to provide services, directly or indirectly, in respect of such ETF, whether or not specified in the ETF Documents, including any advisor, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar, transfer agent, domiciliary agent, sponsor or general partner or any other person specified in the applicable Final Terms;

"Exchange" means:

- (a) (i) in respect of an Index relating to Single Index Notes or Index Basket Notes other than a Multi-exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms or, if none is specified, the principal exchange or quotation system for trading in such Index, as determined by the Determination Agent, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Index has temporarily relocated, **provided that** the Determination Agent has determined that there is comparable liquidity relative to the shares underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange, and (ii) with respect to any Multi-exchange Index, and in respect of each Component, the principal stock exchange on which such Component is principally traded, as determined by the Determination Agent;
- (b) in respect of an Underlying Share relating to Single Share Notes or Share Basket Notes, each exchange or quotation system specified as such for such Underlying Share in the applicable Final Terms or, if none is specified, the principal exchange or quotation system for trading in such Underlying Share, as determined by the Determination Agent, any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Share has temporarily relocated, **provided that** the Determination Agent has determined that there is comparable liquidity relative to such Underlying Share on such temporary substitute exchange or quotation system as on the original Exchange; and
- (c) in respect of an ETF Interest relating to Single ETF Notes or ETF Basket Notes, each exchange or quotation system specified as such for such ETF Interest in the applicable Final Terms or, if none is specified, the principal exchange or quotation system for trading in such ETF Interest, as determined by the Determination Agent, any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the ETF Interest has temporarily relocated, **provided that** the Determination Agent has determined that there is comparable liquidity relative to such ETF Interest on such temporary substitute exchange or quotation system as on the original Exchange.

"Exchange Business Day" means (a) except with respect to a Multi-exchange Index, any Scheduled Trading Day on which each Exchange and Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) with respect to any Multi-exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time;

"Exchange Disruption" means (a) except with respect to a Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Underlying Shares or ETF Interests on the Exchange (or in the case of Single Index Notes or Index Basket Notes, on any relevant Exchange(s) relating to securities that comprise 20 per cent. 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 Underlying Shares, the relevant Index or the ETF Interests (as the case may be) on any relevant Related Exchange and (b) with respect to any Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination 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;

"Extraordinary Dividend" means the dividend per Underlying Share or ETF Interest, or portion thereof, to be characterised as an Extraordinary Dividend as determined by the Determination Agent;

"**Extraordinary ETF Event**" has the meaning given in Condition 9.5(e);

"**Extraordinary Event**" means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting;

"**Hedging Disruption**" means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations under the Notes, or (B) realise, recover or remit the proceeds of any such transactions or asset(s);

"**Increased Cost of Hedging**" means that the Issuer 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 Notes 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;

"**Index**" means any index specified as such in the applicable Final Terms, subject to Condition 9.2 (*Adjustments to Indices*);

"**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 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;

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

"**Market Disruption Event**" means (a) in respect of an Underlying Share, an Index other than a Multi-exchange Index or an ETF Interest, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one-hour period that ends at the relevant Determination Time, or (iii) an Early Closure. For the purpose of determining whether a Market Disruption Event exists in respect of an Index at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security 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 and (y) the overall level of the Index, in each case immediately before the Market Disruption Event occurred; and (b) with respect to any Multi-exchange Index either (i)(A) the occurrence or existence, in respect of any Component, of (1) a Trading Disruption, (2) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Determination Time in respect of the Exchange on which such Component is principally traded, OR (3) an Early Closure; AND (B) 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 (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption, (B) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Determination Time in respect of the Related Exchange; or (C) 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**";

"**Multi-exchange Index**" means any Index specified as such in the relevant Final Terms;

"**Observation Date**" means, in relation to any determination, each Barrier Observation Date, Value Observation Date and the date or dates, if any, specified as such in the applicable Final Terms, **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Observation Date is a Disrupted Day, the provisions of Condition 10.1 (*Valuation Date, Interest Determination Date, Observation Date, Determination Date*) shall apply *mutatis mutandis* as if such Observation Date were a Valuation Date;

"**Observation Period**" means, in relation to any determination, the period, if any, specified as such in the applicable Final Terms;

"**Potential Adjustment Event**" means, in respect of Single Share Notes, Single ETF Note, Share Basket Notes or ETF Basket Notes:

- (i) a subdivision, consolidation or reclassification of an Underlying Share or ETF Interest (unless resulting in a Merger Event), or a free distribution or dividend of Underlying Shares or ETF Interests to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of relevant Underlying Shares or ETF Interests of (A) such Underlying Shares or ETF Interests, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Issuer or ETF equally or proportionately with such payments to holders of such an Underlying Shares or ETF Interests, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Underlying Issuer or ETF as a result of a spin-off or other similar transaction, or (D) 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 Determination Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by the Underlying Issuer in respect of relevant Underlying Shares that are not fully paid;
- (v) a repurchase by an Underlying Issuer or ETF (as the case may be) or any of its subsidiaries of Underlying Shares or ETF Interests, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of an Underlying Issuer, 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 Underlying Issuer 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 Determination Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Underlying Shares or ETF Interests.

"**Related Exchange**", in respect of an Index relating to Single Index Notes or Index Basket Notes, an Underlying Share relating to Single Share Notes or Share Basket Notes or an ETF Interest relating to Single ETF Notes or ETF Basket Notes, means the Exchange specified as the Relevant Exchange in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures and options contracts relating to such Index, Underlying Shares or ETF Interest has temporarily relocated (**provided that** the Determination Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index, Underlying Shares or ETF

Interests on such temporary substitute exchange or quotation system as on the original Related Exchange) or, if none is specified, each exchange or quotation system where trading has a material effect (as determined by the Determination Agent) on the overall market for futures or options contracts relating to such Index, Underlying Shares or ETF Interests, as the case may be;

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

"Scheduled Trading Day" means (a) except with respect to a Multi-exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session, and (b) with respect to any Multi-exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session;

"Settlement Cycle" means, in respect of an Underlying Share, Index or ETF Interest, the period of Settlement Cycle Days following a trade in such Underlying Share, the securities underlying such Index or ETF Interest, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such exchange (or, in respect of any Multi-exchange Index, the longest such period) and for this purpose **"Settlement Cycle Day"** means, in relation to a clearing system any day on which such clearing system is (or but for the occurrence of a Settlement Disruption Event would have been) open for acceptance and executions of settlement instructions;

"Trading Disruption" means (a) except with respect to a Multi-exchange Index, 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, Related Exchange or otherwise (i) relating to the Underlying Share or ETF Interest on the Exchange, or, in the case of a Single Index Note or Index Basket Note, on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or (ii) in futures or options contracts relating to the Underlying Share, the relevant Index or Indices or the ETF Interest on any relevant Related Exchange, and (b) with respect to any Multi-exchange Index, 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;

"Underlying Issuer" means the entity that is the issuer of the Underlying Share specified in the applicable Final Terms; and

"Underlying Share" means, in relation to a particular Series of Notes, a share specified as such in the applicable Final Terms, or, in the case of a Share Basket Note, a share forming part of a basket of shares to which such Note relates.

10. PROVISIONS RELATING TO CURRENCY-LINKED NOTES

This Condition 10 (*Provisions relating to Currency-Linked Notes*) is applicable only in relation to Notes specified in the relevant Final Terms as being Currency-Linked Notes.

10.1 Valuation Date, Interest Determination Date, Observation Date, Determination Date: In these Conditions:

- (i) **"Valuation Date"** means, in respect of any Series of Currency-Linked Notes, each date specified as such in the applicable Final Terms, and each Observation Date, Determination Date or Interest Determination Date, if applicable **provided that** where any such date is not a Currency Business Day then the Valuation Date shall be the first preceding day that is a Currency Business Day;
- (ii) **"Interest Determination Date"** means, in respect of any Series of Currency-Linked Notes, the date(s) date specified as such in the applicable Final Terms, or, if no such date

is specified, subject to Condition 10.2 (*Averaging*), the Interest Determination Date will be the date falling two Currency Business Days prior to the Interest Payment Date **provided that** where any such date is not a Currency Business Day then the Interest Determination Date shall be the first preceding day that is a Currency Business Day;

- (iii) "**Observation Date**" means, in respect of any Series of Currency-Linked Notes, the date(s) specified as such, **provided that** where any such date is not a Currency Business Day then the Observation Date shall be the first preceding day that is a Currency Business Day;
- (iv) "**Determination Date**" means, in respect of any Series of Currency-Linked Notes, the date(s) date specified as such in the applicable Final Terms, or, if no such date is specified, subject to Condition 10.2 (*Averaging*), the Determination Date will be the date falling two Currency Business Days prior to the Maturity Date **provided that** where any such date is not a Currency Business Day then the Determination Date shall be the first preceding day that is a Currency Business Day;
- (v) "**Relevant Date**" means each Valuation Date, Interest Determination Date and Observation Date; and
- (vi) "**Relevant Underlying Value**" has the meaning given to it in the applicable provisions of Section 7 (*Value Determination Terms*) of the Additional Terms and Conditions.

10.2 **Averaging:** If Averaging Dates are specified in the relevant Final Terms with respect to a Relevant Date, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the determination of the Relevant Underlying Value in relation to a Relevant Date:

- 10.2.1 "**Averaging Date**" means, in respect of a Relevant Date, each date specified as such or otherwise determined as provided in the applicable Final Terms, **provided that** if any such date is not a Currency Business Day, such date shall be the first preceding day that is a Currency Business Day.
- 10.2.2 For purposes of determining the Relevant Underlying Value in relation to a Relevant Date, the Relevant Underlying Value will be determined in accordance with the applicable provisions of Section 7 (*Value Determination Terms*) of the Additional Terms and Conditions on each Averaging Date (or, if different, the day on which rates for each Averaging Date would, in the ordinary course, be published or announced by the relevant price source).
- 10.2.3 In the case where the Determination Agent determines that it is impossible to obtain the Relevant Underlying Value on an Averaging Date (or, if different, the day on which rates for that Averaging Date would, in the ordinary course, be published or announced by the relevant price source), such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the Relevant Underlying Value. If through the operation of this Condition 11.2.3, there would not be an Averaging Date with respect to the Relevant Date, the provisions of Conditions 10.3 (*Currency Disruption Events*) and 10.4 (*Currency Disruption Fallbacks*) shall apply for purposes of determining the Relevant Underlying Value on the final Averaging Date with respect to that Relevant Date as if such Averaging Date were a Valuation Date on which a Price Source Disruption had occurred.

10.3 **Currency Disruption Events**

- 10.3.1 If so specified in the Final Terms relating to any Series of Notes, the following shall constitute "**Currency Disruption Events**" for the purposes of such Series:
 - (a) "**Price Source Disruption**", which means it becomes impossible, as determined by the Determination Agent, acting in a commercially reasonable manner, to determine the Settlement Rate on the Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published

or announced by the applicable price source in accordance with the relevant price source);

- (b) **"Additional Price Source Disruption"**, which means, in relation to the determination of the Relevant Underlying Value on any Relevant Date, (A) the relevant exchange rate is not displayed on the Reference Source or any successor page for such Relevant Date; (B) such Relevant Date is any Unscheduled Holiday; or (C) the Determination Agent determined in good faith that the exchange rate so displayed on the Reference Source is manifestly incorrect; and
- (c) **"Price Materiality Event"**, which means the Primary Rate differs from the Secondary Rate by at least the Price Materiality Percentage.

10.3.2 If the applicable Final Terms specify that any Currency Disruption Event shall be applicable to such Series, then, where the Determination Agent determines, acting in a commercially reasonable manner, that such Currency Disruption Event occurs or has occurred and is continuing in respect of such Series:

- (a) in the case of Price Source Disruption, on the day that is the Relevant Date in respect of such Series (or, if different, the day on which rates for that Relevant Date would, in the ordinary course, be published or announced by the relevant price source); and
- (b) in the case of any other Currency Disruption Event, on such other Relevant Date in respect of which such Currency Disruption Event is specified as applying in the applicable Final Terms,

then the Relevant Underlying Value for such Series will be determined in accordance with the terms of the Currency Disruption Fallback first applicable pursuant to Condition 10.4 (*Currency Disruption Fallbacks*).

10.4 **Currency Disruption Fallbacks**

10.4.1 If so specified in the Final Terms relating to any Series of Notes, the following shall constitute **"Currency Disruption Fallbacks"** for the purposes of such Series, and the applicable Final Terms shall specify which Currency Disruption Fallback(s) shall apply to such Series, to which Currency Disruption Event each such Currency Disruption Fallback shall apply and, where more than one Currency Disruption Fallback may apply to a Currency Disruption Event, the order in which such Currency Disruption Fallback(s) shall apply to such Currency Disruption Event.

- (a) **"Determination Agent Determination of Settlement Rate"** means that the Determination Agent will determine, in its sole and absolute discretion, the Settlement Rate (or a method for determining the Settlement Rate), taking into consideration all available information that it deems relevant; and
- (b) **"Fallback Reference Price"** means that the Determination Agent will determine, in its sole and absolute discretion, the Settlement Rate for such Series on the relevant Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced) pursuant to the Settlement Rate Option specified in the applicable Final Terms.

10.4.2 Where more than one Currency Disruption Event occurs or exists or is deemed to occur or exist, then, unless the relevant Final Terms has specified which Currency Disruption Fallback shall apply in such circumstances, the Determination Agent shall determine, in its sole and absolute discretion, which Currency Disruption Fallback shall apply.

10.5 **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Determination Agent may make such adjustment as the Determination Agent, in its sole and absolute discretion, considers appropriate, if any, to any variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date as the Determination Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment in respect of each Note of an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.
- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Determination Agent of the occurrence of an Additional Disruption Event.
- (e) For the purposes hereof:

"**Additional Disruption Event**" means, with respect to any Series of Currency-Linked Notes, Change in Law, Hedging Disruption, and / or Increased Cost of Hedging as are applicable as specified in the applicable Final Terms.

10.6 **Definitions applicable to Currency-Linked Notes**

In relation to Currency-Linked Notes, the following expressions have the meanings set out below:

"**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 that (x) it has become illegal to hold, acquire or dispose of Hedge Positions or (y) it will incur a materially increased cost in performing its obligations with respect to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"**Currency Business Day**" means, for the purposes of:

- (i) the definition of Valuation Date in Condition 10.1 (*Valuation Date, Interest Determination Date, Observation Date, Determination Date*), in respect of any Series of Currency-Linked Notes: (1) a day on which commercial banks are (or but for the occurrence of a Currency Disruption Event, would have been) open for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Principal Financial Centre(s) of the Reference Currency or (2) where the currency to be valued is euro, a day that is a TARGET Settlement Day and a Business Day; and
- (ii) for any other purpose, in respect of any Series of Currency-Linked Notes: (1) a day on which commercial banks are open for general business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the

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Principal Financial Centre(s) of the Reference Currency and (2) where one of the Currency Pair is euro, a day that is a TARGET Settlement Day;

"Currency Pair" means the Reference Currency and the Settlement Currency;

"Currency-Reference Dealers" is a Settlement Rate Option which means that the Spot Rate for a Rate Calculation Date will be determined on the basis of quotations provided by Reference Dealers on that Rate Calculation Date of that day's Specified Rate, expressed as the amount of Reference Currency per one unit of Settlement Currency for settlement on the Maturity Date (or other relevant date for payment under the Notes). The Determination Agent will request each of the Reference Dealers to provide a firm quotation of its Specified Rate for a transaction where the amount of Reference Currency equals the Specified Amount. If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the Specified Rates, without regard to the Specified Rates having the highest and lowest value. If exactly three quotations are provided, the rate for a Rate Calculation Date will be the Specified Rate provided by the Reference Dealer that remains after disregarding the Specified Rates having the highest and lowest values. For this purpose, if more than one quotation has the same highest value or lowest value, then the Specified Rate of one of such quotations shall be disregarded. If exactly two quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the Specified Rates. If only one quotation is provided, the rate for a Rate Calculation Date will be the Specified Rate quoted by that Reference Dealer. The quotations used to determine the Spot Rate for a Rate Calculation Date will be determined in each case at the Specified Time on that Rate Calculation Date;

"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 Notes;

"Hedging Disruption" means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations under the Notes, or (B) realise, recover or remit the proceeds of any such transactions or asset(s);

"Increased Cost of Hedging" means that the Issuer 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 Notes 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;

"Price Materiality Percentage" means the percentage specified as such in the applicable Final Terms;

"Primary Rate" means the rate determined using the Settlement Rate Option specified for such purpose in the applicable Final Terms;

"Rate Calculation Date" means any Valuation Date or Averaging Date (as defined in Conditions 10.1 (*Valuation Date, Interest Determination Date, Observation Date, Determination Date*) and 10.2 (*Averaging*), respectively);

"Reference Currency" means the currency specified as such in the applicable Final Terms;

"Reference Currency Jurisdiction" means the jurisdiction specified as such in the applicable Final Terms;

"Reference Dealers" means the reference dealers specified as such in the applicable Final Terms;

"Reference Source" means the source (such as a Reuters screen page or Bloomberg page) specified as such in the applicable Final Terms;

"Secondary Rate" means the rate determined using the Settlement Rate Option specified for such purpose in the applicable Final Terms;

"Settlement Currency" means the currency specified as such in the applicable Final Terms;

"Settlement Rate Option" means, for the purposes of calculating the Settlement Rate, the Settlement Rate Option specified in the applicable Final Terms (or which is applicable pursuant to Condition 10.4 (*Currency Disruption Fallbacks*));

"Specified Amount" means the amount of Reference Currency specified as such in the relevant Final Terms;

"Specified Rate" means any of the following rates, as specified in the relevant Final Terms: (i) the Reference Currency bid exchange rate, (ii) the Reference Currency offer exchange rate, (iii) the average of the Reference Currency bid and offer exchange rates, (iv) the Settlement Currency bid exchange rate, (v) the Settlement Currency offer exchange rate, (vi) the average of the Settlement Currency bid and offer exchange rates, (vii) the official fixing rate or (viii) any other exchange rate specified in the relevant Final Terms. If no such rate is specified, the Specified Rate will be deemed to be the average of the Reference Currency bid and offer rate;

"Specified Time" means, in respect of any series of Notes and the determination of the Spot Rate, the time specified as such in the applicable Final Terms, or if no such time is specified, the time chosen by the Determination Agent;

"Spot Rate" means for any Valuation Date, the relevant currency exchange rate determined in accordance with the applicable Settlement Rate Option and, if a Settlement Rate Option is not applicable, the currency exchange rate at the time at which such rate is to be determined for foreign exchange transactions in the Currency Pair for value on the Maturity Date (or other relevant date for payment under the Notes), as determined in good faith and in a commercially reasonable manner by the Determination Agent; and

"Unscheduled Holiday" means that a day is not a Currency Business Day and that the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in the Principal Financial Centre(s) of the Reference Currency two Currency Business Days prior to such day.

11. PROVISIONS RELATING TO INFLATION-LINKED NOTES

This Condition 11 (*Provisions Relating To Inflation-Linked Notes*) is applicable only in relation to Notes specified in the relevant Final Terms as being Inflation Linked Notes.

- 11.1 **Delay of Publication:** If any level of an Inflation Index for a Reference Month which is relevant to the calculation of a payment under the Notes (a "**Relevant Level**") has not been published or announced by the day that is five Business Days prior to the next Specified Interest Payment Date, Automatic Early Redemption Date or Maturity Date under the Notes or other relevant payment date as may be specified in the applicable Final Terms in relation to the Notes, the Determination Agent shall determine a Substitute Inflation Index Level (in place of such Relevant Level) in a commercially reasonable manner in its sole discretion. If a Relevant Level is published or announced at any time after the day that is five Business Days prior to the next Specified Interest Payment Date, Automatic Early Redemption Date, Maturity Date or other relevant payment date as may be specified in the applicable Final Terms, such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Condition 11.1 (*Delay of Publication*), will be the definitive level for that Reference Month.
- 11.2 **Cessation of Publication:** If a level for the Inflation Index has not been published or announced for two consecutive months or the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index then the Determination Agent shall determine

a Successor Inflation Index (in lieu of any previously applicable Inflation Index) for the purposes of the Notes by using the following methodology:

- 11.2.1 If at any time a Successor Inflation Index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such Successor Inflation Index shall be designated a "**Successor Inflation Index**" for the purposes of all subsequent Specified Interest Payment Dates or other relevant payment date as may be specified in the applicable Final Terms in relation to the Notes, notwithstanding that any other Successor Inflation Index may previously have been determined under Conditions 11.2.2, 11.2.3 or 11.2.4 below; or
 - 11.2.2 If a Successor Inflation Index has not been determined under Condition 11.2.1 above and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement index specified by the Inflation Index Sponsor, and the Determination Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Notes from the date that such replacement index comes into effect; or
 - 11.2.3 If a Successor Inflation Index has not been determined under Condition 11.2.1 or 11.2.2 above, the Determination Agent shall ask five leading independent dealers to state what the replacement Inflation Index for the Inflation Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same Inflation Index, this Inflation Index will be deemed the "**Successor Inflation Index**". If three responses are received, and two or more leading independent dealers state the same Inflation Index, this Inflation Index will be deemed the "**Successor Inflation Index**". If fewer than three responses are received, the Determination Agent will proceed to Condition 13.2.4 below; or
 - 11.2.4 If no Successor Inflation Index has been determined under Condition 11.2.1, 11.2.2 or 11.2.3 above by the fifth Business Day prior to the next Affected Payment Date the calculation agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "**Successor Inflation Index**"; the Determination Agent shall determine the method of determining the Relevant Level if no such alternative Inflation Index is available.
- 11.3 **Rebasing of the Inflation Index:** If the Determination Agent determines that an Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the "**Rebased Inflation Index**") will be used for purposes of determining the level of such Inflation Index from the date of such rebasing; **provided, however, that** the Determination Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Inflation Index so that the Rebased Inflation Index levels reflect the same rate of inflation as the Inflation Index before it was rebased. If there is no Related Bond, the Determination Agent shall make adjustments to the levels of the Rebased Inflation Index so that the Rebased Inflation Index levels reflect the same rate of inflation as the Inflation Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Notes.
- 11.4 **Material Modification Prior to Payment Date:** If, on or prior to the day that is five Business Days before an Interest Payment Date, Automatic Early Redemption Date, Maturity Date or other relevant payment date in relation to the Notes, an Inflation Index Sponsor announces that it will make a material change to an Inflation Index then the Determination Agent shall make any such adjustments to the Inflation Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Inflation Index to continue as the Inflation Index.
- 11.5 **Manifest Error in Publication:** If, within thirty days of publication and prior to the redemption of the Notes or payments in respect of any relevant Interest Payment Date, Automatic Early Redemption Date, Maturity Date or other relevant payment date in relation to the Notes, the Determination Agent determines that the Inflation Index Sponsor has corrected the level of the

Inflation Index to remedy a manifest error in its original publication, the Determination Agent will notify the holders of the Notes in accordance with Condition 26 (*Notices*) of (i) that correction, (ii) the adjusted amount that is then payable under the Notes as a result of that correction and (iii) take such other action as it may deem necessary to give effect to such correction, **provided that** any amount payable pursuant to sub-paragraph (ii) above shall be paid (with no interest accruing thereon) (a) in connection with an Inflation Index Sponsor's correction to remedy a manifest error in the level of an Inflation Index for a Reference Month for which such Interest Payment Date, Automatic Early Redemption Date, Maturity Date or other relevant payment date in relation to the Notes has occurred, within five Business Days after notice of such amount payable by the Determination Agent, (b) in connection with an Inflation Index Sponsor's correction to remedy a manifest error in the level of an Inflation Index for a Reference Month for which such Interest Payment Date, Automatic Early Redemption Date, Maturity Date or other relevant payment date in relation to the Notes has not occurred, as an adjustment to the payment obligation on the next Specified Interest Payment Date or (c) if there is no further Interest Payment Date, Automatic Early Redemption Date, Maturity Date or other relevant payment date in relation to the Notes, within five Business Days after notice of such amount payable by the Determination Agent.

- 11.6 **Index Level Adjustment Correction:** In relation to any Inflation Index, as specified in the Final Terms, either (i) the first publication or announcement of the level of the Inflation Index (disregarding estimates) by the relevant Inflation Index Sponsor for any Reference Month shall be final and conclusive and, subject to this Condition 11 (*Provisions Relating To Inflation-Linked Notes*), later revisions to the level of the Inflation Index for such Reference Month will not be used in any calculations; or (ii) the first publication or announcement of a level of the Inflation Index (disregarding estimates) published by the relevant Index Sponsor or, if revised, any subsequent revision of such level for a Reference Month shall be final and conclusive for such Reference Month, **provided that** such revisions are published or announced up to and including the day that is two Business Days prior to any relevant Interest Payment Date, Maturity Date or any other payment in respect of the Notes. The Issuer shall give notice to holders of Inflation Linked Notes of any valid revision in accordance with Condition 26 (*Notices*).

11.7 **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Determination Agent may make such adjustment as the Determination Agent, in its sole and absolute discretion, considers appropriate, if any, to any variable relevant to the interest, redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date as the Determination Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment in respect of each Note of an amount equal to the fair market value of such Note, on such day as is selected by the Determination Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Determination Agent in its sole and absolute discretion.
- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Determination Agent of the occurrence of an Additional Disruption Event.

11.8 Definitions Applicable to Inflation-Linked Notes

In relation to Inflation Linked Notes, the following expressions have the meanings set out below:

"Additional Disruption Event" means, with respect to any Series of Inflation-Linked Notes, such of Change in Law, Hedging Disruption and Increased Cost of Hedging as are applicable as specified in the applicable Final Terms.

"Affected Payment Date" means each Interest Payment Date, Automatic Early Redemption Date, Maturity Date or other relevant payment date as may be specified in the applicable Final Terms in relation to the Notes in respect of which an Inflation Index has not been published or announced;

"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 that (x) it has become illegal to hold, acquire or dispose of Hedge Positions or (y) it will incur a materially increased cost in performing its obligations with respect to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"Fallback Bond" means an inflation linked bond selected by the Determination Agent and issued by the government of a country to whose level of inflation the Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to the Inflation Index, with a maturity date which falls on (a) the same date as the Maturity Date, or (b) if no such bond as described in (a) can be determined, the next longest maturity after the Maturity Date, or (c) if no such bond as described in either (a) or (b) can be determined, the next shortest maturity before the Maturity Date. If the Inflation Index relates to the level of inflation across the European Monetary Union, the Determination Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Determination Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Settlement Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Determination Agent from those bonds. If the Fallback Bond redeems the Determination Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged);

"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 Notes;

"Hedging Disruption" means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations under the Notes, or (B) realise, recover or remit the proceeds of any such transactions or asset(s);

"Increased Cost of Hedging" means that the Issuer 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 Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s) **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

"Inflation Index" means any index specified as such in the applicable Final Terms;

"Inflation Index Sponsor" means, in respect of an Inflation Index, the entity specified as such in the relevant Final Terms or, if no entity is specified, the entity that publishes or announces (directly or through an agent) the level of the relevant Inflation Index;

"Reference Month" means the calendar month for which the level of the relevant Inflation Index was reported, regardless of when this information is published or announced and, where such Reference Month is relevant to determine the Relevant Underlying Value (as defined in Section 7 (*Value Determination Terms*) of the Additional Terms and Conditions) on any Interest Determination Date or, as defined in such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, a Barrier Observation Date, Automatic Early Redemption Valuation Date or Determination Date, means the Reference Month specified in respect of each such date. If the period for which the Inflation Index level was reported is a period other than a month, the Reference Month will be the period for which the Inflation Index level was reported;

"Related Bond" means the bond specified in the applicable Final Terms, or if no bond is so specified, the Fallback Bond. If the Related Bond is "Fallback Bond", then for any Related Bond determination under these Conditions, the Determination Agent shall use the Fallback Bond (as that is defined in this Condition 11.8 (*Definitions Applicable to Inflation-Linked Notes*) herein). If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms, and that bond redeems or matures before the relevant Maturity Date, unless "Fallback Bond: Not applicable" is specified in the applicable Final Terms, the Determination Agent shall use the Fallback Bond for any Related Bond determination;

"Substitute Inflation Index Level" means an Inflation Index level, determined by the Determination Agent pursuant to the provisions of Condition 11.1 (*Delay of Publication*), in respect of an Affected Payment Date; and

"Successor Inflation Index" has the meaning specified in Condition 11.2 (*Cessation of Publication*).

12. **FUND-LINKED NOTES**

This Condition 12 (*Fund-Linked Notes*) shall apply only to Notes specified in the applicable Final Terms as being Single Fund Notes or Fund Basket Notes.

12.1 **Adjustments for Disrupted Days**

12.1.1 The Determination Agent shall as soon as reasonably practicable under the circumstances notify the Issuer of the occurrence of a Disrupted Day on any day that, but for the occurrence or continuance of a Disrupted Day, would have been a Valuation Date.

12.1.2 If any Valuation Date is a Disrupted Day, then:

- (a) in the case of Single Fund Notes, the Valuation Date shall be the next succeeding day that is not a Disrupted Day, unless no day that is not a Disrupted Day has occurred prior to the last day of one Cut-off Period following the Scheduled Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Determination Agent shall determine its good faith estimate of the value for the Fund Interest as of the Valuation Time on that deemed Valuation Date; or
- (b) in the case of Fund Basket Notes, the Valuation Date for each Fund Interest not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Fund Interest affected by the occurrence of a Disrupted Day shall be the first succeeding day that is not a Disrupted Day relating to that Fund Interest, unless no day that is not a Disrupted Day has occurred prior to the last day of one Cut-off Period following the Scheduled

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Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Determination Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Valuation Date.

In addition, the Determination Agent will account for such occurrence or continuance of a Disrupted Day as it sees fit which may include but is not limited to delaying calculation and payment of the Final Redemption Amount and/or any other amounts payable under the Notes, and no interest or other amount shall be payable to Noteholders in respect of any such delay, or making the appropriate adjustment to the calculation of the Final Redemption Amount and/or any such other amounts, all in the determination of the Determination Agent.

12.1.3 If Averaging Dates are specified in the applicable Final Terms with respect to a Valuation Date then the following provisions will apply. If any Averaging Date is a Disrupted Day:

- (a) in the case of Single Fund Notes, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred prior to one Cut-off Period following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and (2) the Determination Agent shall determine its good faith estimate of the value for the Fund Interest as of the Valuation Time on that deemed Averaging Date, where "**Valid Date**" means a Business Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur; and
- (b) in the case of Fund Basket Notes, the Averaging Date for each Fund Interest not affected by the occurrence of a Disrupted Day shall be the date specified in the applicable Final Terms as that Averaging Date and the Averaging Date for any Fund Interest affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Fund Interest. If the first succeeding Valid Date has not occurred prior to one Cut-off Period following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and (2) the Determination Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Averaging Date.

In addition, the Determination Agent will account for such occurrence or continuance of a Disrupted Day as it sees fit which may include but is not limited to delaying calculation and payment of the Final Redemption Amount and/or any other amounts payable under the Notes, and no interest or other amount shall be payable to Noteholders in respect of any such delay, or making the appropriate adjustment to the calculation of the Final Redemption Amount and/or any such other amounts, all in the determination of the Determination Agent.

12.2 **Postponement of Settlement**

12.2.1 If the Determination Agent determines on the date which is not later than 3 Business Days prior to any date on which the Final Redemption Amount or any other amounts would otherwise be due to be paid (each a "**Scheduled Settlement Date**") that a Settlement Postponement Event has occurred, then the Determination Agent shall make such adjustment to account for such Settlement Postponement Event and such adjustment shall include the postponement of the obligation of the Issuer to pay the Final

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Redemption Amount or any such other amounts, as applicable, until the Postponed Settlement Date and no interest or other amount shall be payable to Noteholders in respect of such postponement.

12.2.2 If the Postponed Settlement Date is the Postponed Settlement Long Stop Date, for the purposes of determining the Final Redemption Amount or any other relevant amounts, as applicable, whether determined by reference to the Reference Price or otherwise, each Fund Interest Unit will be deemed to have a value equal to the redemption proceeds (if any) that a Hypothetical Investor which had submitted a Final Redemption Notice in respect of such Fund Interest Unit would have received in respect of such redemption on or before the Postponed Settlement Long Stop Date (in the case of Single Fund Notes) or each Long Stop Date Fund Interest Unit (if any) comprising the Basket of Funds will be deemed to have a value equal to the redemption proceeds (if any) that a Hypothetical Investor which had submitted a Final Redemption Notice in respect of such Long Stop Date Fund Interest Unit would have received in respect of such redemption on or before the Postponed Settlement Long Stop Date.

12.2.3 For the purposes hereof:

- (a) a "**Settlement Postponement Event**" shall be deemed to occur if, as determined by the Determination Agent, a Hypothetical Investor which had submitted a Final Redemption Notice in respect of the Fund Interest Units (in the case of a Single Fund Note) or each Fund Interest Unit comprised in the Basket of Funds (in the case of a Fund Basket Note) would not have received in full the redemption proceeds in respect of such redemptions on or before the date which is 4 Business Days prior to the Scheduled Settlement Date;
- (b) the "**Postponed Settlement Date**" means, unless otherwise specified in the applicable Final Terms, the earlier of (x) the date which is 3 Business Days after the date on which, as determined by the Determination Agent, such Hypothetical Investor would have received such redemption proceeds in full and (y) the Postponed Settlement Long Stop Date;
- (c) the "**Postponed Settlement Long Stop Date**" means, unless otherwise specified in the applicable Final Terms, the date which is 3 months after the Scheduled Settlement Date;
- (d) "**Long Stop Date Fund Interest Unit**" means, in relation to a Basket of Funds, any Fund Interest Unit in respect of which, if a Hypothetical Investor had submitted a Final Redemption Notice in respect of such Fund Interest Unit, such Hypothetical Investor would not have received in full the redemption proceeds in respect of such redemption on or before the Postponed Settlement Long Stop Date; and
- (e) a "**Final Redemption Notice**" means, in respect of a Fund Interest Unit, a valid redemption notice submitted on the last date permitted pursuant to the Fund Documents of the related Fund for a redemption notice that would be timely for redemption prior to the Scheduled Settlement Date.

12.3 **Potential Adjustment Events**

Following the declaration by any Fund or Fund Service Provider of the terms of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest and, if so, will (i) make the corresponding adjustment(s), if any, to any one or more of the Redemption Amount and/or any such other amounts payable under the Notes, the Reference Price, any Relevant Fund Interest Unit Price and, in any case, any other variable relevant to the calculation, valuation, payment or other terms of Notes as the Determination Agent determines appropriate to account for that diluting or concentrative effect (**provided that** no adjustments will be made to account solely for changes in volatility, expected

dividends or liquidity relative to the relevant Fund Interest) and (ii) determine the effective date(s) of the adjustment(s).

12.4 **Corrections and Adjustment**

With the exception of any Adjustments (as defined below) made after the day which is 5 Business Days (or such other period specified for this purpose in the applicable Final Terms) prior to a due date for any payment under the Notes calculated by reference to the price or level of any Fund Interest Unit, if the Determination Agent determines that a Fund adjusts the Redemption Proceeds that would have been paid to a Hypothetical Investor redeeming the number of Fund Interest Units that are subject to valuation and such adjustment would be reflected in either an additional payment to such Hypothetical Investor or a claim for repayment of excess Redemption Proceeds made against such Hypothetical Investor (each an "**Adjustment**"), then the price or level to be used shall be the price or level of the relevant Fund Interest Units as so adjusted.

12.5 **Fund Events**

12.5.1 If at any time the Determination Agent determines that a Fund Event has occurred and/or is continuing then the Determination Agent shall provide written notice thereof to the Issuer (a "**Fund Event Notice**"). The Determination Agent shall not have any obligation to monitor the occurrence of a Fund Event nor shall it have any obligation to make a determination that a Fund Event has occurred or is continuing.

12.5.2 The Issuer will, in its sole and absolute discretion, determine whether the relevant Notes shall continue or shall be redeemed early and the mechanics for determining and calculating the valuation of any Affected Fund Interest and any payments under the Notes shall be suspended, subject to Condition 12.5.3 and Condition 12.5.4 below.

12.5.3 If the Issuer determines that the relevant Notes shall continue then, the Issuer may direct the Determination Agent:

- (i) to substitute any Affected Fund Interest with the Successor Fund Interest relating to such Affected Fund Interest, **provided that** if no Successor Fund Interest has been identified in the manner set forth below within 10 Business Days of the Fund Event Notice, then sub-paragraph (ii) below shall apply; or
- (ii) to make such adjustment to account for such Fund Event as it considers appropriate which may include, without limitation, delaying the calculation and payment of the Redemption Amount and/or any such other amounts payable under the Notes, and no interest or other amount shall be payable to Noteholders in respect of any such delay, or making an adjustment to the calculation of the Redemption Amount and/or any such other amounts due under the Notes, all in the determination of the Determination Agent.

For the purposes of this Condition 12.5.3:

- (a) "**Successor Fund Interest**" means, in respect of any Affected Fund Interest, the related Eligible Fund Interest or, if the applicable Final Terms do not specify any Eligible Fund Interest relating to such Affected Fund Interest, then the Determination Agent will use commercially reasonable efforts to identify a Successor Fund Interest based on the eligibility criteria specified in the applicable Final Terms or, if the applicable Final Terms do not specify any such eligibility criteria, with characteristics, investment objectives and policies similar to those in effect for the Affected Fund Interest immediately prior to the occurrence of the relevant Fund Event; and
- (b) any substitution of the Successor Fund Interest for the Affected Fund Interest shall be effected at such time and in such manner as specified in the applicable Final Terms or, if the time and manner for substitution of the Successor Fund Interest is not specified in the applicable Final

Terms, then the Affected Fund Interest shall be replaced by a number of Fund Interest Units of the Successor Fund Interest with a combined value (as determined by the Determination Agent) equal to the relevant Removal Value of the applicable number of Fund Interest Units of the Affected Fund Interest. Such replacement shall be effected, from time to time whenever the Removal Value changes, on the date, as determined by the Determination Agent, on which the Fund issuing the Successor Fund Interest would admit a Hypothetical Investor who, on the Fund Business Day next following the date on which any Removal Value not previously applied toward any Successor Fund Interest would be received by such Hypothetical Investor redeeming out of the relevant amount of Affected Fund Interest, had submitted a valid order to purchase such amount of the Successor Fund Interest; and

- (c) if necessary, the Determination Agent will adjust any relevant terms, including, but not limited to adjustments to account for changes in volatility, investment strategy or liquidity relevant to such Fund Interests or the Notes.

12.5.4 If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall redeem each Note at its Fund-Linked Early Redemption Amount on such date as the Issuer may notify to Noteholders in accordance with Condition 26 (*Notices*).

12.6 Notice of Fund Event

Notice of the consequences of a Fund Event shall be given to the Noteholders in accordance with Condition 26 (*Notices*). Such notice shall (i) identify the Affected Fund Interest (if applicable) and the relevant Fund Event and contain a summary of the facts constituting such event, (ii) if applicable, identify the Successor Fund Interest and specify the effective date of such substitution, (iii) if applicable, specify adjustments made or expected to be made by the Determination Agent and (iv) if applicable, specify the date on which the Notes are to be redeemed.

12.7 Definitions applicable to Fund-Linked Notes

In relation to Fund-Linked Notes, the following expressions shall have the meanings set out below:

"Additional Fund Service Provider" means, in respect of any Fund, any person or entity (if any) specified as such in the applicable Final Terms;

"Affected Fund Interest" means, at any time, any Fund Interest in respect of which the Determination Agent has determined that a Fund Event has occurred;

"Affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person (for such purposes, **"control"** of any entity or person means ownership of a majority of the voting power of the entity or person);

"Aggregate NAV Trigger Period" means the period (if any) specified as such in the applicable Final Terms;

"Aggregate NAV Trigger Value" means the value (if any) specified as such in the applicable Final Terms;

"Averaging Date" means, in respect of each Valuation Date, each date (if any) specified as such in the applicable Final Terms or, if such day is not a Business Day, the next following Business Day, subject to the provisions of Condition 12.1 (*Adjustments for Disrupted Days*);

"Basket of Funds" means a basket composed of such Fund Interests in such Funds specified in the applicable Final Terms in the relative proportions or number of Fund Interest Units of each

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Fund Interest specified in the applicable Final Terms, subject to the provisions of Condition 12.5 (*Fund Events*);

"Company" means, in respect of a Fund Interest and the related Fund, the entity (if any) specified as such in the applicable Final Terms (if any);

"Cut-off Period" means, in respect of any date, the period specified in the applicable Final Terms, or if no such period is specified, a period of one calendar year; **provided that** if a **"Final Cut-off Date"** is specified in the applicable Final Terms, then any Cut-off Period that would otherwise end after such Final Cut-off Date shall end on such Final Cut-off Date;

"Disrupted Day" means any day on which a Market Disruption Event has occurred or is continuing;

"Eligible Fund Interest" means, in respect of any Affected Fund Interest, the interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest (if any) specified as such in the applicable Final Terms;

"Extraordinary Dividend" means an amount per relevant Fund Interest Unit or other amount of Fund Interest which is not a Scheduled Dividend, or, if the applicable Final Terms specify **"Determination Agent Characterisation"** as being applicable in relation to such Notes, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Determination Agent;

"Final Cut-off Date" means the date specified as such in the applicable Final Terms;

"Final Valuation Date" means, if there is more than one Valuation Date, the last Valuation Date or, if there is only one Valuation Date, the Valuation Date;

"Final Valuation Time" means, if there are more than one Valuation Date, the Valuation Time in relation to the last Valuation Date or, if there is only one Valuation Date, the Valuation Time;

"Fund" means, in respect of any Fund Interest, unless otherwise specified in the applicable Final Terms, the issuer of, or other legal arrangement (including, if applicable, any relevant class or series) giving rise to, the relevant Fund Interest;

"Fund Administrator" means, in respect of any Fund, any person specified as such in the applicable Final Terms or, if no person is so specified, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities to such Fund according to the Fund Documents;

"Fund Adviser" means, in respect of any Fund, any person specified as such in the applicable Final Terms, or if no person is so specified, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

"Fund Business Day" means, in respect of any Fund Interest and the related Fund, any day specified as such in the applicable Final Terms or, if no day is so specified, any day on which the Fund or the primary Fund Administrator acting on behalf of the Fund is open for business;

"Fund Custodian" means, in respect of any Fund, any person specified as such in the applicable Final Terms or, if no person is so specified, the fund custodian or similar person with the primary custodial responsibilities in relation to such Fund according to the Fund Documents;

"Fund Documents" means, in respect of any Fund Interest, the constitutive and governing documents, subscription agreements and other agreements of the related Fund specifying the terms and conditions relating to such Fund Interest (including, without limitation, the Fund Prospectus), in each case as amended from time to time;

"Fund Event" means, subject as otherwise provided in the applicable Final Terms, the occurrence of any of the following events in the determination of the Determination Agent:

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- (a) ***Nationalisation:*** in respect of a Fund Interest and the related Fund, all the Fund Interests or all or substantially all the assets of the Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
- (b) ***Insolvency Event:*** in respect of a Fund Interest and the related Fund (i) the Fund, the related Company and/or any Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) through (E) above; or (without prejudice to the foregoing) (ii) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (A) all the Fund Interests of that Fund are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Fund Interests of that Fund become legally prohibited from transferring them;
- (c) ***NAV Trigger/Restriction Event:*** in respect of any Fund Interest, (A) the Reported Fund Interest Unit Value has decreased by a percentage equal to, or greater than, the NAV Trigger Percentage(s) during the related NAV Trigger Period, each as specified in the applicable Final Terms; or (B) the related Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (d) ***Aggregate NAV Trigger Event:*** in the case of Fund Basket Notes, the aggregate of the Reported Fund Interest Unit Values for each Fund Interest comprising the Basket has decreased to an amount equal to, or less than, the Aggregate NAV Trigger Value during the related Aggregate NAV Trigger Period, each as specified in the applicable Final Terms;
- (e) ***Changes to Fund or Fund Service Providers:*** in respect of any Fund Interest and the related Fund: (i) any change in the organisation of the Fund or of any Fund Service Provider without the prior written consent of the Determination Agent including, without limitation, a change of control of, or a change of the main shareholders, managing directors or Key Personnel (if any) of a Fund Service Provider, (ii) any Fund Service Provider ceasing to act in the relevant capacity in relation to the Fund unless immediately replaced in such capacity by a successor acceptable to the Determination

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Agent or (iii) any delegation or transfer by the Fund Adviser of any of its powers, duties or obligations under the Fund Documents to a third party without the prior written consent of the Determination Agent;

- (f) **Fund Modification:** in respect of any Fund Interest, any change or modification of the related Fund Documents or of any rights attaching to the related Fund Interest Units (including without limitation any change or modification affecting management policy, provisions as to redemption or the charging of expenses or increasing the existing level of, or introducing any new, fees, commissions or other expenses payable to any person, in each case as determined by the Determination Agent) from those prevailing on the Issue Date (in the case of Single Fund Notes) or the date on which any Fund Interest issued by such Fund was first included in the Basket of Funds (in the case of Fund Basket Notes) and which could reasonably be expected to affect the value of such Fund Interest;
- (g) **Strategy Breach:** in respect of any Fund Interest, as determined by the Determination Agent, any material breach of or non-compliance with any investment objective, investment restrictions or other strategy or investment guidelines, subscription and redemption provisions (including, without limitation, the days treated as Fund Business Days) or valuation provisions (including, without limitation, the method of determining the net asset value of the relevant Fund), in each case as set out in the Fund Documents as in effect on the Issue Date or, if later, the date on which such Fund Interest was first included in the Basket of Funds (in the case of Fund Basket Notes);
- (h) **Breach by Fund Service Provider:** in respect of any Fund Interest, the breach by any relevant Fund Service Provider of any obligation (including, without limitation, non-compliance with any investment guidelines relating to such Fund Interest), representation or warranties concerning the relevant Fund (including, without limitation, pursuant to any agreement with the Fund), which breach, if capable of remedy, has not been remedied within ten (10) calendar days of its occurrence;
- (i) **General Regulatory Event:** (A) in respect of any Fund Interest, (1) any change in the legal, tax, accounting, or regulatory treatments of the relevant Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interest or on any investor therein (as determined by the Determination Agent) or (2) the related Fund or any of its Fund Service Providers becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law in relation to any activities relating to or resulting from the operation of such Fund or (B) any event which would have the effect of: (i) imposing on the Issuer and/or any Affiliate or adversely modifying any reserve, special deposit, or similar requirement that would be applicable to the Issuer and/or such Affiliate in relation to the Notes or any related hedging arrangement or (ii) changing the amount of regulatory capital that would have to be maintained by the Issuer and/or any Affiliate in relation to the Notes or any related hedging arrangement;
- (j) **Reporting Disruption:** in respect of any Fund Interest, (A) the occurrence of any event affecting such Fund Interest that, in the determination of the Determination Agent, would make it impossible or impracticable for the Determination Agent to determine the value of such Fund Interest, and such event continues for at least the time period specified in the applicable Final Terms or, if no time period is so specified, the Determination Agent does not expect such event to cease in the foreseeable future; (B) any failure of the related Fund to deliver, or cause to be delivered, (1) information that such Fund has agreed to deliver, or cause to be delivered to the Determination Agent or the Issuer, as applicable, or (2) information that has been previously delivered to the Determination Agent or the Issuer, as applicable, in accordance with such Fund's, or its authorized representative's, normal practice and that the Determination Agent deems necessary for it or the Issuer, as applicable, to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interest; or (C) the related Fund ceases, for any reason whatsoever (either directly or through any Fund Service Provider acting on its behalf for this purpose)

to provide, publish or make available its net asset value on any Fund Reporting Date and this continues for 10 consecutive Business Days;

- (k) **Compulsory Redemption or Assignment:** in respect of any Fund Interest, (i) the repurchase or redemption by the Fund of all or some of the Fund Interest Units otherwise than at the request of a holder of Fund Interest Units and which the Determination Agent determines could affect a Hypothetical Investor; or (ii) any event or circumstance (whether or not in accordance with the constitutive documents and investment guidelines of the Fund) which would mandatorily oblige a holder of Fund Interest Units to redeem, sell, assign or otherwise dispose of any Fund Interest Units and which the Determination Agent determines could affect a Hypothetical Investor;
- (l) **Closure to Subscriptions; Dealing Restrictions:** in respect of any Fund Interest, (A) the closure of the related Fund to new subscriptions of Fund Interests, or (B) the imposition of any dealing restrictions (including, without limitation, material amendments to relevant documentation, delay (partial or otherwise), suspension or termination (partial or otherwise) of subscription, redemption or settlement) relating to the Fund or transactions in Fund Interests by any Fund Service Provider, any affiliate or agent of any Fund Service Provider, or any intermediary platform through which the Issuer or its affiliates may contract (via a trading agreement or otherwise) in order to carry out transactions in Fund Interests, which, in either case, remains in effect for five consecutive Business Days;
- (m) **Disposals: Material Change: Merger:** in respect of any Fund Interest, (A) a disposal to any person(s) of all, or a material part, of the assets of (x) the related Fund, or (y) any significant Fund Service Provider; or (B) a material change in the business of the Fund or any significant Fund Service Provider, or (C) the merger, amalgamation or consolidation of (1) the related Fund with (x) any other sub-fund or compartment of the Fund or (y) any other collective investment undertaking (or sub-fund or compartment of such other collective investment undertaking, including another Fund), or (2) the relevant Company with any other collective investment undertaking (including, without limitation, another Fund or Company), which, in either case, may, in the determination of the Determination Agent, have an adverse effect on the Fund;
- (n) **Hedging Disruption:** any of the following:
 - (i) the Determination Agent reasonably determines that the Issuer or any Affiliate (a "**Hedging Party**") is unable (including without limitation by reason of illegality), or that it is impracticable for a Hedging Party, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) (each a "**Relevant Hedging Transaction**") such Hedging Party deems necessary or appropriate to hedge its exposure to price variations of the Fund Interest (in the case of Single Fund Notes) or the Basket of Funds (in the case of Fund Basket Notes) inherent in its obligations, in the case of the Issuer, under the Notes or, in the case of an Affiliate, under any transaction pursuant to which it hedges the Issuer's exposure to the Fund Interest (in the case of Single Fund Notes) or the Basket of Funds (in the case of Fund Basket Notes) under the Notes, or (ii) realise, recover or remit to any person the proceeds of such transaction or asset; and/or
 - (ii) the Determination Agent reasonably determines that it has become illegal for any Hedging Party to hold, acquire or dispose of Fund Interests relating to the Notes; and/or
 - (iii) the Determination Agent reasonably determines that the Issuer would incur an increased cost in respect of the Relevant Hedging Transactions related to the performance of its obligation under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); and/or

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- (iv) the Determination Agent reasonably determines that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Issue 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 Relevant Hedging Transaction, or (B) realize, recover or remit the proceeds of any such Relevant Hedging Transaction; unless any such materially increased amount is incurred solely due to the deterioration of the creditworthiness of the Hedging Party,

and such determinations by the Determination Agent may include, but are not limited to, the following: (A) any increased illiquidity in the market for the Fund Interest (in the case of Single Fund Notes) or the Basket of Funds (in the case of Fund Basket Notes) (as compared with circumstances existing on the Issue Date); or (B) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or (C) the general unavailability of market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms;

- (o) **Fraud:** in respect of any Fund Interest and the related Fund, the Fund is the object of a material fraud which may, in the determination of the Determination Agent, have an adverse effect on the Fund or the value of Fund Interest Units; or any act or omission of a Fund Service Provider constitutes fraud (including, but not limited to, theft, misappropriation, mispricing of holdings or concealment of trades), bad faith, wilful misconduct or negligence, as determined by the Determination Agent in its reasonable discretion;
- (p) **Special Regulatory Event:** in respect of any Fund Interest and the related Fund (i) the cancellation, suspension or revocation of the registration or approval of such Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund or (ii) the withdrawal, suspension, cancellation or modification of any license, consent, permit, authorisation or clearance required for the Fund or any one or more of its significant Fund Service Providers to carry out their activities as they are or should be carried out in compliance with applicable law or regulation;
- (q) **Force Majeure Event:** in respect of any Fund Interest and the related Fund, any Fund Service Provider fails to perform any of its obligations pursuant to the Fund Documents to the extent that such performance is prevented, hindered or delayed by a Force Majeure Event, where "**Force Majeure Event**" means any event due to any cause beyond the reasonable control of the applicable Fund Service Provider, such as unavailability of communications system, failure of or interruptions in power supply or network computer systems, sabotage, fire, flood, explosion, acts of God, civil commotion, riots, insurrection or war; or
- (r) **Value Limitation:** the value of any Fund Interest held by the Issuer and its Affiliates is greater than 10 per cent. of the aggregate net asset value of the relevant Fund (whether or not all of such holding results from hedging transactions entered into in connection with the Notes) and including, where the excess holding results from a reduction in the aggregate net asset value of the relevant Fund

"**Fund Event Notice**" has the meaning given to that term in Condition 12.5 (*Fund Events*);

"**Fund Interest**" means an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the applicable Final Terms;

"**Fund Interest Performance**" means, in respect of any Fund Interest and any Valuation Date or Averaging Date, a rate determined by the Determination Agent in accordance with the formula specified as such in the applicable Final Terms;

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"Fund Interest Unit" means, in respect of any Fund Interest and the related Fund, a share in such Fund or, if Fund Interests in such Fund are not denominated as shares, a notional unit of account of ownership in such Fund in the amount specified in the applicable Final Terms;

"Fund-Linked Early Redemption Amount" means, in respect of any Note, an amount determined by the Determination Agent in the Specified Currency specified in the applicable Final Terms, to be the fair market value of a Note based on the market conditions prevailing at the date of determination reduced to account fully for any reasonable expenses and costs of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation, any Fund Interests, options, swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Notes);

"Fund Prospectus" means, in respect of any Fund Interest and the related Fund, the prospectus or other offering document issued by such Fund in connection with such Fund Interest, as amended or supplemented from time to time;

"Fund Reporting Date" means, in respect of any Fund Interest and any Fund Valuation Date, the date on which the Reported Fund Interest Unit Value of such Fund Interest as determined as of such Fund Valuation Date is reported or published;

"Fund Service Provider" means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, to that Fund, whether or not specified in the Fund Documents, including without limitation any Fund Adviser, Fund Administrator, Fund Custodian and Additional Fund Service Provider;

"Fund Subscription Date" means, in respect of any Fund Interest, the date specified as such in the applicable Final Terms or, if no such date is specified, the day as of which a request by a Hypothetical Investor for subscription to such Fund Interest that has been submitted on the related Subscription Notice Date and in a form and substance acceptable to the related Fund would be considered effective by such Fund;

"Fund Valuation Date" means, in respect of any Fund Interest, the date as of which the related Fund (or its Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Fund only reports its aggregate net asset value, the date as of which such Fund determines its aggregate net asset value;

"Hedging Party" has the meaning given in the definition of "Fund Event" above;

"Hypothetical Investor" means, unless otherwise specified in the applicable Final Terms, in respect of any Fund Interest, a hypothetical investor in such Fund Interest located in the Hypothetical Investor Jurisdiction and deemed to have (a) the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the related Fund Subscription Date, an interest in the relevant Fund in an amount equal to the relevant number of relevant Fund Interest Units or amount of such Fund Interest; (b) in the case of any deemed redemption of such Fund Interest, to have submitted to the relevant Fund on the relevant Redemption Notice Date, a duly completed notice requesting redemption of the relevant number of Fund Interest Units; and (c) in the case of any deemed investment in such Fund Interest, to have submitted, on the Subscription Notice Date, a duly completed notice to the relevant Fund, requesting subscription to the relevant number of Fund Interest Units;

"Hypothetical Investor Jurisdiction" means the jurisdiction specified as such in the applicable Final Terms or, if no jurisdiction is so specified, the jurisdiction of incorporation of the Issuer;

"Market Disruption Event" means any of the following events as determined by the Determination Agent:

- (a) in respect of any Fund Interest, the failure of a Scheduled Fund Valuation Date to be a Fund Valuation Date or any continued postponement of such Fund Valuation Date; or
- (b) in respect of any Fund Interest, there is a failure by the Fund to pay the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds with respect to the relevant number of Fund Interest Units or amount of such Fund Interest

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scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of such Fund Interests);

- (c) the inability (including by reason of illegality) of, or the impracticability for, a Hedging Party to (i) unwind or dispose of any transaction it has entered into, or any asset it holds, in either case for the purpose of hedging its exposure to price variations of the Fund Interest (in the case of Single Fund Notes) or the Basket of Funds (in the case of Fund Basket Notes) inherent in its obligations, in the case of the Issuer, under the Notes or, in the case of an affiliate, under any transaction pursuant to which it hedges the Issuer's exposure to the Fund Interest (in the case of Single Fund Notes) or the Basket of Funds (in the case of the Fund Basket Notes) under the Notes, or (ii) realize, recover or remit to any person the proceeds of any such transaction or asset,
- (d) **provided that** if any event would otherwise be both a Market Disruption Event and Fund Event, such event shall be treated solely as a Fund Event;

"NAV Trigger Percentage" means the percentage (if any) specified as such in the applicable Final Terms;

"NAV Trigger Period" means the period (if any) specified as such in the applicable Final Terms;

"Net Present Value" means, in respect of an amount payable on a future date, the discounted value of such amount as calculated by the Determination Agent in its discretion taking into account the relevant interbank offered rate at the time of such calculation for one month deposits in the relevant currency or such other reference rate as the Determination Agent determines to be appropriate;

"Number of Fund Interest Units" means, in the case of Fund Basket Notes, at any time, in respect of the Fund Interest Units of each Fund comprised in the Basket of Funds at such time, the number of such Fund Interest Units per Basket of Funds specified or otherwise determined as provided in the applicable Final Terms;

"Potential Adjustment Event" means, in respect of any Fund Interest, any of the following events in the determination of the Determination Agent:

- (a) a subdivision, consolidation or reclassification of the relevant amount of Fund Interest, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalization or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Fund Interest of (A) an additional amount of such Fund Interest, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Fund equally or proportionately with such payments to holders of such Fund Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Fund as a result of a spin-off or other similar transaction, or (D) 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 Determination Agent;
- (c) an Extraordinary Dividend; or
- (d) a repurchase by the Fund of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests;

"Redemption Notice Date" means, in respect of any Fund Interest and any Valuation Date or Averaging Date, the date specified as such in the applicable Final Terms or, if no date is so specified, the last date on which a Hypothetical Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Fund, to submit a redemption notice that would be timely for a redemption as of the Scheduled Redemption Valuation Date for which

the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date;

"Redemption Proceeds" means, in respect of the relevant number of Fund Interest Units or amount of any Fund Interest, the redemption proceeds that in the determination of the Determination Agent would be paid by the related Fund to a Hypothetical Investor who, as of the relevant Redemption Valuation Date, redeems such number of Fund Interest Units or amount of Fund Interest (for the avoidance of doubt after deduction of any tax, levy, charge, assessment or fee of any nature that, in the determination of the Determination Agent, would (or would be very likely to) be withheld or deducted from such amount); **provided that** (a) any such proceeds that would be paid in property other than cash shall be deemed to have a value of zero and (b) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, then the Hypothetical Investor shall be deemed to have elected cash payment, except as otherwise specified in the applicable Final Terms;

"Redemption Valuation Date" means, in respect of any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Fund (or its Fund Service Provider that generally determines such value) determines the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid notice for redemption on or before the related Redemption Notice Date;

"Reference Price" means:

- (a) in the case of Single Fund Notes, the Relevant Fund Interest Unit Price; and
- (b) in the case of Fund Basket Notes, the price per Basket of Funds determined as provided in the applicable Final Terms as of the Final Valuation Time on the Final Valuation Date or, if no means of determining such price are so provided, the sum of the values calculated as of the Final Valuation Time on the Final Valuation Date for each Fund Interest Unit comprising the Basket of Funds as the product of the Relevant Fund Interest Unit Price of such Fund Interest Unit and the relevant Number of Fund Interest Units comprised in the Basket of Funds,

provided that when calculating the Relevant Fund Interest Unit Price of any Fund Interest Unit for the purposes of determining the Reference Price, the Valuation Time and the Valuation Date will be the Final Valuation Time and the Final Valuation Date, respectively;

"Relevant Fund Interest Unit Price" means, in respect of a Fund Interest and any Valuation Date or Averaging Date, the amount per related Fund Interest Unit, determined by the Determination Agent as being equal to the Redemption Proceeds relating to such Fund Interest Unit that in the determination of the Determination Agent would be received by a Hypothetical Investor in such Fund Interest in respect of a redemption of Fund Interest Units targeted to be effected as of the Scheduled Redemption Valuation Date relating to such Valuation Date or Averaging Date, as the case may be;

"Removal Value" means, in respect of any Affected Fund Interest, the value calculated by the Determination Agent in the same manner as would be used in determining the Relevant Fund Interest Unit Price of Fund Interest Units in the related Fund, but assuming a valid notice requesting redemption of Fund Interest Units in such Fund has been submitted to such Fund on the Fund Business Day next following delivery of the relevant Fund Event Notice;

"Reported Fund Interest Unit Value" means, in respect of any Fund Interest and a Fund Reporting Date relating to such Fund Interest, the value per Fund Interest Unit as of the related Fund Valuation Date or, if the related Fund reports only its aggregate net asset value, the portion of such Fund's aggregate net asset value relating to one Fund Interest Unit, in each case as reported on such Fund Reporting Date by the Fund Service Provider that generally reports such value on behalf of the Fund to its investors or a publishing service;

"Scheduled Dividend" means any amount of Fund Interest specified in the Schedule of Ordinary Dividends;

"Scheduled Fund Valuation Date" means, in respect of any Fund Interest, the date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or, if the related Fund only reports its aggregate net asset value, the date as of which such Fund determines its aggregate net asset value;

"Schedule of Ordinary Dividends" means, in respect of any Fund Interest and any Series of Notes, the schedule of dividends expected to be paid by the relevant Fund, as specified in the applicable Final Terms;

"Scheduled Redemption Payment Date" means, in respect of any Fund Interest and any Scheduled Redemption Valuation Date, the date specified as such in the applicable Final Terms or, if not so specified, the date by which the related Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the Redemption Proceeds to an investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date;

"Scheduled Redemption Valuation Date" means, in respect of any Fund Interest, the date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of such Fund Interest for the purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date; the Scheduled Redemption Valuation Date relating to any Valuation Date or Averaging Date, as the case may be, shall be the date specified as such in the applicable Final Terms or, if no such date is specified, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date, as the case may be;

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

"Subscription Notice Date" means, in respect of any Fund Interest and any Fund Subscription Date, the date specified as such in the applicable Final Terms or, if no date is so specified, the last date on which a notice to subscribe to such Fund Interest may be submitted pursuant to the Fund Documents of the related Fund and be considered effective as of such Fund Subscription Date; If the applicable Final Terms do not specify a Subscription Notice Date or a Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Issue Date;

"Valuation Date" means each date specified as such, or specified as an "Observation Date", "Interest Determination Date" or "Determination Date" or, if such date is not a Business Day, the next following Business Day, subject to the provisions of Condition 12.1 (*Adjustment for Disrupted Days*); and

"Valuation Time" means the time on the Valuation Date or Averaging Date specified as such in the applicable Final Terms or, if no time is so specified, the close of business in the Hypothetical Investor Jurisdiction on the relevant Valuation Date or Averaging Date.

13. **PROVISIONS RELATING TO PREFERENCE SHARE-LINKED NOTES**

This Condition 13 (*Provisions relating to Preference Share-Linked Notes*) is applicable only in relation to Notes specified in the applicable Final Terms as being Preference Share-Linked Notes.

- 13.1 **Redemption of Preference Share-Linked Notes:** Unless previously redeemed or purchased and cancelled, each Preference Share-Linked Note will be redeemed by the Issuer on the Maturity Date by payment of the Final Redemption Amount specified in the applicable Final Terms, or determined in accordance with such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms.

- 13.2 **Early Redemption for Taxation Reasons:** If the Preference Share-Linked Notes are redeemed pursuant to Condition 14.2 or 14.3 (as applicable), each Preference Share-Linked Note shall be redeemed at the Early Preference Share Redemption Note Amount per Calculation Amount.
- 13.3 **Call Option:** If Call Option is specified in the applicable Final Terms as being applicable the provisions of Condition 14.7 (*Redemption at the Option of Noteholders*) shall apply to the Preference Share-Linked Notes as if the words "in whole or, if so specified in the applicable Final Terms, in part" in the second and third lines were replaced with the words "in whole (but not in part)".
- 13.4 **Early Redemption in respect of Preference Share-Linked Notes:** Upon the occurrence of an Early Redemption Event, the Issuer may give notice to the Noteholders in accordance with Condition 26 (*Notices*) and will redeem all (but not some only) of the Preference Share-Linked Notes on the tenth Business Day immediately preceding the Early Preference Share Redemption Date (as specified in the Early Preference Share Redemption Notice), each Preference Share-Linked Note to be redeemed by payment of the Early Preference Share Redemption Note Amount.
- 13.5 **Extraordinary Events:** If in the determination of the Determination Agent an Extraordinary Event occurs, the Issuer may (but is not obliged to) give notice to the Noteholders in accordance with Condition 26 (*Notices*) and redeem all, but not some only, of the Preference Share-Linked Notes, each Preference Share-Linked Note being redeemed at the Early Preference Share Redemption Note Amount on the tenth Business Day immediately following the date on which such determination is made by the Determination Agent.
- 13.6 **Additional Disruption Events:** If in the determination of the Determination Agent an Additional Disruption Event occurs, the Issuer may (but is not obliged to) give notice to Noteholders in accordance with Condition 26 (*Notices*) and redeem all, but not some only, of the Preference Share-Linked Notes, each Preference Share-Linked Note being redeemed at the Early Preference Share Redemption Note Amount on the tenth Business Day immediately following the date on which such determination is made by the Determination Agent.
- 13.7 **Payments – General Provisions:** Condition 15.8 (*Unavailability of Currency*) shall not apply to the Preference Share-Linked Notes.
- 13.8 **Definitions applicable to Preference Share-Linked Notes**

"**Additional Disruption Event**" means, with respect to any Series of Preference Share-Linked Notes, such of Change in Law, Hedging Disruption, Insolvency Filing and/or Increased Cost of Hedging as are applicable as specified in the applicable Final Terms.

"**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 that (x) it has become illegal to hold, acquire or dispose of any Preference Share or (y) it will incur a materially increased cost in performing its obligations in relation to the Preference Share-Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Early Redemption Event**" means that the Issuer or any of its affiliates has received notice from the Preference Share Issuer that the Preference Shares are to be redeemed early.

"**Early Preference Share Redemption Date**" means a date upon which the Preference Shares are redeemed prior to their planned maturity, as specified in the relevant Early Preference Share Redemption Notice.

"Early Preference Share Redemption Note Amount" means, in respect of each Preference Share-Linked Note, an amount in the Specified Currency per Calculation Amount calculated by the Determination Agent equal to:

$$\text{Calculation Amount} \times \text{Participation Rate} \times \frac{\text{Preference Share Value}_{\text{early}}}{\text{Preference Share Value}_{\text{initial}}}$$

"Early Preference Share Redemption Notice" means a notice from Preference Share Issuer that the Preference Shares are to be redeemed early.

"Early Redemption Valuation Date" means the second Business Day immediately preceding the date for early redemption of the Preference Share-Linked Notes.

"Extraordinary Event" means a Merger Event, a Nationalisation, a Tender Offer and/or an Insolvency or such other event specified as such in the applicable Final Terms.

"Final Valuation Date" means the date specified as such in the applicable Final Terms or, if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Final Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Determination Agent.

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

"Increased Cost of Hedging" means that the Issuer 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 Preference Shares 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.

"Initial Valuation Date" means the Issue Date or, if the date for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Initial Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Determination Agent.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting Preference Share Issuer (A) all the Preference Shares are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Preference Shares become legally prohibited from transferring them.

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

"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 Determination Agent.

"Merger Event" means any (A) reclassification or change of the Preference Shares that results in a transfer of or an irrevocable commitment to transfer all of such Preference Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of Preference Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Preference Shares outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Preference Shares that results in a transfer of or an irrevocable commitment to transfer all such Preference Shares (other than such Preference Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of Preference Share Issuer with or into another entity in which Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Preference Shares outstanding but results in the outstanding Preference Shares (other than Preference Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Preference Shares immediately following such event, in each case if the Merger Date is on or before the Maturity Date.

"Nationalisation" means that all the Preference Shares or all or substantially all the assets of Preference Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Participation Rate" means the percentage rate specified as such in the applicable Final Terms.

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

"Preference Share Issuer" means the company specified as such in the applicable Final Terms, or, if no such company is specified, means, in respect of any Preference Shares, the issuer of, or other legal arrangement (including, if applicable, any relevant class or series) giving rise to the relevant Preference Share.

"Preference Shares" means the preferences shares specified as such in the applicable Final Terms.

"Preference Share Value" means, in respect of any day, the fair market value of the Preference Share at the Valuation Time on such day, as determined by the Determination Agent.

"Preference Share Value_{early}" means the Preference Share Value on the Early Redemption Valuation Date."

"Preference Share Value_{initial}" means the Preference Share Value on the Strike Date."

"Valuation Time" has the meaning given to it in the applicable Final Terms or if not set out in the applicable Final Terms, immediately following the time at which the final preference share redemption amount in respect of the Preference Shares is determined.

- 13.9 **Calculations and Determinations:** The Determination Agent will make the calculations and determinations as described in this Condition 13.9 (*Calculations and Determinations*) in such a manner as the Determination Agent determines is appropriate acting in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Conditions and the hedging arrangements in respect of the Preference Share-Linked Notes).

Notwithstanding that certain calculations, determinations and adjustments in this Condition 16.9 may be expressed to be on a certain date, the Determination Agent may make such calculations, determinations and adjustments in respect of that date on a date after that date determined by it in its discretion.

Pursuant to this Condition 13.9 (*Calculations and Determinations*) the Determination Agent has a number of discretions. These are necessary since in certain circumstances it is not reasonably practicable or otherwise not appropriate for certain valuations to be carried out in relation to relevant reference assets and in these circumstances the Determination Agent also may exercise certain discretions.

The provisions of the second paragraph of Condition 5.8 (*Number of days*) will not apply to the calculation of the Final Redemption Amount or Early Redemption Amount.

13.10 **Rounding:** Condition 29 (*Rounding*) shall not apply to the Preference Share-Linked Notes.

14. REDEMPTION AND PURCHASE

14.1 **Scheduled Redemption.** Unless previously redeemed or cancelled, and unless otherwise specified in the Conditions, (i) Cash Settlement Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 15 (*Payments – Registered Notes*) or Condition 16 (*Payments – Uncertificated Notes*) and (ii) Physical Settlement Notes shall be redeemed by delivery of the Physical Delivery Amount on the Physical Settlement Date, subject as provided in Condition 17 (*Physical Settlement*), in each case in accordance with these Conditions (including such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms).

14.2 **Tax Redemption — Morgan Stanley Notes.** Notes issued by Morgan Stanley may be redeemed in whole (but not in part), at the option of Morgan Stanley at any time prior to maturity, upon the giving of a notice of redemption as described below, if Morgan Stanley determines that, as a result of:

14.2.1 any change in or amendment to the laws, or any regulations or rulings promulgated under the laws, of the United States or of any political subdivision or taxing authority of or in the United States affecting taxation, or

14.2.2 any change in official position regarding the application or interpretation of the laws, regulations or rulings referred to above,

which change or amendment becomes effective on or after the date of the applicable Final Terms in connection with the issuance of the Notes, Morgan Stanley is or will become obligated to pay Additional Amounts with respect to the Notes as described in Condition 18 (*Taxation*). The Notes will be redeemed at the Early Redemption Amount (Tax).

14.3 **Tax Redemption — MSI plc and MSBV Notes.** MSI plc Notes and MSBV Notes may be redeemed in whole (but not in part), at the option of the relevant Issuer at any time prior to maturity, upon the giving of a notice of redemption as described below, if the Issuer determines, in its sole discretion, that it or the Guarantor is or will become required by law to make any withholding or deduction with respect to the Notes, as described in Condition 18 (*Taxation*). The Notes will be redeemed at the Early Redemption Amount (Tax). The Issuer will give notice of any tax redemption in accordance with Condition 26 (*Notices*).

14.4 Prior to the relevant Issuer giving notice of redemption under Condition 14.2 (*Tax Redemption — Morgan Stanley Notes*) or 14.3 (*Tax Redemption — MSI plc and MSBV Notes*), it will deliver to the Fiscal Agent:

14.4.1 a certificate stating that it is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have occurred (the date on which that certificate is delivered to the Fiscal Agent is the "**Redemption Determination Date**"); and

- 14.4.2 an opinion of independent legal counsel of recognised standing to that effect based on the statement of facts.

Notice of redemption will be given not less than 30 nor more than 60 days prior to the date fixed for redemption. The date and the applicable redemption price will be specified in the notice.

- 14.5 **Redemption at the Option of the Issuer.** If the Call Option is specified in the applicable Final Terms as being applicable, at any time after the Call Option Exercise Date, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the applicable Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date) and, in the case of Uncertificated Notes, no less than 45 days' notice to the Euroclear Registrar.

14.6 **Partial Redemption**

- (a) if the Notes are to be redeemed in part only on any date in accordance with Condition 14.5 (*Redemption at the Option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 14.5 (*Redemption at the Option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed;
- (b) in respect of a partial redemption of Nordic Notes, the notice to Noteholders referred to in Condition 14.5 (*Redemption at the Option of the Issuer*) shall also specify the Nordic Notes or amounts of the Nordic Notes to be redeemed and the Record Date in respect of the relevant Nordic Notes and the procedures for partial redemption laid down in the then applicable NCSD Rules will be observed; and
- (c) in respect of a partial redemption of Uncertificated Notes, the notice to Noteholders referred to in Condition 14.7 (*Redemption at the Option of Noteholders*) below shall also specify any procedures for partial redemption laid out in the then applicable Regulations.

- 14.7 **Redemption at the Option of Noteholders.** If the Put Option is specified in the applicable Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put), together with interest (if any) accrued to such date, **provided that** such Optional Redemption Date (Put) shall be, as specified in the applicable Final Terms, either (i) a date which is on or after the Put Option Exercise Date or (ii) a date which is in the Put Option Exercise Period.

- 14.7.1 In order to exercise the option contained in this Condition 14.7 (*Redemption at the Option of Noteholders*) the holder of a Note (other than an Uncertificated Note) must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit such Note (together with all unmatured Coupons relating thereto) with the Registrar, and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. In respect of Nordic Notes, the Put Notice shall not take effect against the Issuer before the date on which the relevant Nordic Notes have been transferred to the account designated by the NCSD Issuing Agent and blocked for further transfer by the relevant NCSD Issuing Agent. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 14.7 (*Redemption at the Option of Noteholders*), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail

notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 14.7 (*Redemption at the Option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

14.7.2 In order to exercise the option contained in this Condition 14.7 (*Redemption at the Option of Noteholders*) the holder of an Uncertificated Note must not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) deposit with the Euroclear Registrar a duly completed Put Option Notice in the form obtainable from the Euroclear Registrar. The Euroclear Registrar with which a Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. Once deposited a duly completed Put Option Notice may not be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), the related Note becomes immediately due and payable or, upon the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Euroclear Registrar shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and the relevant depositing Noteholder and not the Euroclear Registrar shall be deemed to be the holder of such Note for all purposes in such case.

14.8 **Early Redemption of Zero Coupon Notes:** Unless a different Redemption Amount is specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

14.8.1 the Reference Price; and

14.8.2 the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the applicable Final Terms for the purposes of this Condition 14.8 (*Early Redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

14.9 **Purchase:** Morgan Stanley, MSI plc, MSBV or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

14.10 **Cancellation:** All Notes so redeemed shall, and all Notes so purchased by Morgan Stanley, MSI plc, MSBV or any of their respective Subsidiaries may, at the discretion of the relevant purchaser, be cancelled. All Notes so redeemed, and all Notes so purchased and cancelled, may not be reissued or resold.

14.11 **Automatic Early Redemption Event**

Capitalised terms not defined herein shall have the meanings given to them in (i) such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, or, if no such provisions are applicable, (ii) Condition 9.7 above.

If "**Automatic Early Redemption Event**" is specified as applicable in the Final Terms, then, subject to such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Early Redemption Amount payable by the Issuer on such date upon redemption of

each Note shall be an amount in the Specified Currency specified in the applicable Final Terms equal to the relevant Automatic Early Redemption Amount.

Definitions

In these conditions:

"Automatic Early Redemption Amount" means (a) an amount in the Specified Currency determined in accordance with such provisions (if any) of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms, or, if no such provisions are applicable (b) an amount in the Specified Currency (if any) specified as such in the applicable Final Terms or if neither (a) nor (b) applies, (c) an amount equal to the product of (i) the denomination of each Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

"Automatic Early Redemption Date" means each date specified as such in the applicable Final Terms or if such date is not a Business Day, the next following Business Day, and no Noteholder shall be entitled to any interest or further payment in respect of such delay.

"Automatic Early Redemption Event" means, unless otherwise defined in such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms (i) in case of a series of Equity-Linked Notes, Currency-Linked Notes or Fund-Linked Notes, that the Relevant Underlying Value is, and (ii) in the case of a Series of Fixed Rate Notes which are Barrier Notes (each as defined in Section 2 of the Additional Terms and Conditions), Floating Rate Notes or Range Accrual Notes (as defined in Section 2 of the Additional Terms and Conditions), the Cumulative Interest Amount is, in each case as of the Determination Time on any Automatic Early Redemption Valuation Date, (A) "greater than", (B) "greater than or equal to", (C) "less than" or (D) "less than or equal to" the Automatic Early Redemption Level, as specified in the Final Terms.

"Automatic Early Redemption Level" means, (i) in relation to a Series of Equity-Linked Notes, Currency-Linked Notes or Fund-Linked Notes, and unless otherwise defined in such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms the level of the Index, price of the ETF Interest or Underlying Share or Fund Interest, or the Specified Rate, as applicable, specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with the applicable provisions of these Conditions, and (ii) in relation to a Series of Fixed Rate Notes which are Barrier Notes (each as defined in Section 2 of the Additional Terms and Conditions), Floating Rate Notes or Range Accrual Notes (as defined in Section 2 of the Additional Terms and Conditions), the value (which may be expressed as a value or percentage per Calculation Amount) specified as such in the applicable Final Terms;

"Automatic Early Redemption Rate" means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms or, if no such rate is specified, 100 per cent.;

"Automatic Early Redemption Valuation Date" means, (i) in relation to in relation to a Series of Fixed Rate Notes which are Barrier Notes (each as defined in Section 2 of the Additional Terms and Conditions), Floating Rate Notes or Range Accrual Notes (as defined in Section 2 of the Additional Terms and Conditions), each date specified as such in the applicable Final Terms, and (ii) in relation to a Series of Equity-Linked Notes, Currency-Linked Notes or Fund-Linked Notes, each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Determination Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions of Condition 9.1.1 shall apply *mutatis mutandis* as if references in such provisions to "Valuation Date" were to "Automatic Early Redemption Valuation Date";

"Cumulative Interest Amount" means, in relation to a Series of Fixed Rate Notes which are Barrier Notes (each as defined in Section 2 of the Additional Terms and Conditions), Floating Rate Notes or Range Accrual Notes (as defined in Section 2 of the Additional Terms and Conditions) and any Automatic Early Redemption Valuation Date, the sum, per Calculation

Amount, as calculated by the Determination Agent, of (i) all Interest Amounts paid up to and including the Interest Payment Date preceding the relevant Automatic Early Redemption Valuation Date plus (ii) the Interest Amount due to be paid on the Interest Payment Date, if any, falling on the immediately succeeding Automatic Early Redemption Date; and

"Relevant Underlying Value" means the value of the Relevant Underlying as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) of the Additional Terms and Conditions are specified as being applicable in the applicable Final Terms.

15. PAYMENTS – REGISTERED NOTES

For the purposes of this Condition 15 (*Payments – Registered Notes*), references to payment or repayment (as the case may be) of principal and/or interest and other similar expressions will, where the context so admits, be deemed also to refer to transfer of any Physical Delivery Amount(s).

- 15.1 Principal:** Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth (15th) day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- 15.2 Interest:** Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth (15th) day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- 15.3 Payments Subject to Fiscal Laws:** All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 18 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 15.4 Payments on Payment Business Days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 15 (*Payments – Registered Notes*) arriving after the due date for payment or being lost in the mail.
- 15.5 Partial payments:** If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

- 15.6 **Record date:** Each payment in respect of a Registered Note will be made to the person shown as the holder in the Register at the opening of business in the place of the Registrar's Specified Office on such number of days before the due date for such payment as is specified in the applicable Final Terms (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the holder in the Register at the opening of business on the relevant Record Date.
- 15.7 **Payments of Principal and Interest in respect of Nordic Notes:** Payments of principal, interest and/or any other amount payable under these Conditions in respect of Nordic Notes shall be made to the Noteholders recorded as such on the fifth business day (as defined by the then applicable NCSD Rules) before the due date for such payment, or such other business day falling closer to the due date as may then be stipulated in said Rules. Such day shall be the Record Date in respect of the Nordic Notes.
- 15.8 **Unavailability of Currency.** If the Specified Currency is not available to the Issuer for making payments of principal of, and premium, interest and/or additional amounts, if any, on any Registered Note (whether due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, or if the Specified Currency is no longer used by the government of the country issuing that currency or by public institutions within the international banking community for the settlement of transactions), the Issuer may satisfy its obligations to Noteholders by making payments on the date of payment in U.S. dollars on the basis of the prevailing exchange rate on the date of the payment or of the most recent practicable date, such rate being based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 a.m., New York City time, on the second Business Day preceding the applicable payment date from three recognised foreign exchange dealers for the purchase by the quoting dealer:
- (i) of the Specified Currency for U.S. dollars for settlement on the payment date;
 - (ii) in the aggregate amount of the Specified Currency payable to those holders or beneficial owners of Notes; and
 - (iii) at which the applicable dealer commits to execute a contract.

If those bid quotations are not available, the Exchange Rate Agent will determine the Market Exchange Rate at its sole discretion. All determinations by the Exchange Rate Agent will, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer, the Guarantor (if applicable) and the Noteholders. The Exchange Rate Agent will be Morgan Stanley & Co. International plc, unless otherwise noted in the applicable Final Terms. If the Exchange Rate Agent is not an affiliate of Morgan Stanley, it may be one of the dealers providing quotations.

Any payment made in U.S. dollars on the basis of the prevailing exchange rate where the required payment is in an unavailable Specified Currency will not constitute an Event of Default.

The foregoing provisions do not apply if a Specified Currency is unavailable because it has been replaced by the euro. If the euro has been substituted for a Specified Currency, the Issuer may (or will, if required by applicable law) without the consent of the holders of the affected Notes, pay the principal of, premium, if any, or interest, if any, on any Note denominated in the Specified Currency in euro instead of the Specified Currency, in conformity with legally applicable measures taken pursuant to, or by virtue of, the Treaty. Any payment made in U.S. dollars or in euro as described above where the required payment is in an unavailable Specified Currency will not constitute an Event of Default.

16. **PAYMENTS – UNCERTIFICATED NOTES**

This Condition 16 (*Payments – Uncertificated Notes*) is only applicable to Uncertificated Notes.

- 16.1 **Principal:** Subject as provided below, the Euroclear Registrar shall pay or cause to be paid payments of principal in respect of Uncertificated Notes to the relevant Noteholder's cash account such payment to be made in accordance with the rules of the Operator.

- 16.2 **Interest:** Payments of interest (if any) in respect of Uncertificated Notes will be discharged by payment (as shown in the records of the Operator) to the cash account of the relevant Noteholder.
- 16.3 **General:** Each of the persons shown in the Operator register of eligible debt securities as the holder of a particular principal amount of Uncertificated Notes must look solely to the settlement bank or institution at which its cash account is held for his share of each such payment so made by or on behalf of the Issuer.
- 16.4 **Payments Subject to Fiscal Laws:** All payments in respect of the Uncertificated Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 18 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 16.5 **Payments on Payment Business Days:** Payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated on the due date for payment. A holder of an Uncertificated Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

17. **PHYSICAL SETTLEMENT**

17.1 **Delivery Notice**

- (i) Each Noteholder in respect of Physical Settlement Notes, shall, on or before the scheduled date for redemption thereof (or such earlier date as the Issuer shall notify to the Fiscal Agent and/or Euroclear Registrar and the Noteholders is, in its determination, necessary for the Issuer, the Fiscal Agent and/or the Relevant Clearing System(s) and/or the Euroclear Registrar to perform their respective obligations hereunder) send to the Relevant Clearing System(s) (in accordance with the relevant operating procedures) or, in the case of Uncertificated Notes, the Euroclear Registrar, and the Fiscal Agent an irrevocable notice (the "**Delivery Notice**") in the form from time to time approved by the Issuer, which must:
- (a) specify the name and address of the Noteholder;
 - (b) specify the number of Notes in respect of which he is the Noteholder;
 - (c) except in the case of Uncertificated Notes, specify the number of the Noteholder's account at the Relevant Clearing System(s) to be debited with such Notes;
 - (d) except in the case of Uncertificated Notes, irrevocably instruct and authorise the Relevant Clearing System(s) (A) to debit the Noteholder's account with such Notes on the Physical Settlement Date and (B) that no further transfers of the Notes specified in the Delivery Notice may be made;
 - (e) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Delivery Notice relates are free from all liens, charges, encumbrances and other third party rights;
 - (f) specify the number and account name of the account at the Clearing System(s) to be credited with the Physical Delivery Amount if Physical Settlement is applicable;
 - (g) contain an irrevocable undertaking to pay the Redemption Expenses and Taxes (if any) and an irrevocable instruction to the Relevant Clearing System(s) to debit on or after the Physical Settlement Date the cash or other account of the Noteholder with the Relevant Clearing System(s) specified in the Delivery Notice with such Redemption Expenses and Taxes;
 - (h) authorise the production of the Delivery Notice in any applicable administrative or legal proceedings; and

- (g) in the case of Uncertificated Notes, specify the cash memorandum account of the Noteholder as shown in the records of the Operator from which the Redemption Expenses and Taxes in respect of such Notes will be paid to the Euroclear Registrar's account with the Operator against delivery of the Physical Delivery Amount and irrevocably agree to deliver such instructions to the Operator as may be requested by the Euroclear Registrar to give effect to the delivery and payments described above.
- (ii) A Delivery Notice, once delivered to the Relevant Clearing System(s) or the Euroclear Registrar shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Delivery Notice following delivery of such Delivery Notice to the Relevant Clearing System(s) or the Euroclear Registrar, as the case may be. A Delivery Notice shall only be valid to the extent that the Relevant Clearing System(s) or the Euroclear Registrar, as the case may be, has not received conflicting prior instructions in respect of the Notes which are the subject of the Delivery Notice.
- (iii) Failure to properly complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Relevant Clearing System(s) or the Euroclear Registrar, as the case may be, after consultation with the Fiscal Agent and shall be conclusive and binding on the Issuer and the Noteholder.
- (iv) The Fiscal Agent shall promptly, on the Business Day following receipt of such notice, send a copy of the Delivery Notice to the Issuer or such person as the Issuer may previously have specified.

17.2 **Delivery Obligation**

- 17.2.1 Subject to the other provisions of this Condition 17.2 (*Delivery Obligation*), the Issuer shall discharge its obligation to deliver the Physical Delivery Amount in respect of any Notes by delivering, or procuring the delivery of, the relevant Underlying Securities on the Physical Settlement Date to the Clearing System for credit to the account with the Clearing System specified in the Delivery Notice of the relevant Noteholder.
- 17.2.2 The number of Underlying Securities to be delivered to or for the account of each Noteholder on redemption of any Physical Settlement Notes shall be as determined in accordance with such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms. The Issuer may pay a residual cash amount to each Noteholder representing any fractions of Underlying Securities comprising the Physical Delivery Amount.
- 17.2.3 After delivery to or for the account of a Noteholder of the relevant Physical Delivery Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Underlying Securities comprised in such Physical Delivery Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Underlying Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Underlying Securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in the Clearing System during such Intervening Period as legal owner of such Underlying Securities.
- 17.2.4 Any amounts in respect of dividends and interest on the Underlying Securities comprising the Physical Delivery Amount to be delivered will be payable to the party that would receive such amounts according to market practice for a sale of such

Underlying Securities executed on the Exchange Business Day following the Determination Date in respect of the Notes. Any such amounts will be paid to or for credit to the account specified by the Noteholder in the relevant Delivery Notice. No right to dividends or interest on the Underlying Securities will accrue to Noteholders prior to the Determination Date.

17.3 Settlement Disruption of Physical Settlement

- 17.3.1 This Condition 17.3 (*Settlement Disruption of Physical Settlement*) shall apply only where Physical Settlement is applicable.
- 17.3.2 The Determination Agent shall determine whether or not at any time a Settlement Disruption Event has occurred in respect of Underlying Securities comprised in the Physical Delivery Amount (the "**Affected Securities**") and where it determines such an event has occurred and so has prevented delivery of such Affected Securities on the original day that but for such Settlement Disruption Event would have been the Physical Settlement Date, then the Physical Settlement Date will be the first succeeding day on which delivery of such Affected Securities can take place through the Clearing System unless a Settlement Disruption Event prevents settlement on each of the ten (10) Clearing System Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been the Physical Settlement Date. In that case, (a) if such Affected Securities can be delivered in any other commercially reasonable manner, then the Physical Settlement Date will be the first day on which settlement of a sale of such Affected Securities executed on that tenth Clearing System Business Day customarily would take place using such other commercially reasonable manner of delivery (which other manner of delivery will be deemed the Clearing System for the purposes of delivery of such Affected Securities), and (b) if such Affected Shares cannot be delivered in any other commercially reasonable manner, then the Physical Settlement Date will be postponed until delivery can be effected through the Clearing System or in any other commercially reasonable manner.
- 17.3.3 For the purposes hereof "**Settlement Disruption Event**" means, as determined by the Determination Agent, an event which is beyond the control of the Issuer or the transferor of any relevant Underlying Securities and as a result of which the Clearing System cannot receive or clear the transfer of such Underlying Securities.

17.4 Delivery Disruption of Physical Settlement

- 17.4.1 This Condition 17.4 (*Delivery Disruption of Physical Settlement*) shall apply only where Physical Settlement is applicable.
- 17.4.2 If the Determination Agent determines that a Delivery Disruption Event has occurred, the Determination Agent shall notify the Issuer who shall promptly notify the Noteholders, and the Issuer will then deliver, or procure the delivery of, on the Physical Settlement Date such number of Underlying Securities comprised in the Physical Delivery Amount (if any) as it can deliver, or procure the delivery of, on that date and pay such amount as in the opinion of the Determination Agent is appropriate in the circumstances by way of compensation for the non-delivery of the remainder of the Underlying Securities comprised in the Physical Delivery Amount (assuming satisfaction of each applicable condition precedent) to which the Noteholders would have been entitled under the Notes but for the occurrence of such Delivery Disruption Event, in which event the entitlements of the respective Noteholders to receive Underlying Securities on redemption shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon delivery of such number of Underlying Securities and payment of such amount.
- 17.4.3 Where this Condition 17.4 (*Delivery Disruption of Physical Settlement*) is applicable in accordance with its terms, insofar as the Determination Agent determines to be practical, the same shall be applied as between the Noteholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Underlying

Securities to be delivered) and also to such other adjustments as the Determination Agent determines to be appropriate to give practical effect to such provisions.

- 17.4.4 For the purposes hereof "**Delivery Disruption Event**" means, as determined by the Determination Agent, the failure or inability, due to illiquidity in the market for the Underlying Securities comprised in the Physical Delivery Amount, by or of the Issuer to deliver, or procure the delivery of, on the Physical Settlement Date all the Underlying Securities comprised in the Physical Delivery Amount to be delivered on that date.

17.5 **Additional Definitions:** For the purposes of this Condition 17 (*Physical Settlement*):

"**Clearing System**" means, in respect of an Underlying Security relating to a Physical Settlement Note, the clearing system specified as such for such security in the applicable Final Terms or any successor to such clearing system as determined by the Determination Agent. If the Final Terms do not specify a clearing system, the Clearing System will be the principal domestic system customarily used for settling trades in the relevant Underlying Securities. If the Clearing System ceases to settle trades in such Underlying Securities, the Determination Agent will, acting in good faith and in a commercially reasonable manner, select another method of delivery;

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

"**Physical Delivery Amount**" means in respect of any Series of Physical Settlement Notes, the Underlying Securities to be delivered by the Issuer to Noteholders on redemption of each Note, as provided in the applicable Final Terms, or determined in accordance with such provisions of the Additional Terms and Conditions as are specified as being applicable in the applicable Final Terms;

"**Physical Settlement Date**" means, in relation to Underlying Securities to be delivered, subject to Condition 17.3 (*Settlement Disruption of Physical Settlement*), in respect of any Notes, the date following the Maturity Date or any other applicable redemption date, as the case may be, which is the first day on which settlement of a sale of such Underlying Securities executed on that Maturity Date or other redemption date, as the case may be, customarily would take place through the Applicable Clearing System, unless otherwise specified in the applicable Final Terms;

"**Settlement Disruption Event**" means, in relation to an security, an event beyond the control of the parties as a result of which the Clearing System cannot clear the transfer of such security.

18. **TAXATION**

- 18.1 **Additional Amounts:** If the applicable Final Terms specify "**Additional Amounts**" as being applicable in respect of any Series of Notes, the Issuer will, subject to certain exceptions and limitations set forth below, pay those additional amounts (the "**Additional Amounts**") to any Noteholder who is a United States Alien as may be necessary in order that every net payment of the principal of and interest on the Note and any other amounts payable on the Note after withholding for or on account of any present or future tax, assessment or governmental charge imposed upon or as a result of that payment by the United States or any political subdivision or taxing authority thereof or therein, will not be less than the amount provided for in the Note to be then due and payable.

The Issuer will not, however, be required to make any payment of Additional Amounts to any Noteholder for or on account of:

- 19.1.1 any present or future tax, assessment or other governmental charge that would not have been so imposed but for:
- (a) the existence of any present or former connection between the Noteholder, or between a fiduciary, settlor, beneficiary, member or shareholder of the Noteholder, if the Noteholder is an estate, a trust, a partnership or a corporation, and the United States and its possessions, including, without limitation, the

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Noteholder, or such fiduciary, settlor, beneficiary, member or shareholder, being or having been a citizen or resident of the United States or being or having been engaged in a trade or business or present in the United States or having, or having had, a permanent establishment in the United States, or

- (b) the presentation by the Noteholder for payment on a date more than 15 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- 18.1.2 any estate, inheritance, gift, sales, transfer, capital gains, corporation, income or personal property tax or any similar tax, assessment or governmental charge;
- 18.1.3 any tax, assessment or other governmental charge imposed by reason of the Noteholder's past or present status as a personal holding company or controlled foreign corporation or passive foreign investment company with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax or as a private foundation or other tax-exempt organisation;
- 18.1.4 any tax, assessment or other governmental charge that is payable otherwise than by withholding from payments on or in respect of any Note;
- 18.1.5 any tax, assessment or other governmental charge that would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of that Note, if compliance is required by statute or by regulation of the United States or of any political subdivision or taxing authority thereof or therein as a precondition to relief or exemption from the tax, assessment or other governmental charge;
- 18.1.6 any withholding tax imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code, as amended, and any applicable U.S. Treasury regulations promulgated thereunder or published administrative guidance implementing such sections (including withholding resulting from any inter-governmental agreement or other agreement with the United States in connection with such sections, regulations and/or guidance);
- 18.1.7 any tax, assessment or other governmental charge imposed by reason of Section 871(m) of the U.S. Internal Revenue Code, as amended, and any applicable U.S. Treasury regulations promulgated thereunder or published administrative guidance implementing such section;
- 18.1.8 any tax, assessment or other governmental charge imposed by reason of the Noteholder's past or present status as the actual or constructive owner of 10 per cent. or more of the total combined voting power of all classes of stock entitled to vote of Morgan Stanley or as a direct or indirect subsidiary of Morgan Stanley; or
- 18.1.9 any combination of the items listed above.

In addition, the Issuer will not be required to make any payment of Additional Amounts with respect to any Note presented for payment (a) by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or (b) where such withholding or deduction is required to be made pursuant to the European Union Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**EU Savings Directive**") or any law implementing or complying with or introduced in order to conform to the Directive.

Nor will Additional Amounts be paid with respect to any payment on a Note to a United States Alien who is a fiduciary or partnership or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of the United States (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary or a member of that partnership or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the Noteholder.

The term "**United States Alien**" means any person who, for United States federal income tax purposes, is a foreign corporation, a nonresident alien individual, a nonresident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is a foreign corporation, a nonresident alien individual or a nonresident alien fiduciary of a foreign estate or trust.

- 18.2 **MSI plc Notes and MSBV Notes.** All payments of principal and interest by MSI plc or MSBV and the Guarantor in respect of MSI plc Notes or MSBV Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied collected, withheld or assessed by (i) in the case where the Issuer is MSI plc, the United Kingdom; (ii) in the case where the Issuer is MSBV, The Netherlands; or (iii) in the case of the Guarantor, the United States of America or, in each case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. None of MSI plc nor MSBV nor (in respect of MSBV Notes) the Guarantor shall be required to make any additional payments on account of any such withholding or deductions, except, if the applicable Final Terms specify "Additional Amounts" in respect of and subject as set out in Condition 18.1 (*Additional Amounts*) above.
- 18.3 **Implementation of Financial Transaction Tax.** If "**Implementation of Financial Transaction Tax Event**" is specified in the applicable Final Terms to be applicable to any Series of Notes, then upon the occurrence of an Implementation of Financial Transaction Tax Event, the Issuer may (i) in its sole discretion, with immediate effect amend the Conditions of the Notes by adjusting downward any amount payable and/or any other value or term of the Conditions to account for the economic impact of the Implementation of Financial Transaction Tax on the Issuer and its Affiliates in relation to the Notes, and (ii) to the extent that at any time thereafter the Issuer determines (acting in good faith and in a commercially reasonable manner) that it (including its Affiliates) has incurred additional loss as a result of the Implementation of Financial Transfer Tax Event that has not been accounted for through the adjustment made pursuant to sub-paragraph (i) (such amount, "**Additional Increased Tax**"), it may reduce the amount otherwise payable on the Notes on the next payment date (and any payment date thereafter) by an amount up to the Additional Increased Tax amount. Any such adjustments shall be notified to Noteholders as soon as reasonably practicable. If an event or circumstance which would otherwise constitute a Change in Law or Increased Cost of Hedging (where applicable) also constitutes an Implementation of Financial Transaction Tax Event, it will be treated as an Implementation of Financial Transaction Tax Event.
19. **EVENTS OF DEFAULT**
- 19.1 If any of the following events (each, an "**Event of Default**") occurs and is continuing:
- 19.1.1 **Non-payment:** in the case of Morgan Stanley Notes and MSI plc Notes, the applicable Issuer or, in the case of MSBV Notes, either the applicable Issuer or the Guarantor fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within thirty days of the due date for payment thereof; or
- 19.1.2 **Breach of Other Obligations:** in the case of Morgan Stanley Notes and MSI plc Notes, the applicable Issuer or, in the case of MSBV Notes, either the applicable Issuer or Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for sixty days after written notice thereof, addressed to the Issuer by Noteholders of not less than 25% in aggregate principal amount of the relevant Series, has been delivered to the Issuer and to the Specified Office of the Fiscal Agent; or
- 19.1.3 **Insolvency, etc.:** (i) in the case of Morgan Stanley and MSI plc, the applicable Issuer or, in the case of MSBV Notes, either the Issuer or the Guarantor becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or the Guarantor or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or the Guarantor is appointed (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent), (iii) the Issuer or the Guarantor takes any action for a composition with or for the benefit of its

creditors generally, or (iv) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Guarantor (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent) and, in the case of Morgan Stanley, such order or effective resolution has remained in force and has not been rescinded, revoked or set aside for sixty days after the date on which such order is made or effective resolution is passed,

then Noteholders of not less than 25 per cent. in aggregate principal amount of the Notes may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately (or, in the case of Swedish Notes, on such later date on which the relevant Nordic Notes have been transferred to the account designated by the relevant NCSD Issuing Agent and blocked for further transfer by such Agent) due and payable, whereupon they shall become so due and payable at their Early Redemption Amount without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders.

- 19.2 **Annulment of Acceleration and Waiver of Defaults.** In some circumstances, if any or all Events of Default, other than the non-payment of the principal of the Notes of a Series that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in principal amount of such Series of Notes (voting as one class) may annul past declarations of acceleration of or waive past defaults of the Notes. However, any continuing default in payment of principal of or any premium or interest on those Notes may not be waived.

20. **FORCE MAJEURE AND ILLEGALITY**

- 20.1 The Issuer shall have the right to terminate the Notes if it shall have determined, in its sole and absolute discretion, that its performance thereunder, or, if applicable, the Guarantor's performance of its obligation under the Guarantee, shall have become or will be unlawful in whole or in part as a result of compliance in good faith by the Issuer, or, if applicable, the Guarantor, with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**applicable law**").
- 20.2 In such circumstances the Issuer will, however, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each Note held by him an amount determined by the Determination Agent, in its sole and absolute discretion, as representing the fair market value of such Note immediately prior to such termination (ignoring such illegality) less the cost to the Issuer (or its affiliates) of, or the loss realised by the Issuer (or its affiliates) on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Determination Agent in its sole and absolute discretion. Payment will be made to the relevant Clearing System in such manner as shall be notified to the Noteholders in accordance with Condition 26 (*Notices*).

21. **PRESCRIPTION**

- 21.1 **Prescription in Respect of Registered Notes:** Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.
- 21.2 **Prescription in Respect of Nordic Notes:** Claims for principal in respect of the Swedish Notes shall become void unless made within a period of ten years after the appropriate Relevant Date. Claims for interest in respect of the Swedish Notes shall become void unless made within a period of five years after the appropriate Relevant Date. Claims for principal and/or interest in respect of Finnish Notes shall become void unless made within a period of three years after the appropriate Relevant Date.
- 21.3 **Prescription in Respect of Uncertificated Notes:** Claims for principal and interest in respect of Uncertificated Notes shall become void unless made within a period of ten years after the appropriate Relevant Date.

22. **REPLACEMENT OF NOTES**

If any Note or Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, during normal business hours (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Note Certificates must be surrendered before replacements will be issued.

23. **AGENTS**

23.1 In acting under the Issue and Paying Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. All calculation and determination functions required of the relevant Agent may be delegated to such persons as the relevant Agent may decide and all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Notes by the Agents or the Issuer shall (in the absence of manifest error or wilful misconduct) be binding on the Issuer and the Noteholders and (subject as aforesaid) no liability to the Noteholders (or any of them) shall attach to the Agents or the Issuer in connection with the exercise or non-exercise by any of them of their powers, duties and discretions for such purposes.

23.2 In acting under the Euroclear Agreement, the Euroclear Registrar acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

23.3 The initial Agents and the Euroclear Registrar and their initial Specified Office are listed below on the inside back cover of this Base Prospectus. The initial Calculation Agent is Bank of New York Mellon. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and the Euroclear Registrar and to appoint a successor Fiscal Agent or Registrar or Calculation Agent or Euroclear Registrar and additional or successor paying agents; **provided, however, that:**

23.3.1 there shall at all times be a Registrar and, in the case of Uncertificated Notes, a Euroclear Registrar appointed in respect of the Notes;

23.3.2 if a Calculation Agent is specified in the applicable Final Terms, the Issuer shall at all times maintain a Calculation Agent;

23.3.3 if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system;

23.3.4 the Issuer will at all times maintain a Paying Agent with a Specified Office in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to that Directive; and

23.3.5 so long as there is any Tranche of Nordic Notes outstanding, there will at all times be an NCSD duly authorised as a central securities depository under the relevant NCSD Rules and an NCSD Issuing Agent in respect of the relevant Tranche of Nordic Notes.

23.4 Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 26 (*Notices*).

24. **MEETINGS OF NOTEHOLDERS AND MODIFICATION**

- 24.1 **Meetings of Noteholders:** The Issue and Paying Agency Agreement (or in the case of Uncertificated Notes, the Euroclear Agreement) contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented, **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

24.2 **Modification**

- 24.2.1 The Notes, these Conditions, the Guarantee and the Deeds of Covenant may be amended without the consent of the Noteholders where, in the opinion of the Issuer:

- (i) the amendment is to correct a manifest error or to effect a modification which is of a formal, minor or technical nature; or
- (ii) the amendment is not materially prejudicial to the interest of the Noteholders.

- 24.2.2 The parties to the Issue and Paying Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in its opinion, not materially prejudicial to the interests of the Noteholders.

- 24.3 **Interests of Noteholders:** In connection with the Conditions, the Issuer and the Fiscal Agent shall have regard to the interests of the Noteholders as a class. In particular, but without limitation, the Issuer and the Fiscal Agent shall not have regard to the consequences for individual Noteholders resulting from such individual Noteholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

- 24.4 **Severance:** Should any of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

25. **FURTHER ISSUES**

Any of the Issuers may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

26. **NOTICES**

- 26.1 **Registered Notes:** Notices to holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, to the extent the Registered Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Regulated

Market, notices to holders will be published on the date of such mailing in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

26.2 **Nordic Notes:** All notices to holders of Nordic Notes shall be valid if so published or mailed to their registered addresses appearing on the relevant NCSD Register.

26.3 **Uncertificated Notes:** Notices to holders of Uncertificated Notes shall be sent to the address of the Noteholder appearing in the Record on the second Business Day immediately prior to despatch of such notice, by first class post or, if such address is not in the United Kingdom, by airmail post (any such notice to be delivered or sent at the risk of the relevant Noteholder).

26.4 **Unlisted Notes:** Notices to Noteholders of non-listed Notes may be published, as specified in the applicable Final Terms, in newspapers, on a website or otherwise.

27. **LOSSES**

In no event shall the Issuer, the Guarantor (if applicable) or the Agents have any liability for indirect, incidental, consequential or other damages (whether or not it may have been advised of the possibility of such damages) other than interest until the date of payment on sums not paid when due in respect of any Notes or assets not delivered when due. Noteholders are entitled to damages only and are not entitled to the remedy of specific performance in respect of any Note.

28. **CURRENCY INDEMNITY**

28.1 If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

28.2 This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

29. **ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. rounded up to 0.00001 per cent.), (b) all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent rounded upward), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downward to the next lower whole Japanese Yen amount and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency (with 0.005 rounded up to 0.01).

30. **REDENOMINATION, RENOMINALISATION AND RECONVENTIONING**

30.1 **Application:** This Condition 30 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the applicable Final Terms as being applicable.

- 30.2 **Notice of redenomination:** If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents (or, in the case of Uncertificated Notes, the Euroclear Registrar), designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- 30.3 **Redenomination:** Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); **provided, however, that**, if the Issuer determines, with the agreement of the Fiscal Agent that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments.
- 30.4 **Interest:** Following redenomination of the Notes pursuant to this Condition 30 (*Redenomination, Renominalisation and Reconventioning*), where Notes have been issued in definitive form, the amount of interest due in respect of such Notes will be calculated by reference to the aggregate principal amount of the Notes presented for payment by the relevant holder.
- 30.5 **Interest Determination Date:** If the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable and Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.
31. **INCONVERTIBILITY EVENTS**
- 31.1 If, in respect of any Series of Notes, the applicable Final Terms specifies that "Inconvertibility Event Provisions" are applicable, this Condition 31 (*Inconvertibility Events*) shall apply in respect of such Notes.
- 31.2 If, at any time during the term of such Series of Notes, the Determination Agent determines that an Inconvertibility Event has occurred, it will inform the Issuer of the occurrence of such event. Following the determination by the Determination Agent of the occurrence of an Inconvertibility Event, the Issuer may, at its sole and absolute discretion, provide a notice (a "**Notice of Inconvertibility**") of the occurrence of such an event of inconvertibility to the holders of the Securities in accordance with Condition 26 (*Notices*) electing either:
- 31.2.1. If "**Converted Payment**" is specified in the applicable Final Terms: to continue making any payments due under such Notes until the Maturity Date, in which case, any amount due under such Notes shall be converted from the Relevant Currency into the Inconvertibility Specified Currency at the Fallback FX Spot Rate determined by the Determination Agent in its sole and absolute discretion; or
- 31.2.2 If "**Early Redemption**" is specified in the applicable Final Terms: to early terminate the Notes on a specified date (such date, the "**Inconvertibility Early Redemption Date**"), in which case the Notes shall early redeem at the Inconvertibility Early Redemption Amount on such Inconvertibility Early Redemption Date. The Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount; or
- 31.2.3 If "**Suspended Payment**" is specified in the applicable Final Terms: to suspend the payment until such number of Business Days as are specified in the applicable Final Terms after the Determination Agent has notified the Issuer that, in the Determination

Agent's sole and absolute discretion, the Inconvertibility Event has ceased or is no longer in effect.

provided that the Issuer may, at any time from and including the Trade Date to and including the Maturity Date, subsequent to the despatch of a notice electing one of the selected options other than "Early Redemption", dispatch a second notice electing "Early Redemption", **provided that** such option was specified as applicable in the applicable Final Terms, in which case the Notes will be redeemed in accordance with the terms of "Early Redemption" above and the date specified in such notice will be the Inconvertibility Early Redemption Date.

For the avoidance of doubt, failure to deliver such notice or the failure of the recipient to receive such notice will not affect the Issuer's ability to make payments according to the option it selected.

31.3 **Definitions:**

An **"Inconvertibility Event"** shall be deemed to have occurred if from (and including) the Trade Date to (and including) the Maturity Date, any event or circumstance occurs that generally makes it, in the sole and absolute discretion of the Determination Agent, impossible, unlawful or impracticable for the Issuer, the Determination Agent or any of its affiliates for any reason beyond their reasonable control:

- (i) to convert the Relevant Currency into the Inconvertibility Specified Currency or the Inconvertibility Specified Currency into the Relevant Currency (whether directly or through a cross exchange rate) through customary legal channels; or
- (ii) to determine the rate of conversion of the Inconvertibility Specified Currency into the Relevant Currency or the Relevant Currency into the Inconvertibility Specified Currency or
- (iii) to transfer, or make a payment in, or delivery of, the Relevant Currency from or to, outside, or inside, of the Relevant Jurisdiction, in each case under (i), (ii) or (iii), in an amount up to the total amount of payment due to be made by the Issuer under the Notes; or
- (iv) to determine a rate at which any Relevant Currency can be lawfully exchanged for U.S. dollars; or
- (v) to convert any Relevant Currency into U.S. dollars; or
- (vi) to exchange or repatriate any funds outside of any jurisdiction in which any of the Relevant Underlying, or each Basket Component, is issued; or
- (vii) for the Issuer or any of its affiliates to hold, purchase, sell or otherwise deal in any Notes, or any other property in order for the Issuer or any of its affiliates to perform any related hedging arrangement, or for the purposes of the Issuer or the Issuer's obligations in respect of any Notes;

"Basket Component" has the meaning given to such term in Section 1 of the Additional Terms and Conditions;

"Inconvertibility Early Redemption Amount" means:

- (i) an amount as specified as such in the applicable Final Terms;
- (ii) if **"Early Redemption Amount"** is specified in the applicable Final Terms, an amount equal to (i), the Early Redemption Amount, (ii) converted from the Relevant Currency into the Inconvertibility Specified Currency at the exchange rate (expressed as a number of the Relevant Currency per one unit of the Inconvertibility Specified Currency) determined by the Determination Agent in its sole and absolute discretion for settlement on or about the relevant payment date and (iii) less the reasonable cost to and/or the loss realised by, the Issuer and/or any Affiliate in respect of break funding costs for the

Issuer term financing associated with such early redemption of the Notes, in each case as calculated by the Determination Agent in its sole and absolute discretion; or

- (iii) if "**Fair market value**" is specified in the applicable Final Terms, an amount, in the Inconvertibility Specified Currency, equal to the fair market value of such Notes, on such day as is selected by the Determination Agent in its sole and absolute discretion (provided that such day is not more than 15 days before the Inconvertibility Early Redemption Date), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements or in respect of break funding costs for the Issuer's term financing associated with such early redemption of the Notes, in each case as calculated by the Determination Agent in its sole and absolute discretion.

"Fallback FX Spot Rate" means the relevant currency exchange rate determined in accordance with the applicable Settlement Rate Option and, if a Settlement Rate Option is not applicable, the currency exchange rate at the time at which such rate is to be determined for foreign exchange transactions in the Specified Currency or the Inconvertibility Specified Currency for value on the relevant Inconvertibility Early Redemption Date, as determined in good faith and in a commercially reasonable manner by the Determination Agent;

"Inconvertibility Specified Currency" means the currency specified in the applicable Final Terms;

"Relevant Currency" means the currency as specified in the applicable Final Terms, and, if none is specified, the currency in (i) if the Relevant Underlying is an Index or a Basket of Indices, a Currency in which any of the securities which comprise any such Index is denominated, or (ii) in all other cases, the currency in which the Relevant Underlying (or any Basket Component) is denominated;

"Relevant Jurisdiction" means the jurisdiction as specified in the applicable Final Terms; and

"Relevant Underlying" has the meaning given to such term in Section 7 (*Value Determination Terms*) the Additional Terms and Conditions.

32. SUBSTITUTION

- 32.1 **Notes issued by Morgan Stanley:** Subject to such conditions as Morgan Stanley may agree with the Fiscal Agent, but without the consent of the holders of Notes, Morgan Stanley may, subject to the Notes being unconditionally and irrevocably guaranteed by Morgan Stanley, substitute a subsidiary of Morgan Stanley in place of Morgan Stanley as principal debtor under the Notes where Morgan Stanley is the Issuer.
- 32.2 **MSI plc Notes:** Subject to such conditions as MSI plc may agree with the Fiscal Agent (provided, in respect of Nordic Notes, the relevant NCSD has given its consent (which consent shall not be unreasonably withheld or delayed)) but without the consent of the holders of Notes, MSI plc may, subject to the Notes being unconditionally and irrevocably guaranteed by MSI plc, substitute a subsidiary of Morgan Stanley in place of MSI plc as principal debtor under the Notes or may substitute Morgan Stanley in place of MSI plc.
- 32.3 **MSBV Notes:** Subject to such amendment of the deed of covenant entered into by the Issuer relating to the MSBV Notes dated 17 July 2013 (in the case of Notes in global form and in the case of Notes in dematerialised form) and such other conditions as the Issuer may agree with the Fiscal Agent (provided, in respect of Nordic Notes, the relevant NCSD has given its consent to the substitution (which consent shall not be unreasonably withheld or delayed)) but without the consent of the holders of Notes, the Issuer may, subject to the Notes being unconditionally and irrevocably guaranteed by Morgan Stanley, substitute a subsidiary of Morgan Stanley in place of the Issuer as principal debtor under the Notes or may substitute Morgan Stanley in place of the Issuer.

Any Notes in respect of which such a substitution is effected will be fully and unconditionally guaranteed pursuant to a guarantee of Morgan Stanley or MSI plc (as applicable) as to the payment of principal of, premium, interest and supplemental amounts, if any, and any Additional

Amounts on those Notes when and as the same will become due and payable, whether at maturity or otherwise. Under the terms of the guarantee, holders of the Notes will not be required to exercise their remedies against the substitute issuer prior to proceeding directly against Morgan Stanley.

In the event of such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the entity substituted in accordance with this Condition 32 (*Substitution*). Such substitution shall be promptly notified to the Noteholders in accordance with Condition 26 (*Notices*). In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Noteholders 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 Noteholder 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 Noteholder.

33. **REPRESENTATIONS AND ACKNOWLEDGEMENTS BY NOTEHOLDERS**

Each Noteholder shall be deemed to represent and acknowledge to the Issuer on acquiring any Notes that:

- 33.1 neither the Issuer nor any Affiliate or any of their agents is acting as a fiduciary for it or provides investment, tax, accounting, legal or other advice in respect of the Notes and that such Noteholder 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 (i) legal, regulatory, tax, business, investment, financial, accounting or other advice, (ii) a recommendation to invest in any Notes or (iii) an assurance or guarantee as to the expected results of an investment in the Notes (it being understood that information and explanations related to the terms and conditions of the Notes 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);
- 33.2 such Noteholder (i) 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 (ii) is acquiring the Notes with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks; and
- 33.3 the Issuer and/or any Affiliates may have banking or other commercial relationships with issuers of any securities to which the Notes relate and may engage in proprietary trading in any securities, indices, fund interests or other property to which the Notes 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 Notes and other transactions between the Issuer and/or any Affiliates and any third parties), and that such trading (i) may affect the price or level thereof and consequently the amounts payable under the Notes and (ii) may be effected at any time, including on or near any Valuation Date, Observation Date, Interest Determination Date, Determination Date or Averaging Date.

34. **GOVERNING LAW AND JURISDICTION**

- 34.1 **Governing Law:** The Notes and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law.
- 34.2 **Jurisdiction:** Each of Morgan Stanley, MSI plc and MSBV agrees for the benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

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- 34.3 **Appropriate Forum:** Each of Morgan Stanley and MSBV irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 34.4 **Process Agent:** Each of Morgan Stanley and MSBV agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf, London E14 4QA or, if different, its registered office for the time being. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of any Issuer, such Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, appoint another Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.
35. **RIGHTS OF THIRD PARTIES**
No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

PART 2 - ADDITIONAL TERMS AND CONDITIONS

Additional Terms and Conditions

Section 1 General

These Additional Terms and Conditions ("**Additional Terms and Conditions**") contain additional terms and conditions which may be applicable to a Series of Notes if and to the extent so specified or indicated in the applicable Final Terms, and which relate to, among other matters, amounts scheduled to be payable in respect of such Notes.

As used herein, Equity-Linked Notes, Currency-Linked Notes, Inflation-Linked Notes, Fund-Linked Notes and Preference Share-Linked Notes are collectively referred to as "**Linked Notes**" and, in relation to each Series of Linked Notes, "**Relevant Underlying**" means the share(s), equity index(es), exchange traded fund(s), currencies, inflation index(es), fund(s) and/or preference shares of a company not affiliated to the Issuer, specified in the applicable Final Terms as the Underlying Share, the Basket of Shares, the Index (for Equity-Linked Notes), the Basket of Indices (for Equity-Linked Notes), the ETF Interest, the Basket of ETF Interests, the Currency Pair, the Inflation Index (for Inflation-Linked Notes), the Funds, the Basket of Fund Interests and/or the Preference Shares and, where the context so permits, each such share, index, exchange traded fund, currency, inflation index, fund, fund interest or preference share.

Where certain provisions in these Additional Terms and Conditions are expressed as applying to Notes linked to a "Single Underlying", such provisions only apply to Linked Notes in respect of which the Relevant Underlying is comprised of (i) if such Notes are Share-Linked Notes, a single Share, (ii) if such Notes are Index-Linked Notes, a single Equity Index, (iii) if such Notes are ETF-Linked Notes, a single ETF Interest, (iv) if such Notes are Currency-Linked Notes, a Currency Pair, (v) if such Notes are Inflation-Linked Notes, a single Inflation Index, (vi) if such Notes are Fund-Linked Notes, a single Fund Interest or (vii) if such Notes are Preference Share-Linked Notes, a single Preference Share and references to "**Single Underlying**" shall be to such Share, Equity Index, ETF Interest, Currency Pair, Inflation Index, Fund Interest or Preference Share, as applicable.

Where certain provisions in these Additional Terms and Conditions are expressed as applying to Notes linked to a "Basket", such provisions only apply to Linked Notes in respect of which the Relevant Underlying is comprised of (i) if such Notes are Share-Linked Notes, a basket of Shares, (ii) if such Notes are Index-Linked Notes, a basket of Equity Indices, (iii) if such Notes are ETF-Linked Notes, a basket of ETF Interests, (iv) if such Notes are Currency-Linked Notes, a basket of Currency Pairs, or (v) if such Notes are Fund-Linked Notes, a basket of Fund Interests, and references to "**Basket**" shall be to such Shares, Equity Indices, ETF Interests, Currency Pairs or Fund Interests, as applicable, and references to "**Basket Component**" shall be to each such Share, Equity Index, ETF Interest, Currency Pair or Fund Interest, as applicable, which comprises the Basket.

The terms relating to the payment of interest (if any) and redemption may be linked to the performance and/or value of the Relevant Underlying determined in a number of different ways which will be specified in the applicable Final Terms by reference to particular provisions contained in these Additional Terms and Conditions.

In addition:

- (a) If the applicable Final Terms are in the form set out in Part 1 of Exhibit B (*Form of Final Terms*) to the distribution agreement signed between the Issuers and the Distribution Agent on or about 17 July 2013 (the "**Distribution Agreement**") (and set out in "*Pro Forma Final Terms for Notes other than Linked Notes*" beginning on page 228 of this Base Prospectus), the applicable terms as to payment of interest and redemption at maturity will be as set out in Section 2 (*Additional Terms and Conditions for Fixed Rate Notes and/or Floating Rate Notes*) below;
- (b) If the applicable Final Terms are in the form set out in Part 2 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement (and set out in "*Pro Forma Final Terms for Autocallable Notes*" beginning on page 251 of this Base Prospectus), the applicable terms as to payment of interest,

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automatic early redemption and redemption at maturity will be as set out in Section 3 (*Additional Terms and Conditions for Autocallable Notes*) below;

- (c) If the applicable Final Terms are in the form set out in Part 3 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement (and set out in "*Pro Forma Final Terms for Reverse Convertible Notes*" beginning on page 313 of this Base Prospectus), the applicable terms as to payment of interest and redemption at maturity will be as set out in Section 4 (*Additional Terms and Conditions for Reverse Convertible Notes*) below;
- (d) If the applicable Final Terms are in the form set out in Part 4 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement (and set out in "*Pro Forma Final Terms for certain Linked Notes*" beginning on page 364 of this Base Prospectus), the applicable terms as to payment of interest (if any), automatic early redemption (if applicable) and redemption at maturity will be as set out in Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) below; and
- (e) If the applicable Final Terms are in the form set out in Part 5 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement (and set out in "*Pro Forma Final Terms for Preference Share-Linked Notes*" beginning on page 454 of this Base Prospectus), the applicable terms as to payment of interest (if any) under Condition 6.5, early redemption and redemption at maturity will be as set out in Section 6 (*Additional Terms and Conditions for Preference Share-Linked Notes*) below.

For the purpose of determining values of the Relevant Underlying, provisions from among those contained in Section 7 (*Value Determination Terms*) of these Additional Terms and Conditions will be specified in the applicable Final Terms.

For the purpose of determining values for the performance of the Relevant Underlying, provisions from among those contained in Section 8 (*Performance Determination Terms*) of these Additional Terms and Conditions will be specified in the applicable Final Terms.

The provisions set out in each of the following Sections 2 to 8 (inclusive) of these Additional Terms and Conditions which are, as specified in the applicable Final Terms, applicable to a Series of Notes comprise additional Terms and Conditions forming part of the Conditions of the Notes of such Series.

Section 2
Additional Terms and Conditions for
Fixed Rate Notes and/or Floating Rate Notes

The terms set out in this Section 2 (*Additional Terms and Conditions for Fixed Rate Notes and/or Floating Rate Notes*) will apply to a Series of Notes if, and to the extent, so specified in the applicable Final Terms. The Final Terms in respect of such a Series of Notes will be in the form set out in Part 1 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement and under "Pro-Forma Final Terms for Certain Linked Notes" in the base prospectus relating to the Notes dated 17 July 2013 (as supplemented from time to time, the "**Base Prospectus**").

1. Interest

1.1 Fixed Rate Notes

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Fixed Rate Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period at a fixed Rate of Interest in accordance with Condition 5 (*Fixed Rate Note Provisions*) and the applicable Final Terms.

1.2 Step-Up Notes

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Step-up Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period in accordance with Condition 5 (*Fixed Rate Note Provisions*) and the applicable Final Terms **provided that** the Rate of Interest shall increase during the term of such Notes and shall, with respect to each Interest Period, be the rate specified with respect to that Interest Period in the applicable Final Terms.

1.3 Fixed to Floating Rate Notes

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Fixed to Floating Notes**", interest shall accrue and be payable on the Notes of the relevant Series:

- (a) with respect to the first Interest Period, and such subsequent Interest Periods as are specified for this purpose in the applicable Final Terms, at a fixed Rate of Interest in accordance with Condition 5 (*Fixed Rate Note Provisions*) and the applicable Final Terms; and
- (b) with respect to each Interest Period thereafter, at a variable Rate of Interest in accordance with Condition 6.2 (*Accrual of Interest*) and the applicable Final Terms.

1.4 Floating Rate Notes

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Floating Rate Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period at a variable Rate of Interest in accordance with Condition 6.2 (*Accrual of Interest*) and the applicable Final Terms.

1.5 Floored Floating Rate Notes

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Floored Floating Rate Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period at a variable Rate of Interest in accordance with Condition 6.2 (*Accrual of Interest*) and the applicable Final Terms but being not less than the Minimum Rate of Interest applicable for the purposes of Condition 6.6 (*Maximum or Minimum Rate of Interest*) as specified in the applicable Final Terms.

1.6 Capped Floating Rate Notes

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Capped Floating Rate Notes**", interest shall accrue and be payable on the Notes of the relevant Series in

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respect of each Interest Period at a variable Rate of Interest in accordance with Condition 6.2 (*Accrual of Interest*) and the applicable Final Terms but not exceeding the Maximum Rate of Interest applicable for the purposes of Condition 6.6 (*Maximum or Minimum Rate of Interest*) as specified in the applicable Final Terms.

1.7 *Collared Floating Rate Notes*

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Collared Floating Rate Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period at a variable Rate of Interest in accordance with Condition 6.2 (*Accrual of Interest*) and the applicable Final Terms but not exceeding the Maximum Rate of Interest and being not less than the Minimum Rate of Interest, in each case as applicable for the purposes of Condition 6.6 (*Maximum or Minimum Rate of Interest*) as specified in the applicable Final Terms.

1.8 *Range Accrual Notes*

If the Notes of the relevant Series are specified in the applicable Final Terms as "**Range Accrual Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period, being an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{Calculation Amount} \times \text{Coupon Rate} \times \text{Number of Business Days (Barrier Condition Satisfied)}}{\text{Total Number of Business Days}} \times \text{Day Count Fraction}$$

Provided that if the Notes are specified in the applicable Final Terms as being:

- (A) "**Floored Range Accrual Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period at a variable Rate of Interest in accordance with this Paragraph 1.8 and the applicable Final Terms but not being less than the Minimum Rate of Interest applicable for the purposes of Condition 6.6 (*Maximum or Minimum Rate of Interest*) as specified in the applicable Final Terms.
- (B) "**Capped Range Accrual Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period at a variable Rate of Interest in accordance with this Paragraph 1.8 and the applicable Final Terms but not exceeding the Maximum Rate of Interest applicable for the purposes of Condition 6.6 (*Maximum or Minimum Rate of Interest*) as specified in the applicable Final Terms.
- (C) "**Collared Range Accrual Notes**", interest shall accrue and be payable on the Notes of the relevant Series in respect of each Interest Period at a variable Rate of Interest in accordance with this Paragraph 1.8 and the applicable Final Terms but not exceeding the Maximum Rate of Interest and being not less than the Minimum Rate of Interest, in each case as applicable for the purposes of Condition 6.6 (*Maximum or Minimum Rate of Interest*) as specified in the applicable Final Terms.

Where,

"**Coupon Rate**" means, in respect of an Interest Period, the percentage rate specified as such in the applicable Final Terms, **provided that** the Coupon Rate in respect of an Interest Payment Date may be zero;

"**Coupon Barrier Value**" means the value, expressed as a percentage, specified as such in the applicable Final Terms;

"**Lower Barrier Value**" means the value, expressed as a percentage, specified as such in the applicable Final Terms;

"**Number of Business Days (Barrier Condition Satisfied)**" means, in respect of each Interest Period and as determined by the Determination Agent, the number of Business Days in such

Interest Period on which the Reference Rate is (A) if "**Single Barrier Range Accrual**" is specified in the applicable Final Terms, (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value or (B) if "**Dual Barrier Range Accrual**" is specified in the applicable Final Terms, (i) greater than or (ii) greater than or equal to, as specified in the applicable Final Terms, the Lower Barrier Value and (i) lesser than or (ii) lesser than or equal to, as specified in the applicable Final Terms, the Upper Barrier Value;

"**Reference Rate**" has the meaning given to it in the applicable Final Terms, and, in relation to the Reference, the applicable Final Terms shall also specify if the manner in which the Reference Rate is to be determined is (i) "Screen Rate Determination" in which case the Determination Agent shall determine the Reference Rate in accordance with Condition 6.3 (*Screen Rate Determination*), or (ii) "ISDA Determination" in which case the Determination Agent shall determine the Reference in accordance with Condition 6.4 (*ISDA Determination*);

"**Total Number of Business Days**" means, in respect of each Interest Period and as determined by the Determination Agent, the total number of Business Days in that Interest Period; and

"**Upper Barrier Value**" means the value, expressed as a percentage, specified as such in the applicable Final Terms.

1.9 *Barrier Notes*

If, in addition to one or more of Paragraphs 1.1 to 1.7 above, the Notes of the relevant Series are specified in the applicable Final Terms as "**Barrier Notes**", interest (calculated in accordance with the applicable provisions of paragraphs 1.1 to 1.7) will only be paid on the Notes of the relevant Series if the Determination Agent determines that, as of any Interest Determination Date, the Reference Rate is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value in respect of such Interest Determination Date. No interest shall otherwise be payable in respect of such Notes.

For these purposes:

"**Coupon Barrier Value**" means, in respect of any Interest Determination Date, a value, expressed as a percentage, specified as such in the applicable Final Terms; and

"**Reference Rate**" has the meaning given to it in the applicable Final Terms, and, in relation to the Reference Rate, the applicable Final Terms shall also specify if the manner in which the Reference Rate is to be determined is (i) "Screen Rate Determination" in which case the Determination Agent shall determine the Reference Rate in accordance with Condition 6.3 (*Screen Rate Determination*), or (ii) "ISDA Determination" in which case the Determination Agent shall determine the Reference Rate in accordance with Condition 6.4 (*ISDA Determination*).

2. **Redemption at Maturity**

Unless redeemed or cancelled, Notes in respect of which this Section 2 (*Additional Terms and Conditions for Fixed Rate Notes and/or Floating Rate Notes*) is specified as being applicable shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount, subject as provided in Condition 15 (*Payments – Registered Notes*) or, as applicable, Condition 16 (*Payments – Uncertificated Notes*).

For these purposes, the "**Specified Rate**" means the percentage rate (which will be between 0% and 100%) specified as such in the applicable Final Terms **provided that** if no such rate is specified, the Specified Rate shall be equal to 100 per cent.

3. **Early Redemption following the occurrence of an Event of Default**

The Early Redemption Amount payable with respect to such Notes under Condition 19 (*Events of Default*) will be Fixed Redemption or Qualified Financial Institution Determination as specified in the applicable Final Terms.

Section 3

Additional Terms and Conditions for Autocallable Notes

The terms set out in this Section 3 (*Additional Terms and Conditions for Autocallable Notes*) will apply to a Series of Notes if, and to the extent, so specified in the applicable Final Terms (such Notes the "**Autocallable Notes**"). The Final Terms in respect of such a Series of Notes will be in the form set out in Part 2 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement and under "Pro-Forma Final Terms for Autocallable Notes" in the Base Prospectus.

1. **Interest**

More than one of the following Interest Terms set out in this paragraph 1 of Section 3 of Part 2 of the Terms and Conditions may be applicable in respect of any Series of Notes. The Interest Payment Dates in respect of which such Interest Terms would apply will be indicated in the applicable Final Terms.

If the Notes of the relevant Series are specified (in respect of one or more Interest Payment Dates) in the applicable Final Terms as:

1.1 *No Coupon*

"**Autocallable Notes (No Coupon)**", no interest shall be payable on the Notes of the relevant Series;

1.2 *Regular Coupon*

"**Autocallable Notes (Regular Coupon)**", the Issuer shall on each Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

Coupon Rate × Calculation Amount

1.3 *Barrier Conditional Coupon*

"**Autocallable Notes (Barrier Conditional Coupon)**", and if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (a) any Interest Determination Date, (b) each Barrier Observation Date, if any, specified in respect of such Interest Determination Date, or (c) at any time during the Barrier Observation Period, if any, specified in respect of such Interest Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value in respect of such Interest Determination Date, the Issuer shall on the immediately following Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent:

(A) unless "**Memory Barrier Conditional Coupon**" applies as specified in the applicable Final Terms, in accordance with the following formula:

Coupon Rate × Calculation Amount

or

(B) if "**Memory Barrier Conditional Coupon**" applies as specified in the applicable Final Terms, in accordance with the following formula:

(Coupon Rate × Calculation Amount) - Prior Coupon Amount

No interest will otherwise be payable on the Notes on an Interest Payment Date.

2. **Automatic Early Redemption (Autocall)**

If the Notes of the relevant Series are specified in the applicable Final Terms as:

2.1 *Autocall 1*

"**Autocallable Notes (Autocall 1)**", and if the Determination Agent determines that the Knock In Value as of, as specified in the applicable Final Terms, (a) any Automatic Early Redemption Determination Date, (b) each Barrier Observation Date, if any, specified in respect of such Automatic Early Redemption Determination Date or (c) at any time during the Barrier Observation Period, if any, specified in respect of such Automatic Early Redemption Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Autocall Barrier Value in respect of such Automatic Early Redemption Determination Date, then (unless the Notes have been previously redeemed or cancelled) an Automatic Early Redemption Event shall be deemed to have occurred and the Issuer shall redeem the Notes on the immediately following Automatic Early Redemption Date at an amount per Calculation Amount (such amount, for the avoidance of doubt, to be paid in addition to the Interest Amount payable on the relevant Automatic Early Redemption Date) being, as specified in the applicable Final Terms, either:

- (A) if "**Non-Memory Redemption**" applies as specified in the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times (\text{Specified Rate} + \text{Automatic Early Redemption Rate})$$

Or

- (B) if "**Memory Redemption**" applies as specified in the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times (\text{Specified Rate} + \text{Automatic Early Redemption Rate}) \\ - \text{Prior Coupon Amount}$$

Or

- (D) if "**Fixed Redemption**" applies, an amount equal to the product of the Specified Rate and the Calculation Amount; or

2.2 *Autocall 2*

"**Autocallable Notes (Autocall 2)**", and if the Determination Agent determines that the Knock In Value as of, as specified in the applicable Final Terms, (a) any Automatic Early Redemption Determination Date, (b) each Barrier Observation Date, if any, specified in respect of such Automatic Early Redemption Determination Date, or (c) at any time during the Barrier Observation Period, if any, specified in respect of such Automatic Early Redemption Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Autocall Barrier Value in respect of such date, then (unless the Notes have been previously redeemed or cancelled) an Automatic Early Redemption Event shall be deemed to have occurred and the Issuer shall redeem the Notes on the immediately following Automatic Early Redemption Date at an amount per Calculation Amount (such amount, for the avoidance of doubt, to be paid in addition to the Interest Amount payable on the relevant Automatic Early Redemption Date) being, as specified in the applicable Final Terms, either:

- (a) if such Automatic Early Redemption Determination Date is a Specified Automatic Early Redemption Determination Date, an amount determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times (\text{Specified Rate} + \text{Automatic Early Redemption Rate})$$

or

- (b) if (a) above does not apply, or if no Specified Automatic Early Redemption Date is specified in the applicable Final Terms, an amount determined by the Determination Agent in accordance with the following formula:

Calculation Amount ×

$$\text{Max} \left[(\text{Specified Rate} + \text{Automatic Early Redemption Rate}); \left\{ \text{Specified Rate} + \text{Participation Rate} \times \left(\frac{\text{Final Reference Value (Autocall)}}{\text{Initial Reference Value}} - 1 \right) \right\} \right]$$

3. Redemption at Maturity

Unless previously redeemed or cancelled, if the Notes of the relevant Series are specified in the applicable Final Terms as:

3.1 Fixed Redemption

"**Autocallable Notes (Fixed Redemption)**", such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount.

3.2 Capitalised Non-Memory Redemption

"**Autocallable Notes (Capitalised Non-Memory Redemption)**", such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times (\text{Specified Rate} + \text{Final Redemption Rate})$$

3.3 Capitalised Memory Redemption

"**Autocallable Notes (Capitalised Memory Redemption)**", such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$[\text{Calculation Amount} \times (\text{Specified Rate} + \text{Final Redemption Rate})] \\ - \text{Prior Coupon Amount}$$

3.4 Basic Performance Linked Redemption

"**Autocallable Notes (Basic Performance Linked Redemption)**", such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \text{Participation Rate} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}}$$

Provided that:

- (i) if the applicable Final Terms specify that "**Capped Basic Performance Linked Redemption**" applies, then the Final Redemption Amount shall be the *lesser of* (i) the Final Redemption Cap Value and (b) the amount determined in accordance with the above formula;
- (ii) if the applicable Final Terms specify that "**Floored Basic Performance Linked Redemption**" applies, then the Final Redemption Amount shall be the *greater of* (i) the Final Redemption Floor Value and (b) the amount determined in accordance with the above formula; and
- (iii) if the applicable Final Terms specify that "**Collared Basic Performance Linked Redemption**" applies, then the Final Redemption Amount (i) shall be at least equal to

the Final Redemption Floor Value *and* (ii) shall not be greater than the Final Redemption Cap Value.

3.5 *Single Barrier Final Redemption*

"**Autocallable Notes (Single Barrier Final Redemption)**" and if:

- (a) the Knock-in Value as of, as specified in the applicable Final Terms (a) the Determination Date (b) each Final Redemption Observation Date, if any, specified in respect of the Determination, or (c) at any time during the Barrier Observation Period, if any, specified in respect of such Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value, such Notes, unless previously redeemed or cancelled, shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount:

- (i) if "**Fixed Redemption**" is applicable as specified in the applicable Final Terms, equal to the product of the Calculation Amount and the Specified Rate; or
- (ii) if "**Capitalised Non-Memory Redemption**" is applicable as specified in the applicable Final Terms, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times (\text{Specified Rate} + \text{Final Redemption Rate})$$

- (iii) if "**Capitalised Memory Redemption**" is applicable as specified in the applicable Final Terms, determined by the Determination Agent in accordance with the following formula:

$$[\text{Calculation Amount} \times (\text{Specified Rate} + \text{Final Redemption Rate})] \\ - \text{Prior Coupon Amount}$$

- (iv) if "**Highest Performance Redemption**" is applicable as specified in the applicable Final Terms, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times$$

$$[\text{Specified Rate} \\ + \text{Max} (\text{Final Redemption Rate}; \text{Highest Performance})]$$

- (b) (a) above does not apply and Physical Settlement is not applicable, such Notes, unless previously redeemed or cancelled, shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount:

- (i) if "**Basic Performance-Linked Redemption**" is applicable as specified in the applicable Final Terms, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \text{Participation Rate} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}}$$

- (ii) if "**Worst-of Basket Performance-Linked Redemption 1**" is specified as being applicable in respect of the Notes of the relevant Series, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times$$

$$\left[\text{Specified Rate} + \left(\text{Participation Rate} \times \frac{\text{Final Reference Value of Worst Performing Basket Component}}{\text{Initial Reference Value of Worst Performing Basket Component}} \right) \right]$$

or

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(iii) if "**Worst-of Basket Performance-Linked Redemption 2**" is applicable as specified in the applicable Final Terms and:

(A) the Determination Agent Determines that the Final Reference Value of any Basket Component is greater than or equal to the Knock-in Barrier Level, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left(\text{Participation Rate} \times \frac{\text{Final Reference Value of Worst Performing Basket Component}}{\text{Initial Reference Value of Worst Performing Basket Component}} \right) \right]$$

(B) if (A) above does not apply, equal to the product of the Specified Rate and the Calculation Amount.

(c) (a) above does apply and Physical Settlement is applicable as specified in the applicable Final Terms, Condition 17 (*Physical Settlement*) shall apply and

(i) if "**Basic Performance-Linked Redemption**" is applicable as specified in the applicable Final Terms, the Physical Delivery Amount for the purposes of such Condition shall be the amount of Underlying Securities determined by the Determination Agent in accordance with the following formula:

$$\text{Physical Delivery Amount} = \sum_{i=1}^n \text{Physical Delivery Amount}_i$$

"n" being equal to 1 (where the Notes are linked to a Single Underlying) or the number of Basket Components comprising the Basket (where the Notes are linked to a Basket), and where the Determination Agent shall determine "**Physical Delivery Amount_i**" in accordance with the following formula:

$$\text{Physical Delivery Amount}_i = \frac{1}{n} \times \frac{\text{Noteholder Par Value}}{\text{Initial Reference Value}_i}$$

rounded down to the nearest whole round lot as permitted by the Exchange for trading purposes, in which case the Issuer will also pay, in addition, a Cash Residual Amount; or

(ii) if "**Worst-of Basket Performance-Linked Redemption**" is applicable as specified in the applicable Final Terms, the Physical Delivery Amount for the purposes of such Condition shall be the amount of the Worst Performing Basket Component determined by the Determination Agent in accordance with the following formula:

$$\text{Physical Delivery Amount} = \frac{\text{Noteholder Par Value}}{\text{Initial Reference Value of the Worst Performing Basket Component}}$$

rounded down to the nearest round lot as permitted by the Exchange for trading purposes, in which case the Issuer will also pay, in addition, a Cash Residual Amount.

3.6 Dual Barrier Final Redemption

"**Autocallable Notes (Dual Barrier Final Redemption)**", such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount:

(a) if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms (a) the Determination Date (b) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (c) at any

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time during the Barrier Observation Period, if any, specified in respect of the Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value 1, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \text{Max} \left[(\text{Specified Rate} + \text{Final Redemption Rate}); \left(\text{Participation Rate} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \right) \right]$$

- (b) if (a) above does not apply but the Determination Agent determines that Knock-in Value as of, as specified in the applicable Final Terms as of (a) the Determination Date, (b) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (c) at any time during the Barrier Observation Period, if any, specified in respect of such Interest Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value 2, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times (\text{Specified Rate} + \text{Final Redemption Rate})$$

or

- (c) if neither (a) nor (b) above applies, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \text{Participation Rate} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}}$$

4. Early Redemption following the occurrence of an Event of Default

The Early Redemption Amount payable with respect to such Notes under Condition 19 (*Events of Default*) will be Fixed Redemption or Qualified Financial Institution Determination as specified in the applicable Final Terms.

5. Definitions

In this Section 3 (Additional Terms and Conditions for Autocallable Notes):

"Autocall Barrier Value" means, in respect of an Automatic Early Redemption Determination Date, the value specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value);

"Automatic Early Redemption Date" means each date specified as such in the applicable Final Terms;

"Automatic Early Redemption Determination Date" means each date specified as such in the applicable Final Terms;

"Automatic Early Redemption Rate" means, in respect of an Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms;

"Barrier Observation Dates" means, in respect of any Interest Determination Date or Automatic Early Redemption Determination Date, the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Barrier Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Barrier Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis* as if such Barrier Observation Date were a Valuation Date;

"Barrier Observation Period" means, in respect of any Interest Determination Date, any Automatic Early Redemption Determination Date or the Determination Date, as applicable, a period specified as such in the applicable Final Terms, expressed as either (i) beginning from (and including) a specified date and ending on and excluding a specified date, or (ii) being a specified date, **provided that** if such

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specified date is not a Scheduled Trading Day, the Barrier Observation Period will fall on the next succeeding Scheduled Trading Day and if any such specified date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply as if such Barrier Observation Period were a Valuation Date;

"Best Performing Basket Component" means the Basket Component determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing (i) for the purposes of Paragraph 1 of this Section 3, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) for the purposes of Paragraph 2 of this Section 3, the Final Reference Value (Autocall) for such Basket Component by its Initial Reference Value, and (iii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting the Basket Component with the highest such value (Basket Component 1).

"Cash Residual Amount" means the amount determined by the Determination Agent in accordance with the following formula:

$$\text{Noteholder Par Value} - \left(\text{Physical Delivery Amount} \times \text{Initial Reference Value} \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right)$$

"Coupon Barrier Value" means, in respect of an Interest Determination Date, the value specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value);

"Coupon Rate" means, in respect of an Interest Determination Date, the rate specified as such in the applicable Final Terms, **provided that** the Coupon Rate in respect of an Interest Payment Date may be zero;

"Currency Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Principal Financial Centre(s) of the Specified Currency and the Second Currency and (2) where one of either the Specified Currency or the Second Currency is euro, a day that is a TARGET Settlement Day;

"Determination Date" means, subject to the Conditions, the date specified as such in the applicable Final Terms;

"Final Redemption Barrier Value" and, if applicable, each of **"Final Redemption Barrier Value 1"** and **"Final Redemption Barrier Value 2"** means the value specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value), **provided that** if no such value is specified, the relevant value shall be equal to 100 per cent. of the Initial Reference Value;

"Final Redemption Cap Value" means the value specified as such in the applicable Final Terms, (which may be expressed as a percentage) **provided that** if no such value is specified, the relevant value shall be equal to 100 per cent.;

"Final Redemption Floor Value" means the value specified as such in the applicable Final Terms, (which may be expressed as a percentage) **provided that** if no such value is specified, the relevant value shall be equal to 100 per cent.;

"Final Redemption Observation Dates" means, in relation to the Determination Date, the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Final Redemption Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Final Redemption Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis* as if such Final Redemption Observation Date were a Valuation Date;

"Final Redemption Rate" means the percentage rate specified as such in the applicable Final Terms;

"Final Reference Value" means the Relevant Underlying Value as of the Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (Value Determination Terms) as are specified as being applicable in the applicable Final Terms;

"Final Reference Value (Autocall)" means the Relevant Underlying Value as of the Automatic Early Redemption Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (Value Determination Terms) as are specified as being applicable in the applicable Final Terms;

"Final Reference Value (Coupon)" means the Relevant Underlying Value as of the Interest Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"FX_{Final}" means the FX Rate determined by the Determination Agent on the Currency Business Day immediately succeeding (i) for the purposes of Paragraph 1 of this Section 5 of Part 2 of the Terms and Conditions, the relevant Interest Determination Date, or (ii) in all other cases, the Determination Date, **provided that** if FX_{Final} is specified as being "Not Applicable" in respect of any determination, FX_{Final} shall be equal to 1 for such determination;

"FX_{Initial}" means the FX Rate determined by the Determination Agent on the Currency Business Day immediately preceding the Strike Date, **provided that** if FX_{Initial} is specified as being "Not Applicable" in respect of any determination, FX_{Initial} shall be equal to 1 for such determination;

"FX Rate" means the rate of exchange, determined by the Determination Agent and rounded to 4 decimal points, by *dividing* (i) the daily fixing published on the Relevant Screen Page (as at the Specified Time) in respect of exchanging an amount in the Specified Currency for an amount in Euro *by* (ii) the daily fixing published on the Relevant Screen Page (as at the Specified Time) in respect of exchanging an amount in Euro for an amount in the Second Currency;

"Highest Performance" means the value determined by the Determination Agent in accordance with the following formula:

$$\text{Highest Performance} = \frac{\text{Highest Reference Value}}{\text{Initial Reference Value}} - 1$$

"Highest Reference Value" means the Relevant Underlying Value determined by the Determination Agent as being the highest of the Relevant Underlying Values determined on each Final Redemption Observation Date;

"Initial Reference Value" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and, if applicable, **"Initial Reference Value_i"** means, in respect of any Basket Component "i", the Initial Reference Value of such Basket Component;

"Interest Determination Dates" means the dates specified as such in the applicable Final Terms;

"Knock-in Barrier Level" means the value specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value);

"Knock-in Value" means, (a) if **"Worst Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the Relevant Underlying Value of the Worst Performing Basket Component, (b) if **"Best Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the Relevant Underlying Value of the Best Performing Basket Component, (c) if **"Selected Worst of Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the value determined by adding the Relevant Underlying Value of each Selected Worst Performing Basket Component and dividing the sum by the number of such Selected Worst Performing Basket Components, (d) if **"Selected Best of Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable

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Final Terms, the value determined by adding the Relevant Underlying Value of each Selected Best Performing Basket Component and dividing the sum by the number of Selected Best Performing Basket Components, or (e) in all other cases, the Relevant Underlying Value;

"Noteholder Par Value" means, in respect of any Noteholder, the par value of such Noteholder's interests in the Notes;

"Participation Rate" means the percentage rate specified as such in the applicable Final Terms, or, if no such rate is specified, 100 per cent.;

"Prior Coupon Amount" means, for each Interest Determination Date or the Determination Date (as applicable), the sum of all Coupon Amounts determined for preceding Interest Determination Dates (if any);

"Relevant Screen Page" means, in respect of the Specified Currency or the Second Currency, the page, section or other part of a particular information service (including, without limitation, Reuters) specified as such in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the FX Rate;

"Relevant Underlying Value" means the value of the Underlying as determined by the Determination Agent in accordance with the applicable Value Determination Terms as specified in the applicable Final Terms;

"Scheduled Trading Day" means (I) in respect of a Series of Equity-Linked Notes, (a) except with respect to a Multi-exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session, and (b) with respect to any Multi-exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session, (II) in respect of a Series of Fund-Linked Notes, any day which is a Fund Business Day, and (III) in respect of a Series of Currency-Linked Notes, any day which is a Currency Business Day;

"Second Currency" means the currency specified as such in the applicable Final Terms;

"Selected Best Performing Basket Components" means the Basket Components determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing (i) for the purposes of Paragraph 1 of this Section 3, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) for the purposes of Paragraph 2 of this Section 3, the Final Reference Value (Autocall) for such Basket Component by its Initial Reference Value, and (iii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting "N" Basket Components with the highest such values (Basket Component 1 to N), where "N" is the number of Basket Components to be selected, as specified in the applicable Final Terms.

"Selected Worst Performing Basket Components" means the Basket Components determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing (i) for the purposes of Paragraph 1 of this Section 3, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) for the purposes of Paragraph 2 of this Section 3, the Final Reference Value (Autocall) for such Basket Component by its Initial Reference Value, and (iii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the lowest such value (Basket Component 1) and ending with the Basket Component with the highest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting "N" Basket Components with the lowest such values (Basket Component 1 to N), where "N" is the number of Basket Components to be selected, as specified in the applicable Final Terms.

"Specified Currency" means the currency specified as such in the applicable Final Terms;

"Specified Rate" means, in respect of an Automatic Early Redemption Date or the Determination Date, as applicable the percentage rate (which will be between 0% and 100%) specified as such in the applicable Final Terms **provided that** if no such rate is specified, the Specified Rate shall be equal to 100 per cent.;

"Specified Time" means, in respect of a Series of Notes and the Specified Currency or the Second Currency, the time specified as such in the applicable Final Terms or if no such time is specified the time chosen by the Determination Agent;

"Underlying Securities" means the securities specified as such in the applicable Final Terms or, if no such securities are specified, (i) where the Relevant Underlying comprises a Single Underlying, such Single Underlying or (ii) where the Relevant Underlying comprises a Basket, the Worst Performing Basket Component; and

"Worst Performing Basket Component" means the Basket Component determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing (i) for the purposes of Paragraph 1 of this Section 3, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) for the purposes of Paragraph 2.1 of this Section 3, the Final Reference Value (Autocall) for such Basket Component by its Initial Reference Value, and (iii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the lowest such value (Basket Component 1) and ending with the Basket Component with the highest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting the Basket Component with the lowest such value (Basket Component 1).

Section 4
Additional Terms and Conditions for
Reverse Convertible Notes

The terms set out in this Section 4 (*Additional Terms and Conditions for Reverse Convertible Notes*) will apply to a Series of Notes if, and to the extent, so specified in the applicable Final Terms (such Notes the "**Reverse Convertible Notes**"). The Final Terms in respect of a Series of Notes to which this Section 4 applies will be in the form set out in Part 2 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement and under "Pro-Forma Final Terms for Reverse Convertible Notes" in the Base Prospectus.

1. Reverse Convertible Notes: Interest and Redemption at Maturity

If the Notes of the relevant Series are specified as "**Reverse Convertible Notes**" in the applicable Final Terms:

Note: More than one of the following Interest Terms set out in this paragraph 1.1 or 1.2 of this Section 4 of Part 2 of the Terms and Conditions may be applicable in respect of any Series of Notes. The Interest Payment Dates in respect of which such Interest Terms would apply will be indicated in the applicable Final Terms.

1.1 Interest (Regular Coupon)

and if "**Reverse Convertible Notes (Regular Coupon)**" is specified as being applicable in respect of any Series of Notes in the applicable Final Terms, the Issuer shall on each Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Coupon Rate} \times \text{Calculation Amount}$$

Provided that if "**Barrier Additional Coupon Amount**" is specified as being applicable in respect of any Series of Notes in the applicable Final Terms, and the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (a) any Interest Determination Date, (b) each Barrier Observation Date, if any, specified in respect of such Interest Determination Date or (c) at any time during any Barrier Observation Period specified in respect of such Interest Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value in respect of such Interest Determination Date, the Issuer shall on the immediately following Interest Payment Date pay, in addition to the interest calculated as above, an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Additional Rate} \times \text{Calculation Amount}$$

1.2 Interest (Barrier Conditional Coupon)

and if "**Reverse Convertible Notes (Barrier Conditional Coupon)**" is specified as being applicable in the applicable Final Terms, and if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (a) any Interest Determination Date, (b) each Barrier Observation Date, if any, specified in respect of such Interest Determination Date, or (c) at any time during the Barrier Observation Period, if any, specified in respect of such Interest Determination Date, is (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value in respect of such Interest Determination Date, the Issuer shall on the immediately following Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent:

- (A) unless "**Memory Barrier Conditional Coupon**" applies as specified in the applicable Final Terms, in accordance with the following formula:

$$\text{Coupon Rate} \times \text{Calculation Amount}$$

or

- (B) if "**Memory Barrier Conditional Coupon**" applies as specified in the applicable Final Terms, in accordance with the following formula:

$$(Coupon Rate \times Calculation Amount) - Prior Coupon Amount$$

No interest will otherwise be payable on the Notes on an Interest Payment Date.

1.3 *Redemption at Maturity – Barrier Redemption*

and if "**Reverse Convertible Notes (Barrier Redemption)**" is specified as being applicable in respect of any Series of Notes in the applicable Final Terms, unless previously redeemed or cancelled:

- (i) such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount, if:
- (A) "**Final Observation**" applies as specified in the applicable Final Terms and the Knock-in Value is (1) greater than, (2) greater than or equal to, (3) less than or (4) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value; or
 - (B) "**Daily Observation**" applies as specified in the applicable Final Terms and the Knock-in Value as of each Observation Date is (1) greater than, (2) greater than or equal to, (3) less than or (4) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value; or
 - (C) "**Continuous Observation**" applies as specified in the applicable Final Terms and the Determination Agent has not made a determination that the Knock-in Value was, at any time during the Observation Period, (1) greater than, (2) greater than or equal to, (3) less than or (4) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value;
- or
- (ii) if the applicable condition set out in (i)(A), (B) or (C) above, as the case may be, is not satisfied and:
- (A) unless "Physical Settlement" applies as specified in the applicable Final Terms, such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$Calculation Amount \times \left[Specified Rate + \left\{ Participation Rate \times \left(\frac{Final Reference Value}{Initial Reference Value} - Strike \right) \right\} \right]$$

Provided that:

- (i) if the applicable Final Terms specify that "**Capped Redemption**" applies, then the Final Redemption Amount shall be the lesser of (i) the Final Redemption Cap Value and (b) the amount determined in accordance with the above formula;
- (ii) if the applicable Final Terms specify that "**Floored Redemption**" applies, then the Final Redemption Amount shall be the greater of (i) the Final Redemption Floor Value and (b) the amount determined in accordance with the above formula; and
- (iii) if the applicable Final Terms specify that "**Collared Redemption**" applies, then the Final Redemption Amount (i) shall be at least equal to the Final Redemption Floor Value and (ii) shall not be greater than the Final Redemption Cap Value.

- (B) if "**Physical Settlement**" applies as specified in the applicable Final Terms, Condition 17 (*Physical Settlement*) shall apply and the Physical Delivery Amount for the purposes of such Condition shall be the amount of Underlying Securities determined by the Determination Agent in accordance with the following formula:

$$\text{Physical Delivery Amount} = \frac{\text{Noteholder Par Value}}{\text{Initial Reference Value}}$$

rounded down to the nearest whole round lot as permitted by the Exchange for trading purposes, in which case the Issuer will also pay, in addition, a Cash Residual Amount.

1.4 *Redemption at Maturity – Basic Participation and Performance Linked Redemption*

and if "**Reverse Convertible Notes (Basic Participation and Performance Linked Redemption)**" is specified as being applicable in respect of any Series of Notes in the applicable Final Terms, unless previously redeemed or cancelled, such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left(\text{Participation Rate} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \right) \right]$$

2. **Early Redemption following the occurrence of an Event of Default**

The Early Redemption Amount payable with respect to such Notes under Condition 19 (*Events of Default*) will be Fixed Redemption or Qualified Financial Institution Determination as specified in the applicable Final Terms.

3. **Definitions**

As used in this Section 4 (*Reverse Convertible Notes*):

"**Additional Rate**" means, in respect of any Interest Payment Date, the percentage rate specified as such in the applicable Final Terms;

"**Barrier Observation Dates**" means, in respect of any Interest Determination Date, the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Barrier Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Barrier Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis* as if such Barrier Observation Date were a Valuation Date;

"**Barrier Observation Period**" means, in respect of any Interest Determination Date, as applicable, a period specified as such in the applicable Final Terms, expressed as *either* (i) beginning from (and including) a specified date and ending on and excluding a specified date, *or* (ii) being a specified date, **provided that** if such specified date is not a Scheduled Trading Day, the Barrier Observation Period will fall on the next succeeding Scheduled Trading Day and if any such specified date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply as if such Barrier Observation Period were a Valuation Date;

"**Best Performing Basket Component**" means the Basket Component determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by (i) for the purposes of Paragraph 1.1 of this Section 4, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting the Basket Component with the highest such value (Basket Component 1).

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"Cash Residual Amount" means the amount determined by the Determination Agent in accordance with the following formula:

$$\text{Noteholder Par Value} - \left(\text{Physical Delivery Amount} \times \text{Initial Reference Value} \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right)$$

"Coupon Rate" means, in respect of an Interest Determination Date, the rate specified as such in the applicable Final Terms, **provided that** the Coupon Rate in respect of an Interest Payment Date may be zero;

"Currency Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Principal Financial Centre(s) of the Specified Currency and the Second Currency and (2) where one of either the Specified Currency or the Second Currency is euro, a day that is a TARGET Settlement Day;

"Determination Date" means, subject to the Conditions, the date specified as such in the applicable Final Terms;

"Final Redemption Barrier Value" means the value specified as such in the Final Terms (which may be expressed as a percentage of the Initial Reference Value), **provided that** if no such value is specified as such in the applicable Final Terms, the Final Redemption Barrier Value shall be equal to 100 per cent. of the Initial Reference Value;

"Final Redemption Cap Value" means the value specified as such in the applicable Final Terms, (which may be expressed as a percentage) **provided that** if no such value is specified, the relevant value shall be equal to 100 per cent.;

"Final Redemption Floor Value" means the value specified as such in the applicable Final Terms, (which may be expressed as a percentage) **provided that** if no such value is specified, the relevant value shall be equal to 100 per cent.;

"Final Reference Value" means the Relevant Underlying Value as of the Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"Final Reference Value (Coupon)" means the Relevant Underlying Value as of the Interest Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"FX_{Final}" means the FX Rate determined by the Determination Agent on the Currency Business Day immediately succeeding (i) for the purposes of Paragraph 1 of this Section 5 of Part 2 of the Terms and Conditions, the relevant Interest Determination Date, or (ii) in all other cases, the Determination Date, **provided that** if FX_{Final} is specified as being "Not Applicable" in respect of any determination, FX_{Final} shall be equal to 1 for such determination;

"FX_{Initial}" means the FX Rate determined by the Determination Agent on the Currency Business Day immediately preceding the Strike Date, **provided that** if FX_{initial} is specified as being "Not Applicable" in respect of any determination, FX_{initial} shall be equal to 1 for such determination;

"FX Rate" means the rate of exchange, determined by the Determination Agent and rounded to 4 decimal points, by *dividing* (i) the daily fixing published on the Relevant Screen Page (as at the Specified Time) in respect of exchanging an amount in the Specified Currency for an amount in Euro *by* (ii) the daily fixing published on the Relevant Screen Page (as at the Specified Time) in respect of exchanging an amount in Euro for an amount in the Second Currency;

"Initial Reference Value" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"Interest Determination Dates" means the dates specified as such in the applicable Final Terms;

"Knock-in Value" means, (a) if **"Worst Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the Relevant Underlying Value of the Worst Performing Basket Component, (b) if **"Best Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the Relevant Underlying Value of the Best Performing Basket Component, (c) if **"Selected Worst of Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the value determined by adding the Relevant Underlying Value of each Selected Worst Performing Basket Component and dividing the sum by the number of such Selected Worst Performing Basket Components, (d) if **"Selected Best of Performance"** is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the value determined by adding the Relevant Underlying Value of each Selected Best Performing Basket Component and dividing the sum by the number of Selected Best Performing Basket Components, or (e) in all other cases, the Relevant Underlying Value.

"Observation Date" means each date specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis* as if such Observation Date were a Valuation Date;

"Observation Period" means the period from and including the Strike Date to and including the Determination Date;

"Participation Rate" means the percentage rate specified as such in the applicable Final Terms, or, if no such rate is specified, 100 per cent.;

"Prior Coupon Amount" means, for each Interest Determination Date or the Determination Date (as applicable), the sum of all Coupon Amounts determined for preceding Interest Determination Dates (if any);

"Relevant Screen Page" means, in respect of the Specified Currency or the Second Currency, the page, section or other part of a particular information service (including, without limitation, Reuters) specified as such in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the FX Rate;

"Relevant Underlying Value" means the value of the Underlying as determined by the Determination Agent in accordance with the applicable Value Determination Terms as specified in the applicable Final Terms;

"Scheduled Trading Day" means (I) in respect of a Series of Equity-Linked Notes, (a) except with respect to a Multi-exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session, and (b) with respect to any Multi-exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session, (II) in respect of a Series of Fund-Linked Notes, any day which is a Fund Business Day, and (III) in respect of a Series of Currency-Linked Notes, any day which is a Currency Business Day;

"Second Currency" means the currency specified as such in the applicable Final Terms;

"Selected Best Performing Basket Components" means the Basket Components determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by (i) for the purposes of Paragraph 1.1 of this Section 4, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting "N" Basket Components with the highest such values (Basket Component 1 to N), where "N" is the number of Basket Components to be selected, as specified in the applicable Final Terms.

"Selected Worst Performing Basket Components" means the Basket Components determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing (i) for the purposes of Paragraph 1.1 of this Section 4, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the lowest such value (Basket Component 1) and ending with the Basket Component with the highest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting "N" Basket Components with the lowest such values (Basket Component 1 to N), where "N" is the number of Basket Components to be selected, as specified in the applicable Final Terms.

"Specified Currency" means the currency specified as such in the applicable Final Terms;

"Specified Rate" means the percentage rate (which will be between 0% and 100%) specified as such in the applicable Final Terms **provided that** if no such rate is specified, the Specified Rate shall be equal to 100 per cent.;

"Specified Time" means, in respect of a Series of Notes and the Specified Currency or the Second Currency, the time specified as such in the applicable Final Terms or if no such time is specified the time chosen by the Determination Agent;

"Strike" means, in respect of a Series of Notes, a number between 0 and 100 specified as such in the applicable Final Terms;

"Underlying Securities" means the securities specified as such in the applicable Final Terms or, if no such securities are specified, (i) where the Relevant Underlying is comprised of a Single Underlying, such Single Underlying or (ii) where the Relevant Underlying is comprised of a Basket, the Worst Performing Basket Component;

"Worst Performing Basket Component" means the Basket Component determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by (i) for the purposes of Paragraph 1.1 of this Section 4, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the lowest such value (Basket Component 1) and ending with the Basket Component with the highest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting the Basket Component with the lowest such value (Basket Component 1).

Section 5
Additional Terms and Conditions
for Certain Linked Notes

The terms set out in this Section 5 (*Additional Terms and Conditions for Certain Linked Notes*) will apply to a Series of Notes if, and to the extent, so specified in the applicable Final Terms (such Notes the "**Certain Linked Notes**"). The Final Terms in respect of such a Series of Notes will be in the form set out in Part 4 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement and under "Pro-Forma Final Terms for Certain Linked Notes" in the Base Prospectus.

1. Interest

If the Notes of the relevant Series are specified in the applicable Final Terms as:

1.1 No Coupon

"**Linked Notes (No Coupon)**", no interest shall be payable on the Notes of the relevant Series;

1.2 Regular Coupon

"**Linked Notes (Regular Coupon)**", the Issuer shall on each Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Coupon Rate} \times \text{Calculation Amount}$$

1.3 Barrier Conditional Coupon

"**Linked Notes (Barrier Conditional Coupon)**", and if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) any Interest Determination Date, (ii) each Barrier Observation Date, if any, specified in respect of such Interest Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of such Interest Determination Date, is (a) greater than, (b) greater than or equal to, (c) less than or (d) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value in respect of such date, the Issuer shall on the immediately following Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent:

- (i) unless "Memory Barrier Conditional Coupon" applies as specified in the applicable Final Terms, in accordance with the following formula:

$$\text{Coupon Rate} \times \text{Calculation Amount}$$

or

- (ii) if "**Memory Barrier Conditional Coupon**" applies as specified in the applicable Final Terms, in accordance with the following formula:

$$[(\text{Coupon Rate} \times \text{Calculation Amount}) - \text{Prior Coupon Amount}]$$

No interest will otherwise be payable on the relevant Notes on an Interest Payment Date;

1.4 Dual Barrier Conditional Coupon

"**Linked Notes (Dual Barrier Conditional Coupon)**", and:

- (a) if the Determination Agent Knock-in Value, as specified in the applicable Final Terms, as of (i) any Interest Determination Date, (ii) each Barrier Observation Date, if any, specified in respect of such Interest Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of such Interest Determination Date, is (a) greater than, (b) greater than or equal to, (c) less than or (d) less than or equal to, as specified in the applicable Final Terms, as specified in the applicable Final Terms, the Upper Coupon Barrier Value in respect of such date, the Issuer shall on the

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immediately following Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Upper Coupon Rate} \times \text{Calculation Amount}$$

or

- (b) if (a) above does not apply and the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) any Interest Determination Date, (ii) each Barrier Observation Date, if any, specified in respect of such Interest Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of such Interest Determination Date, is (a) greater than, (b) greater than or equal to, (c) less than or (d) less than or equal to, as specified in the applicable Final Terms, as specified in the applicable Final Terms, the Lower Coupon Barrier Value in respect of such date, the Issuer shall on the immediately following Interest Payment Date pay interest on the Notes of the relevant Series in an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Lower Coupon Rate} \times \text{Calculation Amount}$$

No interest will otherwise be payable on the relevant Notes on an Interest Payment Date;

1.5 *Range Barrier Conditional Coupon*

"**Linked Notes (Range Barrier Conditional Coupon)**", the Issuer shall, on each Interest Payment Date, pay interest on the Notes of the relevant Series in an amount (which may be zero) per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{Coupon Rate} \times \text{Calculation Amount} \times \text{Number of Exchange Business Days (Barrier Condition Satisfied)}}{\text{Number of Exchange Business Days (Total)}} \times \text{Day Count Fraction}$$

1.6 *Range Accrual Coupon*

"**Linked Notes (Range Accrual Coupon)**", the Issuer shall, on each Interest Payment Date, pay interest on the Notes of the relevant Series in an amount (which may be zero) per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{Coupon Rate} \times \text{Calculation Amount} \times \text{Number of Observation Dates (Barrier Condition Satisfied)}}{\text{Relevant Factor}} \times \text{Day Count Fraction}$$

2. **Redemption at Maturity**

Unless previously redeemed or cancelled, the Notes of a Series shall be redeemed on the applicable Maturity Date at their Final Redemption Amount, which shall be an amount per Calculation Amount:

2.1 *Fixed Redemption*

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Fixed Redemption)**", determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times (\text{Specified Rate} + \text{Final Redemption Rate})$$

2.2 *Participation and Performance-Linked Redemption*

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Participation and Performance-Linked Redemption)**", determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left\{ \text{Participation Rate} \times \text{Max} (\text{Final Redemption Rate}; \text{Relevant Underlying Performance}) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right]$$

2.3 *Barrier Redemption*

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Barrier Redemption)**":

- (a) equal to the product of the Specified Rate and the Calculation Amount, if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value; or
- (b) if (a) above does not apply, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left(\text{Participation Rate} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right) \right]$$

provided that if the applicable Final Terms specify that "**Capped Redemption**" applies, then the Final Redemption Amount shall be the *lesser* of (i) the Final Redemption Cap Value and (b) the amount determined in accordance with the formula in paragraph 2.3(b) above.

2.4 *Barrier and Participation Redemption*

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Barrier and Participation Redemption)**" and:

- (a) if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left\{ \text{Participation Rate 1} \times \text{Max} (\text{Final Redemption Rate}; \text{Relevant Underlying Performance}) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right]$$

or

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- (b) if (a) above does not apply, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left(\text{Participation Rate 2} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right) \right]$$

2.5 Dual Barrier Redemption

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Dual Barrier Redemption)**" and:

- (a) if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value 1, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left\{ \text{Participation Rate 1} \times \text{Max}(\text{Final Redemption Rate}; \text{Relevant Underlying Performance}) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right]$$

- (b) if (a) above does not apply, but the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value 2, equal to the product of the Specified Rate and the Calculation Amount; and
- (c) if neither (a) nor (b) above applies, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left(\text{Participation Rate 2} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \right) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right]$$

2.6 Dual Barrier Redemption - Twin Win

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Dual Barrier Redemption - Twin Win)**" and:

- (a) if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value 1, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left\{ \text{Participation Rate 1} \times \text{Max}(\text{Final Redemption Rate 1}; \text{Relevant Underlying Performance}) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right]$$

- (b) if (a) above does not apply, but the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any,

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specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, as specified in the applicable Final Terms, the Final Redemption Barrier Value 2, determined by the Determination Agent in accordance with the following formula:

Calculation Amount ×

$$\left[\text{Specified Rate} + \left\{ \text{Participation Rate 2} \times \text{Max} \left(\text{Final Redemption Rate 2}; \text{Relevant Underlying Performance (Put)} \right) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right]$$

or

- (c) if neither (a) nor (b) above applies, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left(\text{Participation Rate 3} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right) \right]$$

2.7 Synthetic Zero Redemption

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Synthetic Zero Redemption)**", determined by the Determination Agent in accordance with the following formula (**provided that** if the value determined by the Determination Agent in accordance with such formula is a negative number, the Final Redemption Amount in respect of the Notes shall be zero):

$$\text{Calculation Amount} \times \left[1 - \text{Max} \left\{ 0; \text{Participation Rate} \times \frac{(\text{Specified Strike Value} - \text{Initial Reference Value})}{\text{Final Reference Value}} \right\} \right]$$

2.8 Lock In Ladder Redemption

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Lock In Ladder Redemption)**", determined by the Determination Agent in accordance with the following formula:

Calculation Amount ×

$$\left[\text{Specified Rate} + \left\{ \text{Participation Rate} \times \text{Max}(\text{Final Redemption Rate}; \text{Relevant Underlying Performance}; \text{Multiplier} \times \text{Maximum Lock in Step}) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right]$$

2.9 Lock In Ladder Barrier Redemption

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Lock In Ladder Barrier Redemption)**" and:

- (a) if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, the Final Redemption Barrier Value, determined by the Determination Agent in accordance with the following formula:

Calculation Amount ×

$$\left[\text{Specified Rate} + \left\{ \text{Participation Rate 1} \times \text{Max}(\text{Final Redemption Rate}; \text{Relevant Underlying Performance}; \text{Multiplier} \times \text{Maximum Lock in Step}) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right]$$

or

- (b) if (a) above does not apply,
- (i) unless "Worst Performance" is specified as being applicable in the applicable Final Terms, determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \left[\text{Specified Rate} + \left(\text{Participation Rate 2} \times \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \right) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right]$$

- (ii) if "**Worst Performance**" is specified as being applicable in the applicable Final Terms, determined by the Determination Agent in accordance with the following formula:

$$\begin{aligned} &\text{Calculation Amount} \times \\ &\left[\text{Specified Rate} + \left(\text{Participation Rate 2} \times \frac{\text{Final Reference Value of Worst Performing Basket Component}}{\text{Initial Reference Value of Worst Performing Basket Component}} \right) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right] \end{aligned}$$

2.10 *Ranked Underlying Redemption*

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Ranked Underlying Redemption)**", determined by the Determination Agent in accordance with the following formula:

$$\begin{aligned} &\text{Calculation Amount} \times \\ &\left[\text{Specified Rate} + \left\{ \text{Participation Rate} \times \text{Max}(\text{Final Redemption Rate}; \text{Top Rank Underlying Performance}) \times \frac{FX_{\text{Final}}}{FX_{\text{Initial}}} \right\} \right] \end{aligned}$$

2.11 *Multiple Barrier Redemption*

if the Notes are specified in the applicable Final Terms as "**Linked Notes (Multiple Barrier Redemption)**", and if the Determination Agent determines that the Knock-in Value as of, as specified in the applicable Final Terms, (i) the Determination Date, (ii) each Final Redemption Observation Date, if any, specified in respect of the Determination Date, or (iii) at any time during the Barrier Observation Period, if any, specified in respect of the Determination Date is (A) greater than, (B) greater than or equal to, (C) less than or (D) less than or equal to, as specified in the applicable Final Terms, any Specified Final Redemption Barrier Value, determined by the Determination Agent by multiplying the Specified Final Redemption Rate specified in respect of that Specified Final Redemption Barrier Value and the Calculation Amount.

3. **Early Redemption following the occurrence of an Event of Default**

The Early Redemption Amount payable with respect to such Notes under Condition 19 (*Events of Default*) will be Fixed Redemption or Qualified Financial Institution Determination as specified in the applicable Final Terms.

4. **Definitions**

In this Section 5 (*Additional Terms and Conditions for Certain Linked Notes*):

"**Barrier Observation Dates**" means, in respect of any Interest Determination Date, the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Barrier Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Barrier Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis*, as if such Barrier Observation Date were a Valuation Date;

"**Barrier Observation Period**" means, in respect of any Interest Determination Date or the Determination Date, as applicable, a period specified as such in the applicable Final Terms, expressed as either (i) beginning from (and including) a specified date and ending on and excluding a specified date, or (ii) being a specified date, **provided that** if such specified date is not a Scheduled Trading Day, the

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Barrier Observation Period will fall on the next succeeding Scheduled Trading Day, and if any such specified date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply as if such Barrier Observation Period were a Valuation Date;

"Best Performing Basket Component" means the Basket Component determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by (i) for the purposes of Paragraph 1 of this Section 5, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting the Basket Component with the highest such value (Basket Component 1).

"Coupon Barrier Value" and, if applicable, each of **"Upper Coupon Barrier Value"** and **"Lower Coupon Barrier Value"** means, in respect of each relevant Interest Determination Date, the value specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value);

"Coupon Rate" and, if applicable, each of **"Upper Coupon Rate"** and **"Lower Coupon Rate"** means, in respect of each relevant Interest Determination Date, the rate specified as such in the applicable Final Terms, **provided that** the Coupon Rate (or Upper Coupon Rate or Lower Coupon Rate, as applicable) in respect of an Interest Payment Date may be zero;

"Currency Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Principal Financial Centre(s) of the Specified Currency and the Second Currency and (2) where one of either the Specified Currency or the Second Currency is euro, a day that is a TARGET Settlement Day;

"Determination Date" means, subject to the Conditions, the date specified as such in the applicable Final Terms;

"Final Redemption Barrier Value" and, if applicable, each of **"Final Redemption Barrier Value 1"** and **"Final Redemption Barrier Value 2"** means the value specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value), **provided that** if no such value is specified, the relevant value shall be equal to 100 per cent. of the Initial Reference Value;

"Final Redemption Cap Value" means the value specified as such in the applicable Final Terms, (which may be expressed as a percentage) **provided that** if no such value is specified, the relevant value shall be equal to 100 per cent.;

"Final Redemption Observation Dates" means, in relation to the Determination Date, the dates specified as such in the applicable Final Terms, (and may also be expressed as being each Scheduled Trading Day within specified dates), **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Final Redemption Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Final Redemption Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis* as if such Final Redemption Observation Date were a Valuation Date;

"Final Redemption Rate" and, if applicable, each of **"Final Redemption Rate 1"** and **"Final Redemption Rate 2"** means the percentage rate specified as such in the applicable Final Terms;

"Final Reference Value" means the Relevant Underlying Value as of the Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"Final Reference Value (Coupon)" means the Relevant Underlying Value as of the Interest Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

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"**FX_{Final}**" means the FX Rate determined by the Determination Agent on the Currency Business Day immediately succeeding (i) for the purposes of Paragraph 1 of this Section 5 of Part 2 of the Terms and Conditions, the relevant Interest Determination Date, or (ii) in all other cases, the Determination Date, **provided that** if FX_{Final} is specified as being "Not Applicable" in respect of any determination, FX_{Final} shall be equal to 1 for such determination;

"**FX_{Initial}**" means the FX Rate determined by the Determination Agent on the Currency Business Day immediately preceding the Strike Date, **provided that** if FX_{initial} is specified as being "Not Applicable" in respect of any determination, FX_{initial} shall be equal to 1 for such determination;

"**FX Rate**" means the rate of exchange, determined by the Determination Agent and rounded to 4 decimal points, by *dividing* (i) the daily fixing published on the Relevant Screen Page (as at the Specified Time) in respect of exchanging an amount in the Specified Currency for an amount in Euro by (ii) the daily fixing published on the Relevant Screen Page (as at the Specified Time) in respect of exchanging an amount in Euro for an amount in the Second Currency;

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"**Interest Period**" means each period specified as such in the applicable Final Terms, and may be expressed as beginning on (and including) a specified date and ending on (and not including) another date;

"**Interest Determination Dates**" means the dates specified as such in the applicable Final Terms;

"**Knock-in Value**" means, (a) if "**Worst Performance**" is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the Relevant Underlying Value of the Worst Performing Basket Component, (b) if "**Best Performance**" is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the Relevant Underlying Value of the Best Performing Basket Component, (c) if "**Selected Worst of Performance**" is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the value determined by adding the Relevant Underlying Value of each Selected Worst Performing Basket Component and dividing the sum by the number of such Selected Worst Performing Basket Components, (d) if "**Selected Best of Performance**" is specified as being applicable in respect of the relevant Series of Notes in the applicable Final Terms, the value determined by adding the Relevant Underlying Value of each Selected Best Performing Basket Component and dividing the sum by the number of Selected Best Performing Basket Components, or (e) in all other cases, the Relevant Underlying Value.

"**Lock In Observation Dates**" means; in relation to the Determination Date, the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), **provided that** (i) if any such date is not a Scheduled Trading Day, the relevant Lock In Observation Date shall fall on the next succeeding Scheduled Trading Day, and (ii) if any Lock In Observation Date is a Disrupted Day, the provisions of, as applicable, Condition 9.1.1, Condition 10.1 or Condition 12.1 shall apply *mutatis mutandis* as if such Lock In Observation Date were a Valuation Date;

"**Lock In Steps**" means a set of incremental values (for example, 5%, 10%, 15%... or 10%, 20%, 30%...) specified as such in the applicable Final Terms, which each such value being a "**Lock In Step**";

"**Maximum Lock In Step**" means, as determined by the Determination Agent, the highest Lock In Step achieved as of any Lock In Observation Date (and so that the Lock In Step achieved as of any Lock In Step Observation Date is the Lock In Step equal to the Relevant Underlying Performance as of such date or, if there is no such equal Lock In Step, the highest Lock In Step exceeded by the Relevant Underlying Performance as of that Lock In Observation Date, and "**Maximum Lock In Step_t**" means, in respect of a Lock In Observation Date, the highest Lock In Step which may be included in the Relevant Underlying Performance, on such Lock In Observation Date;

"**Multiplier**" means a value specified as such in the applicable Final Terms;

"Number of Exchange Business Days (Barrier Condition Satisfied)" means, in respect of each Interest Period and as determined by the Determination Agent, the number of Exchange Business Days in such Interest Period on which the Knock-in Value is: (A) if **"Single Barrier Range Accrual"** is specified in the applicable Final Terms, (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value, or (B) if **"Dual Barrier Range Accrual"** is specified in the applicable Final Terms, (i) greater than or (ii) greater than or equal to, as specified in the applicable Final Terms, the Lower Coupon Barrier Value and (i) lesser than or (ii) lesser than or equal to, as specified in the applicable Final Terms, the Upper Coupon Barrier Value;

"Number of Exchange Business Days (Total)" means, in respect of each Interest Period and as determined by the Determination Agent, the total number of Exchange Business Days in such Interest Period.

"Number of Observation Dates (Barrier Condition Satisfied)" means, in respect of each Interest Period, the number of Observation Dates in such Interest Period, as determined by the Determination Agent, that the Knock-In Value is (A) if **"Single Barrier Range Accrual"** is specified in the applicable Final Terms, (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Final Terms, the Coupon Barrier Value, or (B) if **"Dual Barrier Range Accrual"** is specified in the applicable Final Terms, (i) greater than or (ii) greater than or equal to, as specified in the applicable Final Terms, the Lower Coupon Barrier Value and (i) lesser than or (ii) lesser than or equal to, as specified in the applicable Final Terms, the Upper Coupon Barrier Value;

"OTM Performance" means the Relevant Underlying Performance, determined by the Determination Agent as if "OTM Performance (Single Underlying)" or "Selected Average OTM Performance" (as applicable) were specified as being applicable in respect of the relevant Notes;

"OTM Rate" means a percentage rate specified as such in the applicable Final Terms;

"Participation Rate" and, if applicable, each of **"Participation Rate 1"**, **"Participation Rate 2"** and **"Participation Rate 3"** means the percentage rate specified as such in the applicable Final Terms;

"Performance Rate" means the percentage rate specified as such in the applicable Final Terms, or, if no such rate is specified, 100 per cent.;

"Prior Coupon Amount" means, for each Interest Determination Date or Determination Date (as applicable), the sum of all Coupon Amounts determined for preceding Interest Determination Dates (if any);

"Relevant Factor" means, in respect of any Interest Period, the number specified as such in the applicable Final Terms;

"Relevant Screen Page" means, in respect of the Specified Currency or the Second Currency, the page, section or other part of a particular information service (including, without limitation, Reuters) specified as such in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the FX Rate;

"Relevant Underlying Performance" means the value determined by the Determination Agent as of the Determination Date in accordance with such provisions of Section 8 (*Performance Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"Relevant Underlying Performance_t" means the Relevant Underlying Performance determined by the Determination Agent as of the Lock In Observation Date;

"Relevant Underlying Performance (Put)" means the value determined by the Determination Agent as of the Determination Date in accordance with such provisions of Section 8 (*Performance Determination Terms*) as are specified as being applicable in the applicable Final Terms, as if "Put Performance" were specified as being applicable;

"Relevant Underlying Value" means the value as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"Scheduled Trading Day" means (I) in respect of a Series of Equity-Linked Notes, (a) except with respect to a Multi-exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session, and (b) with respect to any Multi-exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session, (II) in respect of a Series of Fund-Linked Notes, any day which is a Fund Business Day, and (III) in respect of a Series of Currency-Linked Notes, any day which is a Currency Business Day;

"Second Currency" means the currency specified as such in the applicable Final Terms;

"Selected Best Performing Basket Components" means the Basket Components determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by (i) for the purposes of Paragraph 1 of this Section 5, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting "N" Basket Components with the highest such values (Basket Component 1 to N), where "N" is the number of Basket Components to be selected, as specified in the applicable Final Terms.

"Selected Worst Performing Basket Components" means the Basket Components determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing (i) for the purposes of Paragraph 1 of this Section 5, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the lowest such value (Basket Component 1) and ending with the Basket Component with the highest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting "N" Basket Components with the lowest such values (Basket Component 1 to N), where "N" is the number of Basket Components to be selected, as specified in the applicable Final Terms.

"Specified Currency" means the currency specified as such in the applicable Final Terms;

"Specified Final Redemption Barrier Values" means a set of values (for example, 60 per cent. of the Initial Reference Value, 63 per cent. of the Initial Reference Value, 70 per cent. of the Initial Reference Value, and so on) specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value), which each such value being a **"Specified Final Redemption Barrier Value"**;

"Specified Final Redemption Rate" means the percentage rate specified in respect of each Specified Final Redemption Barrier Value;

"Specified Rate" means the percentage rate (which will be between 0% and 100%) specified as such in the applicable Final Terms **provided that** if no such rate is specified, the Specified Rate shall be equal to 100 per cent.;

"Specified Strike Value" means the value specified as such in the applicable Final Terms (which may be expressed as a single value or as a specified percentage of the Initial Reference Value);

"Specified Time" means, in respect of a Series of Notes and the Specified Currency or the Second Currency, the time specified as such in the applicable Final Terms or if no such time is specified the time chosen by the Determination Agent;

"Top Rank Underlying Performance" means the Relevant Underlying Performance, determined by the Determination Agent as if "Selected Average Top Rank Performance" were specified as being the applicable in respect of the relevant Notes;

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"Underlying Securities" means the securities specified as such in the applicable Final Terms or, if no such securities are specified, (i) where the Relevant Underlying comprises a Single Underlying, such Single Underlying or (ii) where the Relevant Underlying comprises a Basket, the Worst Performing Basket Component; and

"Worst Performing Basket Component" means the Basket Component determined by the Determination Agent by numbering the Basket Components in order according to the respective values for each Basket Component determined by (i) for the purposes of Paragraph 1.1 of this Section 4, the Final Reference Value (Coupon) by the Initial Reference Value, (ii) in all other cases, the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the lowest such value (Basket Component 1) and ending with the Basket Component with the highest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent) and by selecting the Basket Component with the lowest such value (Basket Component 1).

Section 6
Additional Terms and Conditions for
Preference Share-Linked Notes

The terms set out in this Section 6 (*Additional Terms and Conditions for Preference Share-Linked Notes*) apply to a Series of Preference Share-Linked Notes if, and to the extent, so specified in the applicable Final Terms. The Final Terms in respect of a Series of Preference Share-Linked Notes to which this Section 5 applies will be in the form set out in Part 4 of Exhibit B (*Form of Final Terms*) to the Distribution Agreement and under "Pro-Forma Final Terms for Preference Share-Linked Notes" in the Base Prospectus.

1. Preference share-Linked Notes

1.1 If the Notes of the relevant Series are specified as "**Preference Share-Linked Notes**" in the applicable Final Terms:

- (a) no interest shall be payable on the Notes;
- (b) the Notes may be redeemed prior to the Maturity Date at the election of the Issuer and at the Early Preference Share Redemption Note Amount (as defined in Condition 13.8 (*Definitions applicable to the Preference Share-Linked Notes*)) in any of the circumstances contemplated in Condition 13.2 (*Early Redemption for Taxation Reasons*), 13.4 (*Early Redemption of Preference Share-Linked Notes*), 13.5 (*Extraordinary Events*), or 13.6 (*Additional Disruption Events*), and at the "Early Redemption Amount" as defined in Condition 2.1 in any of the circumstances contemplated in Condition 19 (*Events of Default*) or 31 (*Inconvertibility Events*); and
- (c) unless previously redeemed or cancelled, such Notes shall be redeemed on the Maturity Date at their Final Redemption Amount being an amount per Calculation Amount determined by the Determination Agent in accordance with the following formula:

$$\text{Calculation Amount} \times \text{Participation Rate} \times \frac{\text{Preference Share Value}_{\text{final}}}{\text{Preference Share Value}_{\text{initial}}}$$

1.2 As used in this paragraph 1:

"**Final Valuation Date**" means the date specified as such in the applicable Final Terms (and which may be expressed as a specified number of Business Days following the Preference Share Determination Date);

"**Maturity Date**" means the date specified as such in the applicable Final Terms (and which may be expressed as a specified number of Business Days following the Final Valuation Date);

"**Participation Rate**" means the percentage rate specified as such in the applicable Final Terms, or, if no such rate is specified, 100 per cent.;

"**Preference Share Determination Date**" means the date specified as such in the applicable Final Terms (which may be expressed as a calendar date or, if the date for valuation of the underlying assets or reference basis for the Preference Shares is delayed, such delayed valuation date);

"**Preference Share Value_{final}**" means the fair market value of a Preference Share, as determined by the Determination Agent, as of the Final Valuation Date; and

"**Preference Share Value_{initial}**" means the fair market value of a Preference Share, as determined by the Determination Agent, as of the Initial Valuation Date;

Section 7
Value Determination Terms

With respect to each Series of Linked Notes, the "**Relevant Underlying Value**" for a Relevant Underlying as of any date (including but not limited to a Valuation Date, Interest Determination Date, Determination Date, Observation Date or Averaging Date) for the purposes of determinations linked to the value or performance of the Relevant Underlying shall be, as determined by the Determination Agent and subject as provided in the Conditions:

- (a) for an Underlying Share or ETF Interest and a Series of Equity-Linked Notes, the price (or, if applicable, two or more such prices) of such Underlying Share or ETF Interest on the relevant Exchange;
- (b) for an Index and a Series of Equity-Linked Notes, the official level of the Index (or, if applicable, two or more such levels);
- (c) for an Inflation Index and a Series of Inflation-Linked Notes, the level of the Inflation Index for a specified calendar month (or, if applicable, two or more such levels);
- (d) for a Currency Pair and a Series of Currency-Linked Notes, means the Specified Rate.
- (e) for a Fund and a Series of Fund Linked Notes, (A) the official Fund NAV which is published by the Fund, Fund Manager or any service provider appointed by the Fund or Fund Manager who reports such value on behalf of the Fund, on Bloomberg, Reuters or other similar publishing service, or on the website of the Fund, or in any other manner, divided by (B) the total number of Fund Interests, **provided that** if the information is published on more than one source and the information published on one source differs from the information published on another, the Determination Agent shall choose one of these in its discretion, acting in good faith and in a commercially reasonable manner;
- (f) for a Relevant Underlying which is a basket comprising any combination of the foregoing, the value for the Relevant Underlying equal to the sum of the weighted values of the components of the Relevant Underlying applying (a) to (f) above, as applicable,

determined, in each case, in accordance with such of the provisions contained in the following provisions of this Section 7 ("**Value Determination Terms**") as are applicable to the relevant determination as specified in the applicable Final Terms.

Sub-section I
Basic Value Determination Terms

1. Spot Value

If "**Spot Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be determined as of such time as the Determination Agent determines is appropriate in respect of the Relevant Underlying on the relevant date.

2. Intraday Value

If "**Intraday Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms in the context of comparing the Relevant Underlying Value against any other value, the Relevant Underlying Value may be determined at any time on the relevant date for the purposes of such comparison.

3. **Opening Value**

If "**Opening Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be determined:

- (a) for an Underlying Share, Index or ETF Interest and a Series of Equity-Linked Notes, as of the scheduled weekday opening time of the Exchange, without regard to after hours or any other trading outside of the regular trading session hours of the Exchange, in respect of such Relevant Underlying on the relevant date;
- (b) for a Basket of Shares, Indices or ETFs and a Series of Equity-Linked Notes, as of the scheduled weekday opening time of the Exchange, without regard to after hours or any other trading outside of the regular trading session hours of the Exchange in respect of such Relevant Underlying on the relevant date; and
- (c) for a Basket of Inflation Indices and a Series of Inflation-Linked Notes, for the month specified as the Reference Month with respect to the relevant date in the applicable Final Terms.

4. **Closing Value**

If "**Closing Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be determined:

- (a) for an Underlying Share, Index or ETF Interest and a Series of Equity-Linked Notes, as of the Scheduled Closing Time of the Exchange in respect of such Relevant Underlying on the relevant date;
- (b) for an Inflation Index and a Series of Inflation-Linked Notes, for the month specified as the Reference Month with respect to the relevant date in the applicable Final Terms;
- (c) For a Currency Pair and a Series of Currency-Linked Notes, as of the close of business hours in the Principal Financial Centre in respect of the Reference Currency on the relevant date;
- (d) For a Fund Interest and a Series of Fund-Linked Notes, as of close of business in respect of such Relevant Underlying on the Fund Business Day immediately succeeding the relevant date;
- (e) for a Basket of Shares, Indices or EFTs and a Series of Equity-Linked Notes, as of the Scheduled Closing Time of the Exchange in respect of such Relevant Underlying on the relevant date;
- (f) for a Basket of Indices and a Series of Inflation-Linked Notes, for the month specified as the Reference Month with respect to the relevant date in the applicable Final Terms;
- (g) For a Basket of Currencies and a Series of Currency-Linked Notes, as of the close of business hours in the Principal Financial Centre in respect of such Relevant Underlying on the relevant date; and
- (h) For a Basket of Fund Interests and a Series of Fund-Linked Notes, as of close of business in respect of such Relevant Underlying on the Fund Business Day immediately succeeding the relevant date;

Sub-section II
Lookback Value Determination Terms

1. Max Lookback Value

If "**Max Lookback Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be the highest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values, observed on each Value Observation Date.

where:

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*); and

"**Value Observation Dates**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions;

2. Min Lookback Value

If "**Min Lookback Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be the lowest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values, observed on each Value Observation Date.

where:

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*); and

"**Value Observation Dates**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions.

3. Floored Max Lookback Value

If "**Floored Max Lookback Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be the greater of (A) the highest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values, observed on each Value Observation Date and (B) the Floor Value.

where:

"**Floor Value**" means the value specified as such in the applicable Final Terms;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*); and

"**Value Observation Dates**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions.

4. Floored Min Lookback Value

If "**Floored Min Lookback Value**" is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be the greater of (A) the lowest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii)

the Intraday Values, (iii) the Opening Values or (iv) the Closing Values, observed on each Value Observation Date and (B) the Floor Value.

where:

"Floor Value" means the value specified as such in the applicable Final Terms;

"Spot Value", **"Intraday Value"**, **"Opening Value"** and **"Closing Value"** each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*); and

"Value Observation Dates" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions.

5. **Capped Max Lookback Value**

If **"Capped Max Lookback Value"** is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be the lesser of (A) the highest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values, observed on each Value Observation Date and (B) the Cap Value.

where:

"Cap Value" means the value specified as such in the applicable Final Terms;

"Spot Value", **"Intraday Value"**, **"Opening Value"** and **"Closing Value"** each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*); and

"Value Observation Dates" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions.

11. **Capped Min Lookback Value**

If **"Capped Min Lookback Value"** is specified in the applicable Final Terms or referred to in any other Value Determination Terms that are relevant to the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be the lesser of (A) lowest of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values, observed on each Value Observation Date and (B) the Cap Value.

where:

"Cap Value" means the value specified as such in the applicable Final Terms;

"Spot Value", **"Intraday Value"**, **"Opening Value"** and **"Closing Value"** each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*); and

"Value Observation Dates" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions.

Sub-section III
Average Value Determination Terms

1. Average Value

If "**Average Value**" is specified in the applicable Final Terms, the Relevant Underlying Value will be equal to the arithmetic mean of, as specified in the applicable Final Terms, (i) the Spot Values, (ii) the Intraday Values, (iii) the Opening Values or (iv) the Closing Values, of the Relevant Underlying on each of the Averaging Dates

where:

"**Averaging Dates**" means the dates specified as such in the applicable Final Terms, subject to adjustment in accordance with the Conditions; and

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*).

2. Individually Floored Average Value

If "**Individually Floored Average Value**" is specified in the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be equal to the arithmetic mean of the values for each Averaging Date equal to the greater of: (a) the Closing Value of the Relevant Underlying as of such Averaging Date; and (b) the Floor Value in respect of the Relevant Underlying as of such Averaging Date, and determined in accordance with the following formula:

(A) if "**Spot Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Max} [\text{Floor Value}; \text{Spot Value}_i]$$

(A) if "**Intraday Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Max} [\text{Floor Value}; \text{Intraday Value}_i]$$

(C) if "**Opening Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Max} [\text{Floor Value}; \text{Opening Value}_i]$$

(D) if "**Closing Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Max} [\text{Floor Value}; \text{Closing Value}_i]$$

where:

"**i**" is a series of numbers from one to n, each representing an Averaging Date;

"**n**" means the number of Averaging Dates;

"**Averaging Dates**" means the dates specified as such in the applicable Final Terms, subject to adjustment in accordance with the Conditions;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*)

"**Spot Value_i**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value_i**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value_i**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value_i**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Floor Value**" means the value specified as such in the applicable Final Terms.

3. **Individually Capped Average Value**

If "**Individually Capped Average Value**" is specified in the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be equal to the arithmetic mean of the values for each Averaging Date equal to the lower of: (a) the Closing Value of the Relevant Underlying as of such Averaging Date; and (b) the Cap Value in respect of such Relevant Underlying as of such Averaging Date and determined in accordance with the following formula:

(A) if "**Spot Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Min} [\text{Cap Value}; \text{Spot Value}_i]$$

(B) if "**Intraday Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Min} [\text{Cap Value}; \text{Intraday Value}_i]$$

(C) if "**Opening Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Min} [\text{Cap Value}; \text{Opening Value}_i]$$

(A) if "**Closing Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \sum_{i=1}^n \frac{1}{n} \times \text{Min} [\text{Cap Value}; \text{Closing Value}_i]$$

where:

"**i**" is a series of numbers from one to n, each representing an Averaging Date;

"**n**" means the number of Averaging Dates;

"**Averaging Dates**" means the dates specified as such in the applicable Final Terms, subject to adjustment in accordance with the Conditions;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*)

"**Spot Value_i**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value_i**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value_i**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value_i**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Cap Value**" means the value specified as such in the applicable Final Terms.

4. **Globally Floored Average Value**

If "**Globally Floored Average Value**" is specified in the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be equal to the greater of: (a) arithmetic mean of the Closing Values of the Relevant Underlying as of each of the Averaging Dates; and (b) the Global Floor Value, and determined in accordance with the following formula:

(A) if "**Spot Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[\text{Global Floor Value}; \sum_{i=1}^n \frac{1}{n} \times \text{Spot Value}_i \right]$$

(B) if "**Intraday Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[\text{Global Floor Value}; \sum_{i=1}^n \frac{1}{n} \times \text{Intraday Value}_i \right]$$

(C) if "**Opening Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[\text{Global Floor Value}; \sum_{i=1}^n \frac{1}{n} \times \text{Opening Value}_i \right]$$

(D) if "**Closing Value**" is specified in the applicable Final Terms:

$$\text{Relevant Underlying Value} = \text{Max} \left[\text{Global Floor Value}; \sum_{i=1}^n \frac{1}{n} \times \text{Closing Value}_i \right]$$

where:

"**i**" is a series of numbers from one to n, each representing an Averaging Date;

"**n**" means the number of Averaging Dates;

"**Averaging Dates**" means the dates specified as such in the applicable Final Terms, subject to adjustment in accordance with the Conditions;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*)

"**Spot Value_i**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value_i**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value_i**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value_i**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Global Floor Value**" means the value specified as such in the applicable Final Terms.

5. **Globally Capped Average Value**

If "**Globally Capped Average Value**" is specified in the applicable Final Terms, the Relevant Underlying Value will be the value determined by the Determination Agent to be equal to the lower of: (a) the arithmetic mean of the Closing Values of the Relevant Underlying as of each of the Averaging Dates; and (b) the Global Cap Value, and determined in accordance with the following formula:

$$\text{Relevant Underlying Value} = \text{Min} \left[\text{Global Cap Value}; \sum_{i=1}^n \frac{1}{n} \times \text{Closing Value}_i \right]$$

where:

"**i**" is a series of numbers from one to n, each representing an Averaging Date;

"**n**" means the number of Averaging Dates;

"**Averaging Dates**" means the dates specified as such in the applicable Final Terms, subject to adjustment in accordance with the Conditions;

"**Spot Value**", "**Intraday Value**", "**Opening Value**" and "**Closing Value**" each has the meaning given to it in Sub-Section I above of this Section 7 (*Value Determination Terms*)

"**Spot Value_i**" means the Spot Value of the Relevant Underlying on the relevant Averaging Date;

"**Intraday Value_i**" means the Intraday Value of the Relevant Underlying on the relevant Averaging Date;

"**Opening Value_i**" means the Opening Value of the Relevant Underlying on the relevant Averaging Date;

"**Closing Value_i**" means the Closing Value of the Relevant Underlying on the relevant Averaging Date; and

"**Global Cap Value**" means the value specified as such in the applicable Final Terms.

Section 8
Performance Determination Terms

Where the performance of the Relevant Underlying is to be determined for the purposes of determining any Interest Amount, any Early Redemption Amount or the Final Redemption Amount for the Linked Notes of any Series, the value of such performance will be determined applying the provisions of one or more of the paragraphs set out below in this Section 8 (each, "**Performance Determination Terms**") as specified in the applicable Final Terms. For the purposes of such provisions, "**Performance Determination Date**" means, as applicable, the Interest Determination Date, Valuation Date, Automatic Early Redemption Determination, Determination Date or any other date in these Additional Terms and Conditions as of which performance is to be determined.

Sub-Section I

Performance Determination Terms for Notes linked to a single Share, Index, ETF Interest, Fund Interest or Inflation Index

1. Basic Performance

If "**Basic Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \left(\frac{Final Reference Value}{Initial Reference Value} - Strike \right)$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \left(Strike - \frac{Final Reference Value}{Initial Reference Value} \right)$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Strike**" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

2. Cliquet Performance

If "**Cliquet Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \left(\frac{Final Reference Value}{PIDD Reference Value} - Strike \right)$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \left(Strike - \frac{Final Reference Value}{PIDD Reference Value} \right)$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Strike**" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**PIDD Reference Value**" means the Relevant Underlying Value as of the Interest Determination Date immediately preceding the relevant Performance Determination Date, or, if there is no such Interest Determination Date, the Relevant Underlying Value as of the Strike Date, in each case as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

3. **Capped Performance**

If "**Capped Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \text{Min} \left(Cap; \frac{Final Reference Value}{Initial Reference Value} - Strike \right)$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \text{Min} \left(Cap; Strike - \frac{Final Reference Value}{Initial Reference Value} \right)$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Strike**" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"**Cap**" means the value specified as such in the applicable Final Terms;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

4. **Floored Performance**

If "**Floored Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \text{Max} \left(\text{Floor}; \frac{Final Reference Value}{Initial Reference Value} - Strike \right)$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \text{Max} \left(\text{Floor}; Strike - \frac{Final Reference Value}{Initial Reference Value} \right)$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Strike**" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"**Floor**" means the value specified as such in the applicable Final Terms;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

5. **Capped & Floored Performance**

If "**Capped & Floored Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \text{Min} \left(Cap; \text{Max} \left[\text{Floor}; \frac{Final Reference Value}{Initial Reference Value} - Strike \right] \right)$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula:

$$Performance = Performance Rate \times \text{Min} \left(Cap; \text{Max} \left[\text{Floor}; Strike - \frac{Final Reference Value}{Initial Reference Value} \right] \right)$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Strike**" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"**Cap**" means the value specified as such in the applicable Final Terms;

"**Floor**" means the value specified as such in the applicable Final Terms;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

6. **Absolute Basic Performance**

If "**Absolute Basic Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of 1):

$$Performance = Performance Rate \times \left| \frac{Final Reference Value}{Initial Reference Value} - Strike \right|$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of the result from 1):

$$Performance = Performance Rate \times \left| Strike - \frac{Final Reference Value}{Initial Reference Value} \right|$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Strike**" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

7. **Absolute Capped Performance**

If "**Absolute Capped Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of 1):

$$Performance = Performance Rate \times Min \left[Cap; \left| \left(\frac{Final Reference Value}{Initial Reference Value} - Strike \right) \right| \right]$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of the resultant value from 1):

$$Performance = Performance Rate \times Min \left[Cap; \left| \left(Strike - \frac{Final Reference Value}{Initial Reference Value} \right) \right| \right]$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Strike**" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"**Cap**" means the value specified as such in the applicable Final Terms;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

8. **Absolute Floored Performance**

If "**Absolute Floored Performance**" is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of 1):

$$Performance = Performance Rate \times Max \left(Floor; \left| \left(\frac{Final Reference Value}{Initial Reference Value} - Strike \right) \right| \right)$$

- (b) If "**Put Performance**" is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of the resultant value from 1):

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$$Performance = Performance Rate \times \text{Max} \left(\text{Floor}; \left| \left(\text{Strike} - \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \right) \right| \right)$$

where:

"Performance Rate" means the percentage rate specified as such in the applicable Final Terms;

"Strike" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"Floor" means the value specified as such in the applicable Final Terms;

"Final Reference Value" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"Initial Reference Value" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

9. **Absolute Capped & Floored Performance**

If **"Absolute Capped & Floored Performance"** is specified in the applicable Final Terms, the Performance will be determined by the Determination Agent as of the relevant Performance Determination Date:

- (a) Unless "Put Performance" is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of 1):

$$Performance = Performance Rate \times \text{Min} \left(\text{Cap}; \text{Max} \left[\text{Floor}; \left| \left(\frac{\text{Final Reference Value}}{\text{Initial Reference Value}} - \text{Strike} \right) \right| \right] \right)$$

- (b) If **"Put Performance"** is specified as being applicable, in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value by the Initial Reference Value and the subsequent subtraction of the resultant value from 1):

$$Performance = Performance Rate \times \text{Min} \left(\text{Cap}; \text{Max} \left[\text{Floor}; \left| \left(\text{Strike} - \frac{\text{Final Reference Value}}{\text{Initial Reference Value}} \right) \right| \right] \right)$$

where:

"Performance Rate" means the percentage rate specified as such in the applicable Final Terms;

"Strike" means the value, between 0 and 100, specified as such in the applicable Final Terms, **provided that** if no such value is specified, the Strike will be 1;

"Cap" means the value specified as such in the applicable Final Terms;

"Floor" means the value specified as such in the applicable Final Terms;

"Final Reference Value" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"Initial Reference Value" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike

Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

10. **OTM Performance (Single Underlying)**

If "**OTM Performance (Single Underlying)**" is specified in the applicable Final Terms or in these Additional Terms and Conditions as applying in respect of any Series of Notes, and where the Relevant Underlying is a Single Underlying, the Performance of the Relevant Underlying will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = Performance Rate \times \left(\frac{Final Reference Value}{Initial Reference Value} - OTM Rate \right)$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms; and

"**OTM Rate**" means a percentage rate specified as such in the applicable Final Terms.

11. **Optimised Performance (Type 1)**

If "**Optimised Performance (Type 1)**" is specified in the applicable Final Terms or in these Additional Terms and Conditions as applying in respect of any Series of Notes, and where the Relevant Underlying is a Single Underlying, the Performance of the Relevant Underlying will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = Performance Rate \times \frac{Final Reference Value - Optimised Initial Reference Value}{Initial Reference Value}$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

"**Optimised Initial Reference Value**" means the value determined by the Determination Agent to be equal to, as specified in the applicable final terms, either (A) the lowest or (B) the highest of the Closing Values of the Relevant Underlying as of each of the Optimised Observation Dates; and

"**Optimised Observation Date**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions.

12. **Optimised Performance (Type 2)**

If "**Optimised Performance (Type 2)**" is specified in the applicable Final Terms or in these Additional Terms and Conditions as applying in respect of any Series of Notes, and where the Relevant Underlying is a Single Underlying, the Performance of the Relevant Underlying will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = Performance Rate \times \frac{Final Reference Value - Optimised Initial Reference Value}{Optimised Initial Reference Value}$$

where:

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**" means the Relevant Underlying Value as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms;

"**Initial Reference Value**" means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms.

"**Optimised Initial Reference Value**" means the value determined by the Determination Agent to be equal to, as specified in the applicable final terms, either (A) the lowest or (B) the highest of the Closing Values of the Relevant Underlying as of each of the Optimised Observation Dates; and

"**Optimised Observation Date**" means the dates specified as such in the applicable Final Terms (and may also be expressed as being each Scheduled Trading Day within specified dates), subject to adjustment in accordance with the Conditions.

Sub-Section II:

Selected Average Performance Determination Terms for Notes linked to a Relevant Underlying which is a Basket

1. **Selected Average Basic Performance**

If "**Selected Average Basic Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \sum_{i=1}^n \frac{1}{n} \left\{ Performance Rate \times \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right\}$$

where:

"**i**" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"**n**" means the number of Selected Basket Components in the Basket;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value*

Determination Terms) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

2. **Selected Cliquet Average Performance**

If "**Selected Cliquet Average Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \sum_{i=1}^n \frac{1}{n} \left\{ Performance Rate \times \left(\frac{Final Reference Value_i}{PIDD Reference Value_i} - 1 \right) \right\}$$

where:

"**i**" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"**n**" means the number of Selected Basket Components in the Basket;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**PIDD Reference Value**", for any Basket Component, means the Relevant Underlying Value for such Basket Component as of the Interest Determination Date immediately preceding the relevant Performance Determination Date, or, if there is no such Interest Determination Date, the

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Relevant Underlying Value as of the Strike Date, in each case as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms "**PIDD Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if "Selected Basket Component" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

3. **Selected Average Individually Capped Performance**

If "**Selected Average Individually Capped Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \sum_{i=1}^n \frac{1}{n} \left(Performance\ Rate \times Min \left[Cap_i; \frac{Final\ Reference\ Value_i}{Initial\ Reference\ Value_i} - 1 \right] \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Basket Components in the Basket;

"**Cap_i**" means, in respect of any Selected Basket Component_i, the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"Selected Basket Component" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ... " (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if **"Selected Basket Component"** is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

4. **Selected Average Individually Floored Performance**

If **"Selected Average Individually Floored Performance"** is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \sum_{i=1}^n \frac{1}{n} \left(Performance\ Rate \times Max \left[Floor_i; \frac{Final\ Reference\ Value_i}{Initial\ Reference\ Value_i} - 1 \right] \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Floor_i**" means, in respect of any Selected Basket Component_i, the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"Selected Basket Component" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such

Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and

- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

5. **Selected Average Individually Capped & Floored Performance**

If "**Selected Average Individually Capped & Floored Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \sum_{i=1}^n \frac{1}{n} Performance Rate \times Min \left(Cap_i; Max \left[Floor_i; \frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right] \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Cap_i**" means, in respect of any Selected Basket Component_i, the value specified as such in the applicable Final Terms;

"**Floor_i**" means, in respect of any Selected Basket Component_i, the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component

with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and

- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

6. **Selected Average Global Capped Performance**

If "**Selected Average Global Capped Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = Min \left[Cap; \sum_{i=1}^n \frac{1}{n} \left(Performance Rate \times \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right) \right]$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Cap**" means the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and

- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

7. **Selected Average Global Floored Performance**

If "**Selected Average Global Floored Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = Max \left[Floor; \sum_{i=1}^n \frac{1}{n} \left(Performance Rate \times \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right) \right]$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Floor**" means the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

8. **Selected Average Global Capped & Floored Performance**

If "**Selected Average Global Capped & Floored Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = Min \left[Cap; Max \left[Floor; \sum_{i=1}^n \frac{1}{n} \left(Performance Rate \times \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right) \right] \right]$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Cap**" means the value specified as such in the applicable Final Terms;

"**Floor**" means the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket

Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

9. **Selected Absolute Average Basic Performance**

If "**Selected Absolute Average Basic Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value_{*i*} by the Initial Reference Value_{*i*} and the subsequent subtraction of 1):

$$Performance = \sum_{i=1}^n \frac{1}{n} \left(Performance Rate \times \left| \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right| \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

10. **Selected Absolute Average Individually Capped Performance**

If "**Selected Absolute Average Individually Capped Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value_{*i*} by the Initial Reference Value_{*i*} and the subsequent subtraction of 1):

$$Performance = \sum_{i=1}^n \frac{1}{n} \left(Performance\ Rate \times Min \left[Cap_i; \left| \left(\frac{Final\ Reference\ Value_i}{Initial\ Reference\ Value_i} - 1 \right) \right| \right] \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Cap_{*i*}**" means, in respect of any Selected Basket Component_{*i*}, the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,2...5" in the applicable Final Terms, the Selected Basket Components will comprise the 5 Basket Components from and including Basket Component 1 to and including Basket Component 5),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

11. **Selected Absolute Average Individually Floored Performance**

If "**Selected Absolute Average Individually Floored Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value_{*i*} by the Initial Reference Value_{*i*} and the subsequent subtraction of 1):

$$Performance = \sum_{i=1}^n \frac{1}{n} \left(Performance\ Rate \times \max \left[Floor_i; \left| \left(\frac{Final\ Reference\ Value_i}{Initial\ Reference\ Value_i} - 1 \right) \right| \right] \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Floor_{*i*}**" means, in respect of any Selected Basket Component_{*i*}, the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components, and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

12. **Selected Absolute Average Individually Capped & Floored Performance**

If "**Selected Absolute Average Individually Capped & Floored Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value_{*i*} by the Initial Reference Value_{*i*} and the subsequent subtraction of 1):

$$\sum_{i=1}^n \frac{1}{n} \left(\text{Performance Rate} \times \text{Min} \left[\text{Cap}_i; \text{Max} \left[\text{Floor}_i; \left| \left(\frac{\text{Final Reference Value}_i}{\text{Initial Reference Value}_i} - 1 \right) \right| \right] \right] \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Cap_{*i*}**" means, in respect of any Selected Basket Component_{*i*}, the value specified as such in the applicable Final Terms;

"**Floor_{*i*}**" means, in respect of any Selected Basket Component_{*i*}, the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

13. **Selected Absolute Average Global Capped Performance**

If "**Selected Absolute Average Global Capped Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value_{*i*} by the Initial Reference Value_{*i*} and the subsequent subtraction of 1):

$$Performance = Min \left[Cap; \sum_{i=1}^n \frac{1}{n} \left(Performance Rate \times \left| \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right| \right) \right]$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Cap**" means the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

14. **Selected Absolute Average Global Floored Performance**

If "**Selected Absolute Average Global Floored Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination

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Agent as of the relevant Performance Determination Date in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value_i by the Initial Reference Value_i and the subsequent subtraction of 1):

$$Performance = Max \left[Floor; \sum_{i=1}^n \frac{1}{n} \left(Performance Rate \times \left| \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right| \right) \right]$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Floor**" means the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "J = ..."
(so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "J=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "J" is a number from 1 to N denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "N" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

15. **Selected Absolute Average Global Capped & Floored Performance**

If "**Selected Absolute Average Global Capped & Floored Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula (treating as an absolute value any negative value resulting from the division of the Final Reference Value_{*i*} by the Initial Reference Value_{*i*} and the subsequent subtraction of 1):

$$Performance = Min \left[Cap; Max \left[Floor; \sum_{i=1}^n \frac{1}{n} \left(Performance Rate \times \left| \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right) \right| \right) \right] \right]$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Cap**" means the value specified as such in the applicable Final Terms;

"**Floor**" means the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_{*i*}**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (a) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

16. **Best of – Weighted Average Performance**

If "**Best of – Weighted Average Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \sum_{i=1}^n W_i \times Performance Rate \times \left(\frac{Final Reference Value_i}{Initial Reference Value_i} - 1 \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"*W_i*" or "**Relevant Weighting**" means, for any Selected Basket Component, the value specified as the Weighting for such Selected Basket Component in the applicable Final Terms, or, if no such weighting is specified, *W_i* or Relevant Weighting for each Selected Basket Component will be equal to one;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the *highest* such value (Basket Component 1) and ending with the Basket Component with the *lowest* such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,2...5" in the applicable Final Terms, the Selected Basket Components will comprise the 5 Basket Components from and including Basket Component 1 to and including Basket Component 5),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

17. **Worst of – Weighted Average Performance**

If "**Worst of – Weighted Average Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$\sum_{i=1}^n W_i \times \text{Performance Rate} \times \left(\frac{\text{Final Reference Value}_i}{\text{Initial Reference Value}_i} - 1 \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"*W_i*" or "**Relevant Weighting**" means, for any Selected Basket Component, the value specified as the Weighting for such Selected Basket Component in the applicable Final Terms, or, if no such weighting is specified, *W_i* or Relevant Weighting for each Selected Basket Component will be equal to one;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the *lowest* such value (Basket Component 1) and ending with the Basket Component with the *highest* such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,2...5" in the applicable Final Terms, the Selected Basket Components will comprise the 5 Basket Components from and including Basket Component 1 to and including Basket Component 5),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

18. **Selection of – Weighted Average Performance**

If "**Selection of – Non Equally Weighted Average Performance**" is specified in the applicable Final Terms, the Performance in respect of the Basket will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$\sum_{i=1}^n W_i \times \text{Performance Rate} \times \left(\frac{\text{Final Reference Value}_i}{\text{Initial Reference Value}_i} - 1 \right)$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"*W_i*" or "**Relevant Weighting**" means, for any Selected Basket Component, the value specified as the Weighting for such Selected Basket Component in the applicable Final Terms, or, if no such weighting is specified, *W_i* or Relevant Weighting for each Selected Basket Component will be equal to one;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the *highest* such value (Basket Component 1) and ending with the Basket Component with the *lowest* such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

19. Selected Equally Weighted Average OTM Performance

If "**Selected Average OTM Performance**" is specified in the applicable Final Terms or in these Additional Terms and Conditions as applying in respect of any Series of Notes, and where the Relevant Underlying is a Basket, the Performance of the Relevant Underlying will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \sum_{i=1}^n \frac{1}{n} \times \left\{ Performance Rate \times \frac{Final Reference Value_i}{Initial Reference Value_i} \right\} - OTM Rate_i$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**OTM Rate**" means the percentage rate specified as such in the applicable Final Terms and "**OTM Rate_i**" means such percentage rate in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the *highest* such value (Basket Component 1) and ending with the Basket Component with the *lowest* such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

20. Selected Non-Equally Weighted Average OTM Performance

If "**Selected Average Lock In Performance**" is specified in the applicable Final Terms or in these Additional Terms and Conditions as applying in respect of any Series of Notes, the Performance of the Relevant Underlying will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$\text{Performance} = \sum_{i=1}^n W_i \times \text{Performance Rate} \times \left(\frac{\text{Final Reference Value}_i}{\text{Initial Reference Value}_i} \right) - \text{OTM Rate}_i$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"*W_i*" or "**Relevant Weighting**" means, for any Selected Basket Component, the value specified as the Weighting for such Selected Basket Component in the applicable Final Terms, or, if no such weighting is specified, *W_i* or Relevant Weighting for each Selected Basket Component will be equal to one;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**OTM Rate**" means the percentage rate specified as such in the applicable Final Terms and "**OTM Rate_i**" means such percentage rate in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the *highest* such value (Basket Component 1) and ending with the Basket Component with the *lowest* such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,5...7" in the applicable Final Terms, the Selected Basket Components will comprise the 4 Basket Components numbered 1, 5, 6 and 7),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and "*N*" is the total number of Basket Components and **provided that**, if "**Selected Basket Component**" is specified in the applicable

Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

21. Selected Average Top Rank Performance

If "**Selected Average Top Rank Performance**" is specified in the applicable Final Terms or in these Additional Terms and Conditions as applying in respect of any Series of Notes, the Performance of the Relevant Underlying will be determined by the Determination Agent as of the relevant Performance Determination Date in accordance with the following formula:

$$Performance = \left(\frac{n}{N} \times Default\ Performance \right) + \frac{1}{N} \times \sum_{i=1}^{N-n} \frac{Final\ Reference\ Value_i}{Initial\ Reference\ Value_i}$$

where:

"*i*" is a series of numbers from one to *n*, each representing a Selected Basket Component;

"*n*" means the number of Selected Basket Components in the Basket;

"*N*" means the total number of Basket Components in the Basket;

"**Default Performance**" means the value specified as such in the applicable Final Terms;

"**Performance Rate**" means the percentage rate specified as such in the applicable Final Terms;

"**Final Reference Value**", for any Basket Component, means the Relevant Underlying Value in respect of such Basket Component as of the relevant Performance Determination Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Final Reference Value_i**" means such value in respect of the relevant Selected Basket Component;

"**Initial Reference Value**", for any Basket Component, means, as specified in the applicable Final Terms, either the value specified as such in the applicable Final Terms or the Relevant Underlying Value in respect of such Basket Component as of the Strike Date as determined by the Determination Agent in accordance with such provisions of Section 7 (*Value Determination Terms*) as are specified as being applicable in the applicable Final Terms and "**Initial Reference Value_i**" means such value in respect of the relevant Selected Basket Component; and

"**Selected Basket Component**" means the Basket Components determined by the Determination Agent as follows:

- (a) by numbering the Basket Components in order according to the respective values for each Basket Component determined by dividing the Final Reference Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the *lowest* such value (Basket Component 1) and ending with the Basket Component with the *highest* such value (and so that, if more than one Basket Component has the same value, the order of the relevant Basket Components shall be as determined by the Determination Agent); and
- (b) by selecting the numbered Basket Components corresponding to the numbers specified for the Selected Basket Components in the applicable Final Terms in the format "*J* = ..." (so that, for example, where there are 10 Basket Components and the Selected Basket Components are identified as "*J*=1,2...5" in the applicable Final Terms, the Selected Basket Components will comprise the 5 Basket Components from and including Basket Component 1 to and including Basket Component 5),

where "*J*" is a number from 1 to *N* denoting one of the Basket Components numbered as described in (a) and selected as described in (b) above and **provided that**, if "**Selected Basket Component**" is specified in the applicable Final Terms as being not applicable, then all Basket Components are deemed to be Selected Basket Components.

PRO FORMA FINAL TERMS FOR NOTES OTHER THAN LINKED NOTES

Final Terms dated [•]

[MORGAN STANLEY] / [MORGAN STANLEY & CO, INTERNATIONAL plc] / [MORGAN STANLEY B.V.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by Morgan Stanley]

under the Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and Certificates

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, AS AMENDED). SEE "SUBSCRIPTION AND SALE" AND "NO OWNERSHIP BY U.S. PERSONS" IN THE BASE PROSPECTUS DATED 17 JULY 2013 . IN PURCHASING THE NOTES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.]¹

PART A – CONTRACTUAL TERMS

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [However, a summary of the Issue is annexed to these Final Terms.]² Copies of the Base Prospectus [and any supplement(s) thereto] are available from

¹ To be included where an offer is made pursuant to an exemption from the requirement to publish a prospectus under the Prospectus Directive (as amended by the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State).

² Insert if Notes are for denominations lower than EUR 100,000.

the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA [and on the Issuers' website at www.morganstanleyiq.eu] and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a prior base prospectus the terms of which are incorporated into this Base Prospectus by reference.

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] incorporated by reference in the base prospectus dated 17 July 2013. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] (as such term is defined in the Base Prospectus) which are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base Prospectus [and any supplement(s) thereto] are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms. Italics denote guidance for completing the Final Terms]

1. (i) Series Number: [•]
(ii) Series designation: [Series A] / [Series B]
[(iii) [Tranche Number:]] [•]

[Fungible with the [currency] [•] [Title of the Notes]
issued by [•], bearing ISIN [•]]
2. Specified Currency or Currencies: [•]
3. Aggregate [Nominal Amount]/[Number] of the Notes: [•]³

[(i)] Series: [•]
[(ii) Tranche: [•]]
4. Issue Price [•] per cent. of par per Note/[•] per Note

³ Where the amount is not known at the beginning of the offer period (e.g. an "up to" amount), notices of final offer amount will need to be submitted where the Notes are listed or admitted to trading.

5. (i) Specified Denominations (Par): [•]
- (ii) Calculation Amount: [•]
6. (i) Issue Date: [•]
- (iii) Interest Commencement Date [Specify] / [Issue Date] / [Not Applicable]
- [OR]
- [In relation to interest payable under Condition 5 (*Fixed Rate Note Provisions*), [date]. See Paragraph 13 below for further details]
- [In relation to interest payable under Condition 6 (*Floating Rate Note, Equity-Linked, Currency-Linked, Inflation-Linked and Fund-Linked Note Provisions*), [date]. See Paragraph 14 below for further details]
- (Include if Notes are subject to different Interest Basis during their lifetime, and delete as appropriate)
7. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in, or nearest to, the relevant month and year]
8. Interest Basis: [[•]% Fixed Rate]. [The Notes are Barrier Notes.]
- [[specify reference rate] +/- [•] per cent. Floating Rate]. [The Notes are Barrier Notes.]
- [Zero Coupon]
- [Step-Up Notes]. [The Notes are Barrier Notes.]
- [Fixed to Floating Rate Notes]. [The Notes are Barrier Notes.]
- [[Floored]/[Capped]/[Collared] Floating Rate Notes]. [The Notes are Barrier Notes.]
- [[[Floored]/[Capped]/[Collared]] Range Accrual Notes]
9. Put/Call Options:
- (i) Redemption at the option of the Issuer: [Applicable/Not Applicable]
- (Condition 14.5)
- (ii) Redemption at the option of the Noteholders: [Applicable/Not Applicable]
- (Condition 14.7)

10. Change of Interest Basis: [Paragraph 1.3 (*Fixed to Floating Notes*) of Section 2 of Part 2 of the Terms and Conditions applies] / [Not Applicable]

11. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

(Condition 5 and Section 2 of Part 2 of the Terms and Conditions) *(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Step-Up Notes: [Applicable/Not Applicable]

(ii) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/ other (specify)] in arrear]

OR

Specify the following if the Notes are "Step Up Notes" or "Fixed to Floating Rate Notes" (for the relevant period(s) during which a fixed rate is payable).

Interest Period	Rate of Interest
From and including the Interest Payment Date falling on [•] to but excluding the Interest Payment Date falling on [•]	[•] per cent.
[...]	[...]
From and including the Interest Payment Date falling on [•] to but excluding the Interest Payment Date falling on [•]	[•] per cent.

OR

For Swedish Notes, specify in the following format:

Interest Period	Rate of Interest
From (but excluding) the Interest Payment Date falling on [•] to and including the Interest Payment Date falling on [•]	[•] per cent.
[...]	[...]

From (but excluding) the Interest Payment Date falling on [•] to and including the Interest Payment Date falling on [•]	[•] per cent.
---	---------------

- (iii) Interest Period(s): [As set out in Condition 2 [adjusted in accordance the Business Day Convention specified below]/not adjusted]

OR

For Swedish Notes, specify as follows:

[As set out in Condition 5.7 [adjusted in accordance the Business Day Convention specified below]/not adjusted]

- (iv) Interest Payment Date(s): [•] in each year [adjusted in accordance the Business Day Convention specified below]/not adjusted]
- (v) Business Day Convention [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

- (vi) Fixed Coupon Amount[(s)]: [•] per Calculation Amount

OR

Specify the following if the Notes are "Step Up Notes" or "Fixed to Floating Rate Notes" (for the relevant Interest Period(s) during which a fixed rate of interest is payable).

Interest Period	Fixed Coupon Amount
From and including the Interest Payment Date falling on [•] to but excluding the Interest Payment Date falling on [•]	[•] per Calculation Amount
[...]	[...]
From and including the Interest Payment Date falling on [•] to but excluding the Interest Payment Date falling on [•]	[•] per Calculation Amount

OR

For Swedish Notes, specify in the following format:

Interest Period	Fixed Coupon Amount
From (but excluding) the Interest Payment Date falling on [•] to and including the Interest Payment Date falling on [•]	[•] per Calculation Amount
[...]	[...]
From (but excluding) the Interest Payment Date falling on [•] to and including the Interest Payment Date falling on [•]	[•] per Calculation Amount

(vii) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]

(viii) Barrier Notes: [Applicable/Not Applicable]

(Paragraph 1.9 of Section 2 of the Terms and Conditions) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Coupon Barrier Value: [•] per cent.

[OR]

Interest Determination Date falling on:	Coupon Barrier Value
[•]	[•] per cent.
[...]	[...]
[•]	[•] per cent.

- Reference Rate: [•]
- Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination applies. The Relevant Screen Page is [•]] / [ISDA Determination applies. The Floating Rate Option is [•]. The Designated Maturity is [•] and the Reset Date is [•]]
- Party Responsible for determining the Reference Rate (if not the Calculation Agent): [•]

- Interest Determination Dates: [date][, [date].... and [date]]
- Interest will be payable on the Notes if, as of the relevant Interest Determination Date, the Reference Rate is: [greater than] / [greater than or equal to] / [less than] / less than or equal to] the Coupon Barrier Value.
(Delete as appropriate)
- (ix) Day Count Fraction: [Actual/Actual (ICMA)] / [30/360]
(Condition 5.7)
- 13. **Floating Rate Note Provisions** [Applicable[, the Notes are [Floored] / [Capped] / [Collared] Floating Rate Notes] / [Not Applicable]
(Condition 6) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
 - (i) Interest Payment Dates: [date][, [date].... and [date]]
 - (ii) First Interest Payment Date: [date] / Not Applicable
 - (iii) Interest Period: [As set out in Condition 2 [adjusted in accordance the Business Day Convention specified below]/not adjusted]
[OR]
(For Swedish Notes, specify as follows:)
[As set out in Condition 6.10 [adjusted in accordance the Business Day Convention specified below]/not adjusted]
 - (iv) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [FRN Convention / Floating Rate Convention / Eurodollar Convention] / [No Adjustment / Unadjusted]
(Delete as appropriate)
 - (v) Specified Period: [Not Applicable]
[OR]
[Each of the following shall be a Specified Period:
From (and including) [date] to (but excluding) [date];
[...] and
From (and including) [date] to (but excluding) [date];]

Pro Forma Final Terms for Notes other than Linked Notes

(Note: "Specified Period" should only be specified if FRN Convention is chosen. Otherwise specify "Not Applicable")

- | | | |
|--------|--|---|
| (vi) | Additional Business Centre(s): | [•] |
| (vi) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination] |
| (vii) | Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): | [•] |
| (viii) | Screen Rate Determination: | [Applicable] / [Not Applicable] |
| | • Reference Rate: | [•] |
| | • Interest Determination Date(s): | [date][, [date].... and [date]] |
| | • Relevant Screen Page: | [•] |
| (ix) | ISDA Determination | [Applicable] / [Not Applicable] |
| | • Floating Rate Option: | [•] |
| | • Designated Maturity: | [•] |
| | • Reset Date: | [•] |
| (x) | Margin(s): | [+/-][•] per cent. per annum |
| (xi) | Minimum Rate of Interest: | [•] per cent. per annum / Not Applicable

<i>(Specify if Notes are Floored Floating Rate Notes or Collared Floating Rate Notes, otherwise specify "Not Applicable")</i> |
| (xii) | Maximum Rate of Interest: | [•] per cent. per annum / Not Applicable

<i>(specify if Notes are Capped Floating Rate Notes or Collared Floating Rate Notes, otherwise specify "Not Applicable")</i> |

- (xiii) Barrier Notes: [Applicable/Not Applicable]
(Paragraph 1.9 of Section 2 Part 2 of the Terms and Conditions) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Coupon Barrier Value: [•] per cent.

[OR]

Interest Determination Date falling on:	Coupon Barrier Value
[•]	[•] per cent.
[...]	[...]
[•]	[•] per cent.

- Reference Rate: [•]
- Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination applies. The Relevant Screen Page is [•]] / [ISDA Determination applies. The Floating Rate Option is [•]. The Designated Maturity is [•] and the Reset Date is [•]]
- Interest will be payable on the Notes if, as of the relevant Interest Determination Date, the Reference Rate is: [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Coupon Barrier Value.
(Delete as appropriate)

- (xiv) Day Count Fraction: [Actual/Actual] / [Actual/365(Fixed)] / [Actual/360] / [30/360] / [30E/360 or Eurobond Basis] / [30E/360 (ISDA)]

14. **Range Accrual Notes:** [Applicable[, the Notes are [Floored] / [Capped] / [Collared] Range Accrual Notes] / [Not Applicable]

(Condition 6 and Paragraph 1.8 of Section 2 of Part 2 of the Terms and Conditions) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Reference Rate: [•]
(ii) Coupon Rate: [•] per cent.

[OR]

Specify the following if the Notes are "Step Up Notes" or "Fixed to Floating Rate Notes" (for the relevant period(s) during which a fixed rate is payable).

Interest Period	Coupon Rate
From and including the Interest Payment Date	[•] per cent.

falling on [•] to but excluding the Interest Payment Date falling on [•]	
[...]	[...]
From and including the Interest Payment Date falling on [•] to but excluding the Interest Payment Date falling on [•]	[•] per cent.

[OR]

For Swedish Notes, specify in the following format:

Interest Period	Coupon Rate
From (but excluding) the Interest Payment Date falling on [•] to and including the Interest Payment Date falling on [•]	[•] per cent.
[...]	[...]
From (but excluding) the Interest Payment Date falling on [•] to and including the Interest Payment Date falling on [•]	[•] per cent.

- (iii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination applies. The Relevant Screen Page is [•]] / [ISDA Determination applies. The Floating Rate Option is [•]. The Designated Maturity is [•] and the Reset Date is [•]]
- (iv) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [•]
- (v) Elections for definition of Number of Business Days (Barrier Condition Satisfied): [Single Barrier Range Accrual is applicable. The Determination Agent will determine in respect of each Interest Period the number of Business Days in such Interest Period on which the Reference Rate is [greater than] / [greater than or equal to] / [lesser than] / [lesser than or equal to] the Coupon Barrier Value]

[OR]

[Dual Barrier Range Accrual is applicable. The Determination Agent will determine in respect of each Interest Period the number of Business Days in such Interest Period on which the Reference Rate is

[greater than] / [greater than or equal to] the Lower Barrier Value and [lesser than] / [lesser than or equal to] the Upper Barrier Value]

(vi) Coupon Barrier Not applicable
Value:

[OR]

[•] per cent.

[OR]

Interest Determination Date falling on:	Coupon Barrier Value
[•]	[•] per cent.
[...]	[...]
[•]	[•] per cent.

(vii) Lower Barrier Not applicable
Value:

[OR]

[•] per cent.

[OR]

Interest Determination Date falling on:	Lower Barrier Value
[•]	[•] per cent.
[...]	[...]
[•]	[•] per cent.

(viii) Upper Barrier Not applicable
Value:

[OR]

[•] per cent.

[OR]

Interest Determination Date falling on:	Upper Barrier Value
[•]	[•] per cent.
[...]	[...]
[•]	[•] per cent.

(ix) Interest Determination [date][, [date].... and [date]]

- Date(s)
- (x) Number of Business Days (Barrier Condition Satisfied): Means the number of Business Days in an Interest Period on which the Reference Rate is [greater than] / [greater than or equal to] / [less than] / less than or equal to] the Coupon Barrier Value.
- (delete as appropriate)*
- (xi) Interest Payment Dates: [date][, [date].... and [date]]
- (xii) First Interest Payment Date: [date] / Not Applicable
- (xiii) Interest Period: [As set out in Condition 2 [adjusted in accordance the Business Day Convention specified below]/not adjusted]
- OR*
- For Swedish Notes, specify as follows:*
- [As set out in Condition 6.10 [adjusted in accordance the Business Day Convention specified below]/not adjusted]
- (xiv) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [FRN Convention / Floating Rate Convention / Eurodollar Convention] / [No Adjustment / Unadjusted]
- (Delete as appropriate)*
- (xv) Specified Period: [Not Applicable]
- [OR]*
- [Each of the following shall be a Specified Period:
- From (and including) [date] to (but excluding) [date];
- [...] and
- From (and including) [date] to (but excluding) [date];]
- (Note: "Specified Period" should only be specified if FRN Convention is chosen. Otherwise specify "Not Applicable")*
- (xvi) Additional Business Centre(s): [•]
- (xvii) Minimum Rate of Interest: [•] per cent. per annum / Not Applicable
- (specify if Notes are Floored Range Accrual Notes or Collared Range Accrual Notes, otherwise specify "Not Applicable")*

(xviii) Maximum Rate of Interest: [•] per cent. per annum / Not Applicable
(specify if Notes are Capped Range Accrual Notes or Collared Range Accrual Notes, otherwise specify "Not Applicable")

(xix) Day Count Fraction: [Actual/Actual] / [Actual/365(Fixed)] / [Actual/360] / [30/360] / [30E/360 or Eurobond Basis] / [30E/360 (ISDA)]

15. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

(Condition 7) (If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Accrual Yield: [•] per cent. per annum

(ii) Reference Price: [•]

PROVISIONS RELATING TO REDEMPTION

16. **Call Option** [Applicable/Not Applicable]

(Condition 14.5) (If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Call Option Exercise Date: [date]

(ii) Optional Redemption Date(s) (Call): [date][, [date].... and [date]]

(iii) Participation Rate for determining the Optional Redemption Amount (Call): [[•] per cent.] / [100 per cent.]

(iv) Optional Redemption in part only: [Applicable. Redemption will be effected in accordance with sub-clause [(a)/(b)/(c)] of Condition 15.6 (Partial Redemption)] / [Not Applicable]

(delete as appropriate)

17. **Put Option** [Applicable/Not Applicable]

(Condition 14.7) (If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Put Option Exercise Date: [date] / [Not Applicable]

(ii) Put Option Exercise Period: [From (and including) [date] to (but excluding) [date]] / [Not Applicable]

(iii) Optional Redemption Date(s) (Put): [date][, [date].... and [date]] / [Any date after the Put Option Exercise Date] / [Any date falling in the Put Option Exercise Period]

- (iv) Participation Rate for determining the Optional Redemption Amount (Put): $[[\bullet] \text{ per cent.}] / [100 \text{ per cent.}]$
18. **Early Redemption Amount upon Event of Default** (Condition 19): *[For Zero Coupon Notes, choose one of the following options:*
- $[[\bullet] \text{ per cent. Per Calculation Amount}] / [\text{an amount per Calculation Amount determined by the Determination Agent in accordance with Condition 14.8 (Early Redemption of Zero Coupon Notes). For these purposes, the Accrual Yield is } [\bullet] \text{ per cent. and the Reference Price is } [\text{specify}].]$
- [For Notes which are not Zero Coupon Notes, choose one of the following options:*
- [Fixed Redemption. The Specified Rate is $[\bullet] / [100] \%$ / [Qualified Financial Institution Determination. The Determination Agent will determine the amount a Qualified Financial Institution would charge to assume all of the Issuer's payment and other obligations with respect to such Notes as if no such Event of Default had occurred or to undertake obligations that would have the effect of preserving the economic equivalent of any payment by the Issuer to the Noteholder with respect to the Notes]
19. **Inconvertibility Event Provisions:** [Applicable] / [Not Applicable]
- (Condition 31) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Consequences of the occurrence of an Inconvertibility Event: [Converted Payment] / [Early Redemption] / [Suspended Payment]
- (ii) Early Redemption Amount upon Inconvertibility Event: [Not Applicable] *[OR]*
- [For Zero Coupon Notes, choose one of the following options:*
- $[[\bullet] \text{ per cent. Per Calculation Amount}] / [\text{an amount per Calculation Amount determined by the Determination Agent in accordance with Condition 14.8 (Early Redemption of Zero Coupon Notes). For these purposes, the Accrual Yield is } [\bullet] \text{ per cent. and the Reference Price is } [\text{specify}].]$
- [For Notes which are not Zero Coupon Notes, choose one of the following options:*
- $[[\bullet] \text{ per cent. per Calculation Amount}] / [\text{Early Redemption Amount applies. For the purposes of the definition of Early Redemption Amount, [Fixed Redemption applies. The Specified Rate is } [\bullet] / [100] \%$ / [Qualified Financial Institution Determination

			applies.]] / [Fair Market Value applies]
(iii)	Relevant Currenc(y)/(ies):		[•],[•].... and [•]]
(iv)	Relevant Jurisdiction(s):		[•],[•].... and [•]]
(v)	Inconvertibility Specified Currenc(y)/(ies):		[•],[•].... and [•]]
(vi)	Settlement Option:	Rate	[Currency Reference Dealers] / [Not Applicable]
20.	Automatic Redemption Event	Early	[Applicable] / [Not Applicable]
	(Condition 14.11)		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Automatic Redemption Valuation Date:	Early	[date][, [date].... and [date]]
(ii)	Automatic Redemption occurs if the Cumulative Interest Amount is:	Early Event	[greater than] / [greater than or equal to] / [less than] / less than or equal to] the Automatic Early Redemption Level. <i>(delete as appropriate)</i>
(iii)	Automatic Redemption Level:	Early	[•] [per cent.] of the Calculation Amount
(iv)	Automatic Redemption Amount:	Early	[[•] [per cent.] per Calculation Amount] / [Paragraph (c) of the definition of Automatic Early Redemption Amount in Condition 14.11 applies]
(v)	Automatic Redemption Rate:	Early	[[•]/[100] per cent.] [in respect of Automatic Early Redemption Date falling on [date]...and [•]/[100] per cent. in respect of Automatic Early Redemption Date falling on [date]]] / [Not Applicable] <i>(Specify if fallback in paragraph (c) of the definition of Automatic Early Redemption Amount in Condition 14.11 applies)</i>
(vi)	Automatic Redemption Date:	Early	[date][, [date].... and [date]]
(vii)	Determination Time:		[•]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of Notes:	[Registered Notes:
	(Condition 3)	[Global Note Certificate registered in the name of [a nominee for] [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held

under the New Safekeeping Structure (NSS))]⁴,
exchangeable for Individual Note Certificates on [•]
days notice/at any time/ in the limited circumstances
described in the Global Note Certificate]

[Individual Note Certificates]]

[Finnish Notes]

[Swedish Notes]

[Uncertificated Notes]

22. Additional Business Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. *[Note that this item relates to the date and place of payment, and not interest period end dates, to which items 12 (v) and 13(vii) relate]*⁵
23. Record Date: [As set out in the Conditions/The Record Date is [•] [Business Day/day/clearing system business day] before the relevant due date for payment/Not Applicable]
24. Redenomination, renominatisation and reconventioning provisions: [Not Applicable] / [The provisions in Condition 30 (*Redenominataion, Renominatisation and Reconventioning*) apply]
25. **Taxation:**
- (i) Condition 18.1: "Additional Amounts" is [Applicable] / [Not Applicable]
- (iii) Condition 18.3: Implementation of Financial Transaction Tax Event is [Applicable] / [Not Applicable]

DISTRIBUTION

26. (i) If syndicated, names [and addresses]⁶ of Managers [and underwriting commitments]⁷ : and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the [Not Applicable/give names[, addresses and underwriting commitments]] [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis.)]

⁴ To be included for Registered Notes in global form which are to be held under the NSS.

⁵ This should specify "Not applicable" unless, exceptionally, location of Fiscal Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.

⁶ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁷ Delete for Notes with a denomination per Note of EUR 100,000 or more.

- Managers.))]⁸
- (ii) [Date of [•]]⁹
[Subscription Agreement:
- (iii) Stabilising [Not Applicable/give name]
Manager(s) (if any):
27. If non-syndicated, name [Not Applicable/give name *[and address]*]¹¹
[and address]¹⁰ of Dealer:
28. Non-exempt offer: [Not applicable] [An offer of the Notes may be made by *[insert names]* / [any person who is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) other than pursuant to Article 3(2) of the Prospective Directive in [Austria] / [Belgium] / [Czech Republic] / [Denmark] / [Finland] / [France] / [Germany] / [Ireland] / [Italy] / [Liechtenstein] / [Luxembourg] / [Norway] / [Portugal] / [Spain] / [Sweden] / [The Netherlands] / [United Kingdom] (Public Offer Jurisdictions) during the period from *[specify date]* until *[specify date]* (Offer Period) [subject to the following conditions: *[specify]*]]. See further paragraph 9 of Part B below.
29. [Total commission and concession: [In connection with the offer and sale of the Notes, [the Issuer][Morgan Stanley & Co. International plc] will pay *[name[s]]* a [one time][recurring] distribution fee amount equal to [a maximum of] [•] [of the Aggregate Nominal Amount] / *[specify amount]* / [per annum/other]] / [No fees will be paid by the Issuer or Morgan Stanley & Co. International plc, directly or indirectly, in connection with any advised sale of Notes]]¹²

¹³[THIRD PARTY INFORMATION

(*Relevant third party information*) has been extracted from [•] (*specify source*). [Each of the] / [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By :.....

⁸ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁹ Delete for Notes with a denomination per Note of EUR 100,000 or more

¹⁰ Delete for Notes with a denomination per Note of EUR 100,000 or more

¹¹ Delete for Notes with a denomination per Note of EUR 100,000 or more.

¹² Delete for Notes with a denomination per Note of EUR 100,000 or more.

¹³ Insert if any third party information has been provided.

Duly authorised

[Signed on behalf of the Guarantor:

By:

Duly authorised]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to Trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the official list of the Luxembourg Stock Exchange with effect from [•].] / [Application [has [also] been made/is [also] expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to listing and/or trading on [insert name of exchange] with effect from [•].]

[Not Applicable.]

[Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading.]

[Last day of Trading: [•]]

[Estimate of total expenses related to admission to trading: [•]]¹⁴

2. RATINGS

Ratings: [The Notes to be issued have been rated:

[S & P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

Option 1

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 3

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

¹⁴ Delete for Notes with a denomination per Note of less than EUR 100,000.

Option 4

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]¹⁵

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]¹⁶

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

[The Notes will not be rated].]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "*Subscription and Sale*" of the Base Prospectus dated 17 July 2013 , so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer".]

(When adding any other description, consideration should be given as to whether the new matters described constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer:

[•]

(If reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here.)]

[(ii) Estimated net proceeds:

[•]

(If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses:

[•]

[Include breakdown of expenses.]

¹⁵ Edit and delete options as appropriate for the relevant rating agency/agencies providing the rating(s).

¹⁶ Delete for Notes with a denomination per Note of EUR 100,000 or more.

5. **[Fixed Rate Notes only – YIELD]**

Indication of yield: [•]

6. **[Floating Rate Notes/ Range Accrual Notes / Barrier Notes only - HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].¹⁷

7. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): [Not Applicable] / [give *[name(s)]*, *[addresses of the clearing system(s)]*, *[relevant identification number(s)]*]

Finnish Notes: Finnish CSD: Euroclear Finland Oy, Urho Kekkosen katu 5 C, Box 1110, FI-00101 Helsinki, Finland

Swedish Notes: Swedish CSD: Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden

NCSD Issuing Agent: [•],[•] [give *relevant name and address*]

[Japan Securities Depository Center, Inc. *[insert address]*]

[other relevant clearing system, as applicable]: [•], [•]

[give relevant name and address]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs¹⁸ as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]]¹⁹ and does

¹⁷ Delete for Notes with a denomination per Note of EUR 100,000 or more.

¹⁸ International Central Securities Depositories.

¹⁹ To be included for Registered Notes

not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either on issue or subsequently. Such recognition will depend on satisfaction of Eurosystem eligibility criteria][include this text if "yes" selected]

8. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price:	[Issue Price] <i>[specify]</i>
Conditions to which the offer is subject:	[Not Applicable/ Offers of the Notes are conditional upon their issue]
Description of the application process:	[Not Applicable/ <i>give details</i>]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i>]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i>]
Details of the method and time limited for paying up and delivering the Notes:	[Not Applicable/ The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable] / [Estimated expenses charged to the investor by the relevant Issuer or the offeror are [•].] / [No expenses will be charged by the Issuer to the investor, however a subscription charge of up to <i>[specify amount]</i> may be charged by the Authorised Offeror] / [Not applicable. There are no estimated expenses charged to the investor by the Issuer [or the Authorised Offeror] / <i>[give details]</i>]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/ <i>give details</i>]

9. **PLACING AND UNDERWRITING**

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place: [•]

Name and address of any paying agents and depository agents in each country: [•]

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" agreements. Where not all of the issue is underwritten, a statement of the portion not covered: [•]

10. **OTHER MARKETS**

All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of securities to be offered or admitted to trading are already admitted to trading: [[•]/None]

PRO FORMA FINAL TERMS FOR AUTOCALLABLE NOTES

Final Terms dated [•]

[MORGAN STANLEY] / [MORGAN STANLEY & CO, INTERNATIONAL plc] / [MORGAN STANLEY B.V.]

Issue of *[Aggregate Nominal Amount of Tranche]* *[Title of Notes]*

[Guaranteed by Morgan Stanley]

under the Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and Certificates

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, AS AMENDED). SEE "SUBSCRIPTION AND SALE" AND "NO OWNERSHIP BY U.S. PERSONS" IN THE BASE PROSPECTUS DATED 17 JULY 2013 . IN PURCHASING THE NOTES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.]²⁰

PART A – CONTRACTUAL TERMS

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•][•] ... [•]] to the Base Prospectus] dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [However, a summary of the Issue is annexed to these Final Terms.]²¹ Copies of the Base Prospectus [and any supplement(s) thereto] are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

²⁰ To be included where an offer is made where an exemption from the requirement to publish a prospectus under the Prospectus Directive (as amended by the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State).

²¹ Insert if Notes are for denominations lower than EUR 100,000.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a prior base prospectus the terms of which are incorporated into this Base Prospectus by reference.]

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] incorporated by reference in the base prospectus dated 17 July 2013 . These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] (as such term is defined in the Base Prospectus) which are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base Prospectus [and any supplement(s) thereto] are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms. Italics denote guidance for completing the Final Terms]

1.
 - (i) Series Number: [•]
 - (ii) Series designation: [Series A] / [Series B]
 - [(iii) [Tranche Number:]] [•]

[Fungible with the [currency] [•] [Title of the Notes] issued by [•], bearing ISIN [•]]
2. Specified Currency or Currencies: [•]
3. Aggregate [Nominal Amount]/[Number] of the Notes: [•]²²
 - [(i)] Series: [•]
 - [(ii) Tranche: [•]]
4. Issue Price [•] per cent. of par per Note/[•] per Note
5.
 - (i) Specified Denominations (Par): [•]
 - (ii) Calculation Amount: [•]
6.
 - (i) Issue Date: [•]

²² Where the amount is not known at the beginning of the offer period (e.g. an "up to" amount), notices of final offer amount will need to be submitted where the Notes are listed or admitted to trading.

- (ii) Trade Date: [•]
- (iii) Interest Commencement Date [Specify] / [Issue Date] / [Not Applicable]
- [OR]
- [In relation to interest payable under Condition 6.5 (*Floating Rate Note, Equity-Linked, Currency-Linked, Inflation-Linked and Fund-Linked Note Provisions*), and Paragraph [•] of Section [•] of Part 2 of the Terms and Conditions, [date]. See Paragraph [•] below for further details]
- (Insert in above format for each applicable interest provision, in the event interest is calculated on a different basis for different interest period during the life of the Notes.)
- (iv) Strike Date: [•]
- (v) Determination Date: [•]
7. { Maturity Date: [specify date]
8. Interest Basis: [Equity-Linked Interest]²³
- [Currency-Linked Interest]
- [Inflation-Linked Interest]
- [Fund-Linked Interest]
- (further particulars specified below)
- [include all that apply]
9. Redemption/Payment Basis: [Redemption at par]
- [Equity-Linked Redemption]²⁴
- [Currency-Linked Redemption]
- [Inflation-Linked Redemption]
- [Fund-Linked Redemption]
10. Put/Call Options:
- (i) Redemption at the option of the Issuer: [Applicable/Not Applicable]
- (Condition 14.5)
- (ii) Redemption at the option [Applicable/Not Applicable]

²³ Specify if interest provisions are linked to one or more Shares, ETF Interests or Indices

²⁴ Specify if interest provisions are linked to one or more Shares, ETF Interests or Indices

of the Noteholders:

(Condition 14.7)

11. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Linked Note Interest Provisions:** [Applicable/Not Applicable]
Underlying
 (Condition 6.5 and Condition 8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) **Single Share-Linked Interest Notes, Share Basket-Linked Interest Notes:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Whether the Notes relate to a single share or a basket of shares (each, an "Underlying Share"): [Single Share-Linked Interest Notes] / [Share Basket-Linked Interest Notes]
- (ii) The identity of the relevant issuer(s) (each an "Underlying Issuer"), class of the Underlying Share and ISINs or other security identification code for the Underlying Share: *(Specify (i) names of each Underlying Issuer (ii) class of each Underlying Share and (iii) ISIN or other security identification code for each Underlying Share)*
- (iii) Exchange[s]: [•] / [All Exchanges]
- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time: [•] / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
 (Condition 9.6) *(delete any which are not applicable)*
- (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
 (Condition 9.3.2)
- (ix) Weighting for each Underlying Share comprised in the Basket: [Not Applicable]

[OR]

Underlying Share	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (B) **Single Index-Linked Interest Notes / Index Basket-Linked Interest Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Types of Notes: [Single Index-Linked Interest Notes]
[Index Basket-Linked Interest Notes]
- (ii) Index / Indices: *(Specify Index for Single Index-Linked Interest Notes, and specify each of Indices for Index Basket-Linked Interest Notes)*
- (iii) Exchange[s]: [Specify Exchange][, which is a Multi-Exchange Index].

[OR]

Index	Exchange
[•]	[Specify Exchange][, which is a Multi-Exchange Index]
[...]	[...]
[•]	[Specify Exchange][, which is a Multi-Exchange Index]

- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount; [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time; [•] / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(Condition 9.6) *(delete any which are not applicable)*
- (viii) Correction Cut Off Time; [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.2.3)

- (iv) Weighting for each Index comprised in the Basket: [Not Applicable]

[OR]

Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (C) **Single ETF-Linked Notes, ETF Basket Linked Interest Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Whether the Notes relate to a single ETF or a basket of ETFs (each, an "ETF") [Single ETF-Linked Interest Notes]
[ETF Basket-Linked Interest Notes]
- (ii) Names of each ETF Interest and the identity of the related ETF: *(specify ETF Interest(s) and ETF(s))*
- (iii) Exchange[s]: [•] / [All Exchanges]
- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time: [•] As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(Condition 9.6) *(delete any which are not applicable)*
- (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)
- (ix) Eligible ETF Interest: *[specify or delete if not applicable or fallback provisions in Condition 9.5 apply.]*
- (x) Weighting for each ETF Interest comprising the basket: [Not Applicable]

[OR]

ETF Interest	Weighting
[•]	[•] [per cent.]

[...]	[...]
[•]	[•] [per cent.]

(D) **Currency Linked Interest Notes** [Applicable/ Not Applicable]

(Condition 10) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Settlement Currency: [•]

(ii) Reference Currency: [•]

(iii) Specified Amount: [•]

(iv) Reference Currency Jurisdiction: [•]

(v) Specified Rate: *Specify one of:*

Reference Currency bid exchange rate;
Reference Currency offer exchange rate;
Average of Reference Currency bid and offer exchange rates;

Settlement Currency bid exchange rate;
Settlement Currency offer exchange rate;
Average of Settlement Currency bid and offer exchange rates;
Official fixing rate;

(vi) Determination Agent responsible for calculating the Interest Amount: [•]

(specify only if Determination Agent is not Morgan Stanley & Co. International plc)

(vii) Settlement Rate Option: [Currency Reference Dealers]

(viii) Currency Disruption Events: [(Price Source Disruption[is]/[is not] Applicable) [and] [Additional Price Source Disruption][./and] [Price Materiality Event] [is]/[are] [applicable] / [Not applicable] [in respect of all dates] / [in respect of *[insert dates, for example, Observation Date]*]]

(Condition 10.3)

(ix) Currency Disruption Fallbacks: Currency Disruption Fallback(s) shall apply in the following order:

(Condition 10.4)

[(i) Determination Agent Determination of Settlement Rate;

(ii) Fallback Reference Price.]

OR

[(i) Fallback Reference Price;

(ii) Determination Agent Determination of Settlement Rate.]

(x) Price Materiality Percentage: [•] per cent. / Not applicable

- (xi) Reference Source: [•] / Not applicable
- (xii) Additional Disruption Change in Law – [Applicable] / [Not Applicable]
Events: Hedging Disruption - [Applicable] / [Not Applicable]
(Condition 10.5) Increased Cost of Hedging - [Applicable] / [Not Applicable]
- (E) **Inflation-Linked Interest Notes** [Applicable/ Not Applicable]
- (Condition 11) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Inflation Index / Inflation Indices: [•]
- (ii) Inflation Index Sponsor(s): [•]
- (iii) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (iv) Additional Disruption Events: [Change in Law, Hedging Disruption, and Increased Cost of Hedging] shall apply
(delete any which are not applicable)
- (v) Index Level Adjustment Correction: [The first publication or announcement of the level of the Inflation Index (disregarding estimates) by the relevant Inflation Index Sponsor for any Reference Month shall be final and conclusive and, subject to Condition 12, later revisions to the level of the Inflation Index for such Reference Month will not be used in any calculations] / [The first publication or announcement of a level of the Inflation Index (disregarding estimates) published by the relevant Index Sponsor or, if revised, any subsequent revision of such level for a Reference Month shall be final and conclusive for such Reference Month, **provided that** such revisions are published or announced up to and including the day that is two Business Days prior to the relevant Interest Payment Date].
(delete as appropriate)
- (vi) Related Bond: [specify] / [Fallback Bond] / [Fallback Bond: Not Applicable]
- (vii) Weighting for each Inflation Index comprising the basket: [Not Applicable]

[OR]

Inflation Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

(F) **Fund-Linked Interest Notes** [Applicable/ Not Applicable]

(Condition 12) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Fund: [specify / As defined in Condition 12.7]
- (ii) Fund Interest: [specify]
- (iii) Fund Interest Unit: [specify]
- (iv) Basket of Funds: [Not Applicable]

OR

Fund	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (v) Company: [specify / Not Applicable]
- (vi) Fund Business Day: [specify / As defined in Condition 12.7]
- (vii) Fund Administrator: [specify / As defined in Condition 12.7]
- (viii) Fund Adviser: [specify / As defined in Condition 12.7]
- (ix) Fund Custodian: [specify / As defined in Condition 12.7]
- (x) Additional Fund Service Provider: [specify / Not Applicable]
- (xi) Cut-off Period: [specify / As defined in Condition 12.7]

(Condition 12.1)

- (xii) Final Cut-off Date: [specify / Not Applicable]
- (xiii) Scheduled Fund Valuation Date(s): [specify]
- (xiv) Extraordinary Dividend: [Determination Agent Characterisation applies]

OR

[The following is the Schedule of Ordinary Dividends in respect of the Fund for the purposes of the definition of Extraordinary Dividend in Condition 12.7:

[specify scheduled dividend payment dates and dividend amounts]]

- (xv) Fund Subscription Date: [specify / As defined in Condition 12.7]

- (xvi) Hypothetical Investor Jurisdiction: [specify / As defined in Condition 12.7]
- (xvii) Subscription Notice Date: [specify / As defined in Condition 12.7]
- (xviii) Relevant Fund Interest Unit Price: [Determined in accordance with the applicable Value Determination Terms specified below] / [As defined in Condition 12.7]
- (xix) Eligible Fund Interest: [specify / As defined in Condition 12.7]
(Condition 13.5)
- (xx) Fund Event(s): The following are the applicable Fund Events in relation to the Notes:
(Condition 12.5)
(specify all of the following which apply)
[Nationalisation;] / [Insolvency Event;] / [NAV Trigger / Restriction Event;] / [Aggregate NAV Trigger Event;] / [Changes to Fund or Fund Services Providers;] / [Fund Modification;] / [Strategy Breach;] / [Breach by Fund Service Provider;] / [General Regulatory Event;] / [Reporting Disruption;] / [Compulsory Redemption or Assignment;] / [Closure to Subscriptions; Dealing Restrictions;] / [Disposals: Material Change: Merger;] / [Hedging Disruption;] / [Fraud;] / [Special Regulatory Event;] / [Force Majeure Event;] / [Value Limitation;]
- (a) NAV Trigger Percentage: [[•] per cent.] / [Not Applicable]
(specify relevant percentage if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (b) NAV Trigger Period: [specify] / [Not Applicable]
(specify relevant period if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (c) Aggregate NAV Trigger Value: [specify] / [Not Applicable]
(specify relevant percentage if "Aggregate NAV Trigger Event" is an applicable Fund Event)
- (d) Aggregate NAV Trigger Period: [specify] / [Not Applicable]
(specify relevant period if "Aggregate NAV Trigger Event" is an applicable Fund Event)
13. **Linked Interest Note Provisions: Interest Terms** [Applicable/ Not Applicable]
(Condition 6.5 and Section 3 of the Additional Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (A) **Autocallable Notes (No Coupon):** [Applicable/ Not Applicable]

(B) Autocallable Notes (Regular Coupon): [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Interest Payment Date(s): [date][, [date], and [date]]

(ii) Coupon Rate: [•] per cent.

[OR]

Interest Determination Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]
[date]	[•] per cent.

(iii) Interest Determination Date(s): [date][, [date], and [date]]

(iv) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

(C) Autocallable Notes (Barrier Conditional Coupon): [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Interest Payment Dates: [date][, [date], and [date]]

(ii) Memory Barrier Conditional Coupon: [Applicable/ Not Applicable]

(iii) Coupon Amount is payable if Knock-in Value as of: the [relevant Interest Determination Date] / [each Barrier Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the relevant Coupon Barrier Value

(Delete as appropriate)

(iv) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value]

- "N": [•]

(specify if Selected Best of Performance or Selected Worst of Performance is applicable otherwise delete this provision)

- (v) Coupon Rate: [•] per cent.

[OR]

Interest Determination Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]
[date]	[•] per cent.

- (vi) Coupon Barrier Value: [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]

- (vii) Interest Determination Date(s): [date][, [date], and [date]]

- (viii) Barrier Observation Dates in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Date
In respect of the Interest Determination Date falling on <i>[date]</i>	<i>[date]</i> [, <i>[date]</i> and <i>[date]</i>]
[...]	[...]
In respect of the Interest Determination Date falling on <i>[date]</i>	<i>[date]</i> [, <i>[date]</i> and <i>[date]</i>]

- (ix) Barrier Observation Period in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Period
<i>[date]</i>	<i>[date]</i> / [From [and including]/[but excluding] <i>[date]</i> to [but excluding]/[and including] <i>[date]</i>] / [Each Scheduled Trading Day beginning on (and including) <i>[date]</i> and ending on (but excluding) <i>[date]</i>]
[...]	[...]

- (x) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention] / [Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

- (xi) Initial Reference Value: [*•*] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[<i>•</i>]	[<i>•</i>] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]
[<i>•</i>]	[<i>•</i>] / [Determined in accordance with the Value Determination Terms specified below]

- (xii) **Value Determination Terms** for Initial Reference Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- | | | |
|--------|--|--|
| (xiii) | Value Determination Terms for Final Reference Value (Coupon): | [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value] |
|--------|--|--|

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)
- Averaging Dates in relation to the relevant Interest Determination Date: [date][, [date], and [date]][in respect of the Interest Determination Date falling on [•];

[...] and

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•]]
- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)
- Value Observation Dates in respect of each Interest Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] [in respect of the Interest Determination Date falling on [•];

[...] and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [•]]
- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xiv) **Value Determination Terms** for Relevant Underlying Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination / [Barrier Date] / [Barrier Observation Period]	Averaging Dates
[•]		[date][, [date], and [date]]
[...]		[...]
[•]		[date][, [date], and [date]]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination / [Barrier Date] / [Barrier Observation Period]	Value Observation Dates
[•]		[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]		[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

PROVISIONS RELATING TO REDEMPTION

14. **Call Option** [Applicable/Not Applicable]

(Condition 14.5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Call Option Exercise Date: [date]
- (ii) Optional Redemption Date(s) (Call): [date][, [date].... and [date]]
- (iii) Participation Rate (Call) for determining the [[•] per cent.] / [100 per cent.]

- Optional Redemption Amount (Call):
- (iv) Optional Redemption in part only: [Applicable. Redemption will be effected in accordance with sub-clause [(a)/(b)/(c)] of Condition 14.6 (*Partial Redemption*)] / [Not Applicable]
(delete as appropriate)
- (v) Notice period: [•]
15. **Put Option** [Applicable/Not Applicable]
(Condition 14.7) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Put Option Exercise Date: [date] / [Not Applicable]
- (ii) Put Option Exercise Period: [From (and including) [date] to (but excluding) [date]] / [Not Applicable]
- (iii) Optional Redemption Date(s) (Put): [date][, [date].... and [date]] / [Any date after the Put Option Exercise Date] / [Any date falling in the Put Option Exercise Period]
- (iv) Participation Rate (Put) for determining the Optional Redemption Amount (Put): [[•] per cent.] / [100 per cent.]
- (v) Notice period: [•]
16. **Final Redemption Amount of each Note** [[•] per Calculation Amount] [Linked Redemption Amount calculated in accordance with the provisions of Section 3 of the Part 2 of the Terms and Conditions as are specified as being applicable in Item 18 below.]
(Condition 14.1)
17. **Linked Redemption Provisions: Relevant Underlying**
(Condition 8 and Condition 14)
- (A) **Single Share-Linked Redemption Notes, Share Basket-Linked Redemption Notes:** [Applicable/Not Applicable]
(Condition 8) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Whether the Notes relate to a single share or a basket of shares (each, an "Underlying Share"): [Single Share-Linked Interest Notes] / [Share Basket-Linked Interest Notes]
- (ii) The identity of the relevant issuer(s) (each an "Underlying Issuer"), class of the Underlying (Specify (i) names of each Underlying Issuer (ii) class of each Underlying Share and (iii) ISIN or other security identification code for each Underlying Share)

Share and ISINs or other security identification code for the Underlying Share:

- (iii) Exchange[s]: [•] / [All Exchanges]
- (iv) Related Exchange[s]: [•] / [None specified]
- (iv) Determination Agent responsible for calculating the Final Redemption Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time: [•] / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(delete any which are not applicable)
- (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)
- (ix) Weighting for each Underlying Share comprising the Basket: [Not Applicable]

[OR]

Underlying Share	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (B) **Single Index-Linked Redemption Notes/ Index Basket-Linked Redemption Notes:** [Applicable/Not Applicable]

- (Condition 8) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Types of Notes: [Single Index-Linked Redemption Notes] / [Index Basket-Linked Redemption Notes]
- (ii) Index / Indices: (Specify Index for Single Index-Linked Interest Notes, and specify each of Indices for Index Basket-Linked Interest Notes)
- (iii) Exchange[s]: [Specify Exchange][, which is a Multi-Exchange Index].

[OR]

Index	Exchange
[•]	[Specify Exchange][, which is a Multi-Exchange Index]
[...]	[...]
[•]	[Specify Exchange][, which is a Multi-Exchange Index]

- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent for calculating Interest Amount; [•] *(specify only if Determination Agent is not Morgan Stanley & Co. International plc)*
- (vi) Determination Time; [•] / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(delete any which are not applicable)
- (viii) Correction Cut Off Time; [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.2.3)
- (ix) Weighting for each Index: [Not Applicable]

[OR]

Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (C) **Single ETF-Linked Redemption Notes/ ETF Basket-Linked Redemption Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Whether the Notes relate to a single ETF or a basket of ETFs (each, an "ETF") [Single ETF-Linked Redemption Notes]
[ETF Basket-Linked Redemption Notes]

- (ii) Names of each ETF Interest and the identity of the related ETF: *(specify ETF Interest(s) and ETF(s))*
- (iii) Exchange[s]: [•] / [All Exchanges]
- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating the Final Redemption Amount: [•] *(specify only if Determination Agent is not Morgan Stanley & Co. International plc)*
- (vi) Determination Time: [•] As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(delete any which are not applicable)
- (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)
- (ix) Eligible ETF Interest: *[specify or delete if not applicable or fallback provisions in Condition 9.5 apply.]*
- (x) Weighting for each ETF Interest comprising the basket: [Not Applicable]

[OR]

ETF Interest	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (D) **Currency-Linked Redemption Notes** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(Condition 10)

- (i) Settlement Currency: [•]
- (ii) Reference Currency: [•]
- (iii) Specified Amount: [•]
- (iv) Reference Currency Jurisdiction: [•]
- (v) Specified Rate: *Specify one of:*

			Reference Currency bid exchange rate; Reference Currency offer exchange rate; Average of Reference Currency bid and offer exchange rates;
			Settlement Currency bid exchange rate; Settlement Currency offer exchange rate; Average of Settlement Currency bid and offer exchange rates; Official fixing rate;
(vi)	Determination Agent responsible for calculating the Final Redemption Amount:	[•]	(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
(vii)	Settlement Rate Option:	[Currency Reference Dealers]	
(viii)	Currency Disruption Events:	[[Price Source Disruption[is]/[is not] Applicable] [and] [Additional Price Source Disruption][./and] [Price Materiality Event] [is]/[are] [applicable] / [Not applicable] [in respect of all dates] / [in respect of [insert dates, for example, Observation Date]]]	
(ix)	Currency Disruption Fallbacks:	Currency Disruption Fallback(s) shall apply in the following order: (i) Determination Agent Determination of Settlement Rate; (ii) Fall Back Reference Price.] OR (i) Fallback Reference Price; (ii) Determination Agent Determination of Settlement Rate.]	
(x)	Price Materiality Percentage:	[•] per cent. / Not applicable	
(xi)	Reference Source:	[•] / Not applicable	
(xii)	Additional Disruption Events	Change in Law – [Applicable] / [Not Applicable] Hedging Disruption - [Applicable] / [Not Applicable] Increased Cost of Hedging - [Applicable] / [Not Applicable]	
(E)	Inflation-Linked Redemption Provisions	[Applicable/Not Applicable]	
	(Condition 11)		(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Inflation Index / Inflation Indices:	[•]	
(ii)	Inflation Sponsor(s):	Index [•]	
(iii)	Determination Agent responsible for calculating Interest	[•]	(specify only if Determination Agent is not Morgan Stanley &

Amount: *Co. International plc*

- (iv) Additional Disruption Events: [Change in Law, Hedging Disruption, and Increased Cost of Hedging] shall apply

(delete any which are not applicable)

- (v) Index Level Adjustment Correction: (Condition 11.6) The first publication or announcement of the level of the Inflation Index (disregarding estimates) by the relevant Inflation Index Sponsor for any Reference Month shall be final and conclusive and, subject to this Condition 9, later revisions to the level of the Inflation Index for such Reference Month will not be used in any calculations / The first publication or announcement of a level of the Inflation Index (disregarding estimates) published by the relevant Index Sponsor or, if revised, any subsequent revision of such level for a Reference Month shall be final and conclusive for such Reference Month, **provided that** such revisions are published or announced up to and including the day that is two Business Days prior to the relevant Interest Payment Date].

(delete as appropriate)

- (vi) Related Bond: [*specify*] / [Fallback Bond] / [Fallback Bond: Not Applicable]

- (vii) Weighting for each Inflation Index comprising the basket: [Not Applicable]

[OR]

Inflation Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (F) **Fund-Linked Provisions** **Redemption** [[Applicable/ Not Applicable]

(Condition 12) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Fund: [*specify*] / As defined in Condition 12.7]
- (ii) Fund Interest: [*specify*]
- (iii) Fund Interest Unit: [*specify*]
- (iv) Basket of Funds: [Not Applicable]

OR

Fund	Weighting
[•]	[•] [per cent.]
[...]	[...]

[•]	[•] [per cent.]
-----	-----------------

- (v) Company: [specify / Not Applicable]
- (vi) Fund Business Day: [specify / As defined in Condition 12.7]
- (vii) Fund Administrator: [specify / As defined in Condition 12.7]
- (viii) Fund Adviser: [specify / As defined in Condition 12.7]
- (ix) Fund Custodian: [specify / As defined in Condition 12.7]
- (x) Additional Fund Service Provider [specify / Not Applicable]
- (xi) Cut-off Period: [specify / As defined in Condition 12.7]
(Condition 12.1)
- (xii) Final Cut-off Date: [specify / Not Applicable]
- (xiii) Scheduled Fund Valuation Date(s): [specify]
- (xiv) Extraordinary Dividend: [Determination Agent Characterisation applies]

OR

[The following is the Schedule of Ordinary Dividends in respect of the Fund for the purposes of the definition of Extraordinary Dividend in Condition 12.7:

[specify scheduled dividend payment dates and dividend amounts]]

- (xv) Fund Subscription Date: [specify / As defined in Condition 12.7]
- (xvi) Hypothetical Investor Jurisdiction: [specify / As defined in Condition 12.7]
- (xvii) Scheduled Redemption Payment Date: [specify / As defined in Condition 12.7]
- (xviii) Subscription Notice Date: [specify / As defined in Condition 12.7]
- (xix) Redemption Notice Date: [specify / As defined in Condition 12.7]
- (xx) Relevant Fund Interest Unit Price: [Determined in accordance with the applicable Value Determination Terms specified below] / [As defined in Condition 12.7]
- (xxi) Eligible Fund Interest: [specify / As defined in Condition 12.7]
(Condition 13.5)
- (xxii) Fund Event(s): The following are the applicable Fund Events in relation to the Notes:
(Condition 13.5)
(specify all of the following which apply)

[Nationalisation;] / [Insolvency Event;] / [NAV Trigger / Restriction Event;] / [Aggregate NAV Trigger Event;] / [Changes to Fund or Fund Services Providers;] / [Fund Modification;] / [Strategy Breach;] / [Breach by Fund Service Provider;] / [General Regulatory Event;] / [Reporting Disruption;] / [Compulsory Redemption or Assignment;] / [Closure to Subscriptions; Dealing Restrictions;] / [Disposals: Material Change: Merger;] / [Hedging Disruption;] / [Fraud;] / [Special Regulatory Event;] / [Force Majeure Event;] / [Value Limitation;]

- (a) NAV Trigger Percentage: [[•] per cent.] / [Not Applicable]
(specify relevant percentage if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (b) NAV Trigger Period: [specify] / [Not Applicable]
(specify relevant period if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (c) Aggregate NAV Trigger Value: [specify] / [Not Applicable]
(specify relevant percentage if "Aggregate NAV Trigger Event" is an applicable Fund Event)
- (d) Aggregate NAV Trigger Period: [specify] / [Not Applicable]
(specify relevant period if "Aggregate NAV Trigger Event" is an applicable Fund Event)

18. **Linked Redemption Provisions:
Final Redemption Amount**

(Condition 14 and Section 3 of Part 2 of the Terms and Conditions)

- (i) Autocallable Notes (Fixed Redemption): [Applicable. The Specified Rate is [•] per cent.] / [Not Applicable]

(Paragraph 3.1 of Section 3 of Part 2 of the Terms and Conditions)
- (ii) Autocallable Notes (Capitalised Non-Memory Redemption): [Applicable. The Specified Rate is [•] per cent. and the Final Redemption Rate is [•] per cent.] / [Not Applicable]

(Paragraph 3.2 of Section 3 of Part 2 of the Terms and Conditions)
- (iii) Autocallable Notes (Capitalised Memory Redemption): [Applicable. The Specified Rate is [•] per cent. and the Final Redemption Rate is [•] per cent.] / [Not Applicable]

(Paragraph 3.3 of Section 3 of Part 2 of the Terms and Conditions)

- (iv) Autocallable Notes (Basic Performance Linked Redemption): [Applicable. [[Capped] / [Floored] / [Collared] Basic Performance Linked Redemption applies.]] / [Not Applicable]
(Paragraph 3.4 of Section 3 of Part 2 of the Terms and Conditions) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Participation Rate: [•] per cent.
 - Final Redemption Cap Value: [•] [per cent.] per Calculation Amount / [Not Applicable]
(Specify if Capped Basic Performance Linked Redemption or Collared Basic Performance Linked Redemption applies in respect of the Notes, otherwise specify as Not Applicable.)
 - Final Redemption Floor Value: [•] [per cent.] per Calculation Amount / [Not Applicable]
(Specify if Floored Basic Performance Linked Redemption or Collared Basic Performance Linked Redemption applies in respect of the Notes, otherwise specify as Not Applicable.)
- (v) Autocallable Notes (Single Barrier Final Redemption): [Applicable] / [Not Applicable]
(Paragraph 3.5 of Section 3 of Part 2 of the Terms and Conditions) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
 - Elections for Paragraph 3.5(a) of Section 3 of Part 2 of the Terms and Conditions: If the Determination Agent determines that the Knock-in Value as of [the Determination Date] / [each Final Redemption Observation Date] / [at any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value, [Fixed Redemption] / [Capitalised Non-Memory Redemption] / [Capitalised Memory Redemption] / [Highest Performance Redemption] shall apply.
(Delete as appropriate)
 - Elections for Paragraph 3.5(b) of Section 3 of Part 2 of the Terms and Conditions: [Not Applicable] / [Basic Performance-Linked Redemption] / [Worst-of Basket Performance-Linked Redemption 1] / [Worst-of Basket Performance-Linked Redemption 2]
(Delete as appropriate)
(Specify "Not Applicable" if Physical Settlement applies in respect of the Notes.)

- Elections for Paragraph 3.5(c) of Section 3 of Part 2 of the Terms and Conditions: [Not Applicable] / [Basic Performance-Linked Redemption] / [Worst-of Basket Performance-Linked Redemption]

(Delete as appropriate)

(Specify "Not Applicable" if Physical Settlement does not apply in respect of the Notes.)
- Final Redemption Barrier Value: [•] / [[•] per cent of Initial Reference Value]
- Final Redemption Rate: [[•]/[100] per cent.] / [Not Applicable]

(Specify if Capitalised Non-Memory Redemption, Capitalised Memory Redemption or Highest Performance Redemption is applicable, otherwise specify Not Applicable)
- Specified Rate: [[•]/[100] per cent.] / [Not Applicable]
- Participation Rate: [[•]/[100] per cent.] / [Not Applicable]

(Specify if Basic Performance-Linked Redemption / Worst-of Basket Performance-Linked Redemption 1 / Worst-of Basket Performance-Linked Redemption 2 is applicable, otherwise specify Not Applicable)
- Knock-in Barrier Value: [•] / [[•] per cent of Initial Reference Value] / [Not Applicable]

(Specify if "Worst of Performance Linked Redemption 1" is applicable, otherwise specify Not Applicable.)
- (vi) Autocallable Notes (Dual Barrier Final Redemption): [Applicable] / [Not Applicable]

(Paragraph 3.6 of Section 3 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
- Elections for Paragraph 3.6(a) of Section 3 of Part 2 of the Terms and Conditions: Final Redemption Amount shall be determined in accordance with Paragraph 3.6(a) if, as of [the Determination Date] / [each Final Redemption Observation Date] / [at any time during the Barrier Observation Period] the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value 1

(Delete as appropriate)
- Elections for Paragraph 3.6(b) of Section 3 of Part 2 of the Terms and Conditions: Final Redemption Amount shall be determined in accordance with Paragraph 3.6(b) if 3.6(a) does not apply and if, as of [the Determination Date] / [each Final Redemption Observation Date] / [at any time during the Barrier Observation Period] the Determination Agent determines that the Knock-in Value is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value 2

(Delete as appropriate)

- Final Redemption Barrier Value 1: [•] / [[•] per cent of Initial Reference Value]
 - Final Redemption Barrier Value 2: [•] / [[•] per cent of Initial Reference Value]
 - Final Redemption Rate: [[•] per cent] / [100 per cent.]
 - Specified Rate: [•]/[100] per cent.
 - Participation Rate: [•]/[100] per cent.
- (vii) Physical Settlement: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Underlying Securities: [*specify*] / [Definition in Paragraph 5 of Section 3 of Part 2 of the Terms and Conditions applies]
 - Clearing System: [*specify in respect of each Underlying Security*] / [Not Applicable]
- (Specify as Not Applicable if the fallbacks in Condition 18 are to apply.)*
- $FX_{\text{Final}} / FX_{\text{Initial}}$: [Determined in accordance with Section 3 of the Additional Terms and Conditions] / [Not Applicable]
 - Specified Currency: [•] / [Not Applicable]
 - Relevant Screen Page in respect of Specified Currency: [•] / [Not Applicable]
 - Specified Time in respect of Specified Currency: [•] / [Not Applicable]
 - Second Currency: [•] / [Not Applicable]
 - Relevant Screen Page Second Currency: [•] / [Not Applicable]
 - Specified Time in respect of Second Currency: [•] / [Not Applicable]
- (viii) Determination Date: [*date*]
- (ix) Final Redemption Observation Date(s): [[*date*][, [*date*]. . . . and [*date*]]] / [Not Applicable]
- (x) Barrier Observation Period in respect of Determination Date: [*date*] / [From [and including]/[but excluding] [*date*] to [but excluding]/[and including] [*date*]] / [Each Scheduled Trading Day beginning on (and including) [*date*] and ending on (but excluding) [*date*]]

(xi) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]

(xii) **Value Determination Terms** for Initial Reference Value as of Strike Date: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

• Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

• Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

• Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

*Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

*(specify if Average Value /
Individually Capped Average
Value / Individually Floored
Average Value / Globally Floored
Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

*(specify if Max Lookback Value /
Min Lookback Value / Floored
Max Lookback Value / Floored
Min Lookback Value / Capped
Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

- Floor Value: [•]

*(specify if Floored Max Lookback
Value / Floored Min Lookback
Value / Individually Floored
Average Value is selected,
otherwise delete this provision))*

- Global Floor Value: [•]

*(specify if Globally Floored
Average Value is selected,
otherwise delete this provision)*

- Cap Value: [•]

*(specify if Capped Max Lookback
Value / Capped Min Lookback
Value / Individually Capped
Average Value is selected,
otherwise delete this provision)*

- Global Cap Value: [•]

*(specify if Globally Capped
Average Value is selected,
otherwise delete this provision)*

- | | | |
|--------|---|--|
| (xiii) | Value Determination Terms for Final Reference Value as of the Determination Date | [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / |
|--------|---|--|

[Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Determination Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected,

otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- | | |
|---|---|
| <p>(xiv) Value Determination Terms for Relevant Underlying Value as of the relevant date or period:</p> <p>(Section 7 of Part 2 of the Terms and Conditions)</p> | <p>[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]</p> |
|---|---|

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored

*Average Value / Individually
Capped Average Value / Globally
Floored Average Value / Globally
Capped Average Value is selected
otherwise delete this provision)*

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

*(specify if Average Value /
Individually Capped Average
Value / Individually Floored
Average Value / Globally Floored
Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

[OR]

[Determination Date] / [Final Redemption Observation Date] / [Barrier Observation Period]	Averaging Dates
[•]	[date][, [date], and [date]]
[...]	[...]
[•]	[date][, [date], and [date]]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

*(specify if Average Value /
Individually Capped Average
Value / Individually Floored
Average Value / Globally Floored
Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

*(specify if Max Lookback Value /
Min Lookback Value / Floored
Max Lookback Value / Floored
Min Lookback Value / Capped
Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

[OR]

[Determination Date] / [Final Redemption Observation Date] / [Barrier Observation Period]	Value Observation Dates
[•]	[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]	[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

19. Early Redemption

- (A) **Autocallable Notes (Autocall 1):** [Applicable. [Non-Memory Redemption] / [Memory Redemption] / [Fixed Redemption] applies.] / [Not Applicable]
(Paragraph 2.1 of Section 3 of the Additional Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

(ii) Automatic Early Redemption Event occurs if: the Knock-in Value [as of the Automatic Early Redemption Determination Date] / [as of each Barrier Observation Date in respect of the Automatic Early Redemption Determination Date] / [at any time during the Barrier Observation Period in respect of the Automatic Early Redemption Determination Date] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Autocall Barrier Value in respect of such Automatic Early Redemption Determination Date.

(iii) Automatic Early Redemption Determination Date(s): [date][, [date], and [date]]

(iv) Barrier Observation Date(s): [Not Applicable]

[OR]

Automatic Early Redemption Determination Date	Barrier Observation Dates
[date]	[date], [, [date], ... and [date]]
[...]	[...]

(v) Barrier Observation Period: [Not Applicable]

[OR]

Automatic Early Redemption Determination Date	Barrier Observation Period
[date]	[date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]	[...]

(vi) Automatic Early Redemption Date(s): [date][, [date], and [date]]

(vii) Autocall Barrier Value: [•] / [[•] per cent. of the Initial Reference Value]

[OR]

Automatic Early Redemption Determination Date	Autocall Barrier Value
[date]	[•] / [[•] per cent. of the

	Initial Reference Value]
[...]	[...]

(viii) Automatic Early [[•] per cent.] / [Not Applicable]
Redemption Rate:

[OR]

Automatic Early Redemption Determination Date	Automatic Early Redemption Rate
[date]	[•] per cent.
[...]	[...]

(ix) Specified Rate: [[•] / [100] per cent.] / [Not Applicable]

[OR]

Automatic Early Redemption Determination Date	Specified Rate
[date]	[•] per cent.
[...]	[...]

(x) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]

(xi) **Value Determination Terms** for Initial Reference Value as of Strike Date:
(Section 7 of Part 2 of the Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

(xii) Value Determination Terms for determining Final Reference Value (Autocall):	[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]
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(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally

Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Automatic Early Redemption Determination Date: [date], [, [date], ... and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

Automatic Redemption Date	Early Redemption Determination Date	Averaging Dates
[date]		[date], [, [date], and [date]]
[...]		[...]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to Automatic Early Redemption Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

Automatic Redemption Date	Early Redemption Determination Date	Value Observation Dates
[date]		[date], [, [date], ... and [date]] / [Each Scheduled

	Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]	[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xiii) **Value Determination Terms** for Relevant Underlying Value as of the relevant date or period:

(Section 7 of Part 2 of the Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Automatic Redemption Date] / [Barrier Observation Date] / [Barrier Observation Period]	Early Determination Date] / [Barrier Observation Date] / [Barrier Observation Period]	Averaging Dates
[•]		[date][, [date], and [date]]
[...]		[...]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped

*Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

[OR]

[Automatic Redemption Date] / [Barrier Observation Date] / [Barrier Observation Period]	Early Determination Date] / [Barrier Observation Date] / [Barrier Observation Period]	Value Observation Dates
[•]		[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]		[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

(B) **Autocallable Notes (Autocall 2):** [Applicable] / [Not Applicable]

(Paragraph 2.2, Section 3 of the Additional Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i). Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
- (ii). Automatic Early Redemption Event occurs if: the Knock-in Value [as of the Automatic Early Redemption Determination Date] / [as of each Barrier Observation Date in respect of the Automatic Early Redemption Determination Date] / [at any time during the Barrier Observation Period in respect of the Automatic Early Redemption Determination Date] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Autocall Barrier Value in respect of such Automatic Early Redemption Determination Date.
- (iii). Automatic Early Redemption Determination Date(s): [date][, [date], and [date]]
- (iv). Barrier Observation Date(s): [Not Applicable]

[OR]

Automatic Early Redemption Determination Date	Barrier Observation Dates
[date]	[date], [, [date], ... and [date]]
[...]	[...]

- (v). Barrier Observation Period: [Not Applicable]

[OR]

Automatic Early Redemption Determination Date	Barrier Observation Period
[date]	[date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]	[...]

- (vi). Automatic Early Redemption Date(s): [date][, [date], and [date]]
- (vii). Autocall Barrier Value: [•] / [[•] per cent. of the Initial Reference Value]

[OR]

Automatic Early Redemption Determination Date	Autocall Barrier Value
[date]	[•] / [[•] per cent. of the Initial Reference Value]
[...]	[...]

(viii). Specified Automatic Early Redemption Determination Date(s): [[[date][, [date], and [date]]] / [Not Applicable]

(ix). Specified Rate: [[•] / [100] per cent.] / [Not Applicable]

[OR]

Automatic Early Redemption Determination Date	Specified Rate
[date]	[•] per cent.
[...]	[...]

(x). Automatic Early Redemption Rate: [[•] per cent.] / [Not Applicable]

[OR]

Automatic Early Redemption Determination Date	Automatic Early Redemption Rate
[date]	[•] per cent.
[...]	[...]

(xi). Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]

(xii). **Value Determination Terms** for Initial Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min

Reference Value as:
(Section 7 of Part 2 of the Terms and Conditions)

Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xiv) **Value Determination Terms** for determining Final Reference Value (Autocall): [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Automatic Early Redemption Determination Date: [date], [, [date], ... and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

Automatic Early Redemption Determination Date	Averaging Dates
[date]	[date][, [date], and [date]]
[...]	[...]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to Automatic Early Redemption Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped

*Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

[OR]

Automatic Redemption Date	Early Determination Date	Value Observation Dates
[date]		[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]		[...]

- Floor Value: [•]

*(specify if Floored Max Lookback
Value / Floored Min Lookback
Value / Individually Floored
Average Value is selected,
otherwise delete this provision))*

- Global Floor Value: [•]

*(specify if Globally Floored
Average Value is selected,
otherwise delete this provision)*

- Cap Value: [•]

*(specify if Capped Max Lookback
Value / Capped Min Lookback
Value / Individually Capped
Average Value is selected,
otherwise delete this provision)*

- Global Cap Value: [•]

*(specify if Globally Capped
Average Value is selected,
otherwise delete this provision)*

(xv) **Value Determination Terms**
for Relevant Underlying
Value as of the relevant date
or period:

(Section 7 of Part 2 of the
Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening
Value] / [Closing Value] / [Max Lookback Value] / [Min
Lookback Value] / [Floored Max Lookback Value] / [Floored
Min Lookback Value] / [Capped Max Lookback Value] /
[Capped Min Lookback Value] / [Average Value] /
[Individually Floored Average Value] / [Individually Capped
Average Value] / [Globally Floored Average Value] /
[Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Automatic Redemption Date] / [Barrier Observation Date] / [Barrier Period]	Early Determination Date] / [Barrier Observation Date]	Averaging Dates
[•]		[date][, [date], and [date]]
[...]		[...]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected,

otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: $[date]$, [, $[date]$, ... and $[date]$] / [Each Scheduled Trading Day beginning on (and including) $[date]$ and ending on (but excluding) $[date]$]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

[Automatic Redemption Date] / [Barrier Observation Date] / [Barrier Observation Period]	Early Determination Date] / [Barrier Observation Date] / [Barrier Observation Period]	Value Observation Dates
[•]		$[date]$, [, $[date]$, ... and $[date]$] / [Each Scheduled Trading Day beginning on (and including) $[date]$ and ending on (but excluding) $[date]$]
[...]		[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected,

otherwise delete this provision)

- (C) **Early Redemption upon Event of Default** (Condition 19): **Amount of Default** [Fixed Redemption. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination. The Determination Agent will determine the amount a Qualified Financial Institution would charge to assume all of the Issuer's payment and other obligations with respect to such Notes as if no such Event of Default had occurred or to undertake obligations that would have the effect of preserving the economic equivalent of any payment by the Issuer to the Noteholder with respect to the Notes]

(Delete as appropriate)

- (D) **Inconvertibility Provisions:** **Event** [Applicable] / [Not Applicable]

- (i) Consequences of the occurrence of an Inconvertibility Event: [Converted Payment] / [Early Redemption] / [Suspended Payment]
- (ii) Inconvertibility Early Redemption Amount: [Not Applicable]
[OR]
[[•] per cent. per Calculation Amount] / [Early Redemption Amount applies. For the purposes of the definition of Early Redemption Amount, [Fixed Redemption applies. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination applies.]] / [Fair Market Value applies]
- (iii) Relevant Currenc(y)/(ies): [•],[•].... and [•]
- (iv) Relevant Jurisdiction(s): [•],[•].... and [•]
- (v) Inconvertibility Specified Currenc(y)/(ies): [•],[•].... and [•]
- (vi) Settlement Rate Option: [Currency Reference Dealers] / [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: [Registered Notes:
(Condition 3) [Global Note Certificate registered in the name of [a nominee for] [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))] ²⁵, exchangeable for Individual Note Certificates on [•] days notice/at any time/ in the limited

²⁵ To be included for Registered Notes in global form which are to be held under the NSS.

circumstances described in the Global Note Certificate]

[Individual Note Certificates]]

[Finnish Notes]

[Swedish Notes]

[Uncertificated Notes]

21. Additional Business Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/[]].
Note that this item relates to the date and place of payment, and not interest period end dates. This should specify "Not applicable" unless, exceptionally, location of Fiscal Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.
22. Record Date: [As set out in the Conditions/The Record Date is [•] [Business Day/day/clearing system business day] before the relevant due date for payment/Not Applicable]
23. Redenomination, renominatisation and reconventioning provisions: [Not Applicable] / [The provisions in Condition 30 (*Redenominataion, Renominatisation and Reconventioning*) apply]
24. **Taxation:**
- (i) Condition 18.1: "Additional Amounts" is [Applicable] / [Not Applicable]
- (iii) Condition 18.3: Implementation of Financial Transaction Tax Event is [Applicable] / [Not Applicable]

DISTRIBUTION

25. (i) If syndicated, names [and addresses]²⁶ of Managers [and underwriting commitments]²⁷ : and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.]]²⁸ [Not Applicable/give names[, addresses and underwriting commitments]] [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis.)]
- (ii) [Date of [Subscription] Agreement: [•]]²⁹
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]

²⁶ Delete for Notes with a denomination per Note of EUR 100,000 or more.

²⁷ Delete for Notes with a denomination per Note of EUR 100,000 or more.

²⁸ Delete for Notes with a denomination per Note of EUR 100,000 or more.

²⁹ Delete for Notes with a denomination per Note of EUR 100,000 or more

- | | | |
|-----|--|--|
| 26. | If non-syndicated, name [and address] ³⁰ of Dealer: | [Not Applicable/give name [<i>and address</i>] ³¹] |
| 27. | Non-exempt offer: | [Not applicable] [An offer of the Notes may be made by the [<i>insert names</i>] / [any person who is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) other than pursuant to Article 3(2) of the Prospective Directive in [Austria] / [Belgium] / [Czech Republic] / [Denmark] / [Finland] / [France] / [Germany] / [Ireland] / [Italy] / [Liechtenstein] / [Luxembourg] / [Norway] / [Portugal] / [Spain] / [Sweden] / [The Netherlands] / [United Kingdom] (Public Offer Jurisdictions) during the period from [<i>specify date</i>] until [<i>specify date</i>] (Offer Period) [subject to the following conditions: [<i>specify</i>]]. See further paragraph 7 of Part B below. |
| 28. | [Total commission and concession: | [In connection with the offer and sale of the Notes, [the Issuer][Morgan Stanley & Co. International plc] will pay [<i>name/s</i>] a [one time][recurring] distribution fee amount equal to [a maximum of] [•] [of the Aggregate Nominal Amount] / [<i>specify amount</i>] / [per annum/ <i>other</i>]] / [No fees will be paid by the Issuer or Morgan Stanley & Co. International plc, directly or indirectly, in connection with any advised sale of Notes]] ³² |

³⁰ Delete for Notes with a denomination per Note of EUR 100,000 or more

³¹ Delete for Notes with a denomination per Note of EUR 100,000 or more.

³² Delete for Notes with a denomination per Note of EUR 100,000 or more.

³³**[THIRD PARTY INFORMATION]**

(*Relevant third party information*) has been extracted from [•] (*specify source*). [Each of the] / [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

[Signed on behalf of the Guarantor:

By:
Duly authorised]

³³ Insert if any third party information has been provided.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to Trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the official list of the Luxembourg Stock Exchange with effect from [•.] / [Application [has [also] been made/is [also] expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to listing and/or trading on [insert name of exchange] with effect from [•].]

[Not Applicable.]

[Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading.]

[Last day of Trading: [•]]

[Estimate of total expenses related to admission to trading: [•]]³⁴

2. RATINGS

Ratings: [The Notes to be issued have been rated:

[S & P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

Option 1

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 3

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by

³⁴ Delete for Notes with a denomination per Note of less than EUR 100,000.

[insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 4

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]³⁵

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]³⁶

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

[The Notes will not be rated].]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "*Subscription and Sale*" of the Base Prospectus dated 17 July 2013, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer".

(When adding any other description, consideration should be given as to whether the new matters described constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [•]

(If reasons for offer different from making profit and/or hedging, certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds: [•]

(If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other

³⁵ Edit and delete options as appropriate for the relevant rating agency/agencies providing the rating(s).

³⁶ Delete for Notes with a denomination per Note of EUR 100,000 or more.

funding.)

[(iii)] Estimated total expenses:

[•]

[Include breakdown of expenses.](If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/ [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]³⁷ AND OTHER INFORMATION CONCERNING THE UNDERLYING**

[Need to include details of where past and future performance and volatility of the index/equity/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.] [Where the underlying is a Share or ETF Interest include name of issuer of such Share or ETF Interest and ISIN or other relevant identification number of such underlying.] [Where the underlying is an Index or Inflation Index need to include the name of the Index or Inflation Index and an indication of where to obtain information about the Index or Inflation Index]

[The [interest] [and] [redemption] amount[s] payable on the Notes [is/are] dependent on the value or performance of the Relevant Underlying [reaching] / [not reaching] a threshold or barrier and a small increase or decrease in the value or performance of the Relevant Underlying near to the threshold or barrier may lead to a significant increase or decrease in the return of the Notes[and Noteholders] may receive no interest at all].

[The [interest] [and] [redemption] amount[s] payable on the Notes [is/are] linked to the value or performance of the Relevant Underlying as of one or more predefined dates and, irrespective of the level of the Relevant Underlying between these dates, the values or performance of the Relevant Underlying on these dates will affect the value of the Notes more than any other factor.]

[The Final Redemption Amount payable on the Notes is linked to [a specified percentage of] the performance of the Relevant Underlying and Noteholders may not receive the amount initially invested, and may receive a significantly lesser amount [/ subject to the minimum amount specified].

The market price or value of the Notes at any time is expected to be affected by changes in the value of the Relevant Underlying to which the Notes are linked.

[The market price or value of the Notes could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or any other distributions on the Relevant Underlying.]

[Determinations of amounts payable under the Notes are made by reference to the arithmetic mean of the values or performances of [all] / [the selected] Basket Components. The Basket Components are given different weightings. The higher the weighting applicable to a particular Basket Component, the more Noteholders will be exposed to the value or performance of that Basket Component in comparison

³⁷ Delete for Notes with a denomination per Note of EUR 100,000 or more.

with the remaining Basket Components.]

[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].*

6. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): [Not Applicable] / [give *name(s)*, *addresses of the clearing system(s)*, *relevant identification number(s)*]

[Nordic Notes, specify relevant NCSD and NCSD issuing agent.

Finnish Notes: Finnish CSD: Euroclear Finland Oy, Urho Kekkosen katu 5 C, Box 1110, FI-00101 Helsinki, Finland

Swedish Notes: Swedish CSD: Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden

NCSD Issuing Agent: [•],[•] *[give relevant name and address]*

[Japan Securities Depository Center, Inc. *[insert address]*]

[other relevant clearing system, as applicable]: [•], [•]

[give relevant name and address]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that designation "yes" simply means that the Notes are intended upon issue to be

deposited with one of the ICSDs³⁸ as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]]³⁹ and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either on issue or subsequently. Such recognition will depend on satisfaction of Eurosystem eligibility criteria][include this text if "yes" selected]

7. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price] [<i>specify</i>]
Conditions to which the offer is subject:	[Not Applicable/ Offers of the Notes are conditional upon their issue]
Description of the application process:	[Not Applicable/ <i>give details</i>]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i>]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i>]
Details of the method and time limited for paying up and delivering the Notes:	[Not Applicable/ The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable] / [Estimated expenses charged to the investor by the relevant Issuer or the offeror are [•.] / [No expenses will be charged by the Issuer to the investor, however a

³⁸ International Central Securities Depositories.

³⁹ To be included for Registered Notes

subscription charge of up to
[specify amount] may be charged
by the Authorised Offeror] / [Not
applicable. There are no estimated
expenses charged to the investor
by the Issuer [or the Authorised
Offeror] / [give details]

Name(s) and address(es), to the extent known
to the Issuer, of the placers in the various
countries where the offer takes place. [None/give details]

8. **PLACING AND UNDERWRITING**

Name and address of the co-ordinator(s) of the
global offer and of single parts of the offer and,
to the extent known to the issuer or to the
offeror, of the placers in the various countries
where the offer takes place: [•]

Name and address of any paying agents and
depository agents in each country: [•]

Entities agreeing to underwrite the issue on a
firm commitment basis, and entities agreeing to
place the issue without a firm commitment or
under "best efforts" agreements. Where not all
of the issue is underwritten, a statement of the
portion not covered: [•]

9. **OTHER MARKETS**

All the regulated markets or equivalent markets
on which, to the knowledge of the issuer,
securities of the same class of securities to be
offered or admitted to trading are already
admitted to trading: [[•]/None]

PRO FORMA FINAL TERMS FOR REVERSE CONVERTIBLE NOTES

Final Terms dated [•]

[MORGAN STANLEY] / [MORGAN STANLEY & CO, INTERNATIONAL plc] / [MORGAN STANLEY B.V.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by Morgan Stanley]

under the Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and Certificates

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, AS AMENDED). SEE "SUBSCRIPTION AND SALE" AND "NO OWNERSHIP BY U.S. PERSONS" IN THE BASE PROSPECTUS DATED 17 JULY 2013 . IN PURCHASING THE NOTES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.]⁴⁰

PART A – CONTRACTUAL TERMS

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated [•] [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base Prospectus [and any supplement(s) thereto] are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of

⁴⁰ To be included where an offer is made where an exemption from the requirement to publish a prospectus under the Prospectus Directive (as amended by the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State).

the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a prior base prospectus the terms of which are incorporated into this Base Prospectus by reference.]

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] incorporated by reference in the base prospectus dated 17 July 2013. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] (as such term is defined in the Base Prospectus) which are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base Prospectus [and any supplement(s) thereto] are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

1.
 - (i) Series Number: [•]
 - (ii) Series designation: [Series A] / [Series B]
 - [(iii) [Tranche Number:]] [•]
[Fungible with the [currency] [•] [Title of the Notes] issued by [•], bearing ISIN [•]]
2. Specified Currency or Currencies: [•]
3. Aggregate [Nominal Amount]/[Number] of the Notes: [•]⁴¹
 - [(i)] Series: [•]
 - [(ii) Tranche: [•]]

⁴¹ Where the amount is not known at the beginning of the offer period (e.g. an "up to" amount), notices of final offer amount will need to be submitted where the Notes are listed or admitted to trading.

4. Issue Price [•] per cent. of par per Note/[•] per Note
5. (i) Specified Denominations (Par): [•]
(ii) Calculation Amount:
6. (i) Issue Date: [•]
(ii) Trade Date: [•]
(iii) Interest Commencement Date [*Specify*/Issue Date/Not Applicable]
(iv) Strike Date: [•]
(v) Determination Date: [•]
7. { Maturity Date: [*specify date*]
.
8. Interest Basis: [[•] per cent. Fixed Rate]
[Equity-Linked Interest]⁴²
[Currency-Linked Interest]
[Inflation-Linked Interest]
[Fund-Linked Interest]
[*include all that apply*]
9. Redemption/Payment Basis: [Redemption at par]
[Equity-Linked Redemption]
[Currency-Linked Redemption]
[Inflation-Linked Redemption]
[Fund-Linked Redemption]
10. Put/Call Options:
(i) Redemption at the option of the Issuer: [Applicable/Not Applicable]
(Condition 14.5)
(ii) Redemption at the option of the Noteholders: [Applicable/Not Applicable]
(Condition 14.7)
11. Method of distribution: [Syndicated/Non-syndicated]

⁴² Specify if interest provisions are linked to one or more Shares, ETF Interests or Indices

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Linked Note Interest Provisions: Underlying** [Applicable/Not Applicable]
(Specify as applicable if Barrier Additional Coupon Amount applies. Otherwise specify as Not Applicable)
- (Condition 6.5 and Condition 8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) **Single Share-Linked Interest Notes, Share Basket-Linked Interest Notes:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Whether the Notes relate to a single share or a basket of shares (each, an **"Underlying Share"**): [Single Share-Linked Interest Notes] / [Share Basket-Linked Interest Notes]
- (ii) The identity of the relevant issuer(s) (each an **"Underlying Issuer"**), class of the Underlying Share and ISINs or other security identification code for the Underlying Share: *(Specify (i) names of each Underlying Issuer (ii) class of each Underlying Share and (iii) ISIN or other security identification code for each Underlying Share)*
- (iii) Exchange[s]: [•] / [All Exchanges]
- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time: [•] / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
 (Condition 9.6) *(delete any which are not applicable)*
- (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
 (Condition 9.3.2)
- (ix) Weighting for each Underlying Share comprised in the Basket: [Not Applicable]

[OR]

Underlying Share	Weighting
[•]	[•] [per cent.]

[...]	[...]
[•]	[•] [per cent.]

- (B) **Single Index-Linked Interest Notes / Index Basket-Linked Interest Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Types of Notes: [Single Index-Linked Interest Notes]

[Index Basket-Linked Interest Notes]

- (ii) Index / Indices: *(Specify Index for Single Index-Linked Interest Notes, and specify each of Indices for Index Basket-Linked Interest Notes)*

- (iii) Exchange[s]: *[Specify Exchange][, which is a Multi-Exchange Index].*

[OR]

Index	Exchange
[•]	<i>[Specify Exchange][, which is a Multi-Exchange Index]</i>
[...]	[...]

- (iv) Related Exchange[s]: [•] / [None specified]

- (v) Determination Agent responsible for calculating Interest Amount; [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)

- (vi) Determination Time; [•] / As per Condition 9.7

- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply

(Condition 9.6) *(delete any which are not applicable)*

- (viii) Correction Cut Off Time; [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.2.3)

- (iv) Weighting for each Index comprised in the Basket: [Not Applicable]

[OR]

Index	Weighting
[•]	[•] [per cent.]
[...]	[...]

[•]	[•] [per cent.]
-----	-----------------

(C) **Single ETF-Linked Notes, ETF Basket Linked Interest Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Whether the Notes relate to a single ETF or a basket of ETFs (each, an "ETF") [Single ETF-Linked Interest Notes]
[ETF Basket-Linked Interest Notes]
- (ii) Names of each ETF Interest and the identity of the related ETF: *(specify ETF Interest(s) and ETF(s))*
- (iii) Exchange[s]: [•] / [All Exchanges]
- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time: [•] As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(Condition 9.6) *(delete any which are not applicable)*
- (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)
- (ix) Eligible ETF Interest: *[specify or delete if not applicable or fallback provisions in Condition 9.5 apply.]*
- (x) Weighting for each ETF Interest comprising the basket: [Not Applicable]

[OR]

ETF Interest	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

(D) **Currency Linked Interest Notes** [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

- (i) Settlement Currency: [•]
- (ii) Reference Currency: [•]
- (iii) Specified Amount: [•]
- (iv) Reference Currency Jurisdiction: [•]
- (v) Specified Rate: *Specify one of:*

Reference Currency bid exchange rate;
Reference Currency offer exchange rate;
Average of Reference Currency bid and offer exchange rates;

Settlement Currency bid exchange rate;
Settlement Currency offer exchange rate;
Average of Settlement Currency bid and offer exchange rates;
Official fixing rate;
- (vi) Determination Agent responsible for calculating the Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vii) Settlement Rate Option: [Currency Reference Dealers]
- (viii) Currency Disruption Events: [[Price Source Disruption[is]/[is not] Applicable] [and] [Additional Price Source Disruption][./and] [Price Materiality Event] [is]/[are] [applicable] / [Not applicable] [in respect of all dates] / [in respect of *[insert dates, for example, Observation Date]*]]
(Condition 10.3)
- (ix) Currency Disruption Fallbacks: Currency Disruption Fallback(s) shall apply in the following order:
(Condition 10.4)

[(i) Determination Agent Determination of Settlement Rate;
(ii) Fallback Reference Price.]

OR

[(i) Fallback Reference Price;
(ii) Determination Agent Determination of Settlement Rate.]
- (x) Price Materiality Percentage: [•] per cent. / Not applicable
- (xi) Reference Source: [•] / Not applicable
- (xii) Additional Disruption Events: Change in Law – [Applicable] / [Not Applicable]
Hedging Disruption - [Applicable] / [Not Applicable]
(Condition 10.5)

Increased Cost of Hedging - [Applicable] / [Not Applicable]

(E) Inflation-Linked Interest Notes [Applicable/ Not Applicable]

(Condition 11) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Inflation Index / Inflation Indices: [•]
- (ii) Inflation Index Sponsor(s): [•]
- (iii) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (iv) Additional Disruption Events: [Change in Law, Hedging Disruption, and Increased Cost of Hedging] shall apply
(delete any which are not applicable)
- (v) Index Level Adjustment Correction: [The first publication or announcement of the level of the Inflation Index (disregarding estimates) by the relevant Inflation Index Sponsor for any Reference Month shall be final and conclusive and, subject to Condition 12, later revisions to the level of the Inflation Index for such Reference Month will not be used in any calculations] / [The first publication or announcement of a level of the Inflation Index (disregarding estimates) published by the relevant Index Sponsor or, if revised, any subsequent revision of such level for a Reference Month shall be final and conclusive for such Reference Month, **provided that** such revisions are published or announced up to and including the day that is two Business Days prior to the relevant Interest Payment Date].
(Condition 11.6)
(delete as appropriate)
- (vi) Related Bond: [specify] / [Fallback Bond] / [Fallback Bond: Not Applicable]
- (vii) Weighting for each Inflation Index comprising the basket: [Not Applicable]

[OR]

Inflation Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

(F) Fund-Linked Interest Notes [Applicable/ Not Applicable]

(Condition 12) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

paragraph)

- (i) Fund: [specify / As defined in Condition 12.7]
- (ii) Fund Interest: [specify]
- (iii) Fund Interest Unit: [specify]
- (iv) Basket of Funds: [Not Applicable]

OR

Fund	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (v) Company: [specify / Not Applicable]
- (vi) Fund Business Day: [specify / As defined in Condition 12.7]
- (vii) Fund Administrator: [specify / As defined in Condition 12.7]
- (viii) Fund Adviser: [specify / As defined in Condition 12.7]
- (ix) Fund Custodian: [specify / As defined in Condition 12.7]
- (x) Additional Fund Service Provider: [specify / Not Applicable]
- (xi) Cut-off Period: [specify / As defined in Condition 12.7]
(Condition 12.1)
- (xii) Final Cut-off Date: [specify / Not Applicable]
- (xiii) Scheduled Fund Valuation Date(s): [specify]
- (xiv) Extraordinary Dividend: [Determination Agent Characterisation applies]

OR

[The following is the Schedule of Ordinary Dividends in respect of the Fund for the purposes of the definition of Extraordinary Dividend in Condition 12.7:

[specify scheduled dividend payment dates and dividend amounts]]

- (xv) Fund Subscription Date: [specify / As defined in Condition 12.7]

- (xvi) Hypothetical Investor Jurisdiction: [specify / As defined in Condition 12.7]
- (xvii) Subscription Notice Date: [specify / As defined in Condition 12.7]
- (xviii) Relevant Fund Interest Unit Price: [Determined in accordance with the applicable Value Determination Terms specified below] / [As defined in Condition 12.7]
- (xix) Eligible Fund Interest: [specify / As defined in Condition 12.7]
(Condition 13.5)
- (xx) Fund Event(s): The following are the applicable Fund Events in relation to the Notes:
(Condition 12.5)
(specify all of the following which apply)
[Nationalisation;] / [Insolvency Event;] / [NAV Trigger / Restriction Event;] / [Aggregate NAV Trigger Event;] / [Changes to Fund or Fund Services Providers;] / [Fund Modification;] / [Strategy Breach;] / [Breach by Fund Service Provider;] / [General Regulatory Event;] / [Reporting Disruption;] / [Compulsory Redemption or Assignment;] / [Closure to Subscriptions; Dealing Restrictions;] / [Disposals: Material Change: Merger;] / [Hedging Disruption;] / [Fraud;] / [Special Regulatory Event;] / [Force Majeure Event;] / [Value Limitation;]
- (a) NAV Trigger Percentage: [[•] per cent.] / [Not Applicable]
(specify relevant percentage if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (b) NAV Trigger Period: [specify] / [Not Applicable]
(specify relevant period if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (c) Aggregate NAV Trigger Value: [specify] / [Not Applicable]
(specify relevant percentage if "Aggregate NAV Trigger Event" is an applicable Fund Event)
- (d) Aggregate NAV Trigger Period: [specify] / [Not Applicable]
(specify relevant period if "Aggregate NAV Trigger Event" is an applicable Fund Event)
13. **Linked Interest Note Provisions: Interest Terms** [Applicable/ Not Applicable]

(Condition 6.5 and Section 4 of the Additional Terms and Conditions

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (A) **Reverse Convertible Notes (Regular Coupon)** [Applicable / Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Coupon Rate: [•] per cent.

[OR]

Interest Payment Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]
[date]	[•] per cent.

(ii) Interest Payment Date(s): [date][, [date], and [date]]

(iii) Barrier Additional Coupon Amount: [Applicable] / [Not Applicable]

(iv) Additional Rate: [•] per cent.

[OR]

Interest Determination Date	Additional Rate
[date]	[•] per cent.
[...]	[...]
[date]	[•] per cent.

(v) Interest Determination Date(s): [date][, [date], and [date]]

(vi) Additional interest amount is payable if the Knock-in Value: the [relevant Interest Determination Date] / [each Barrier Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the relevant Coupon Barrier Value

(Delete as appropriate)

(vii) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

(xv) Barrier Observation Dates in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Date
In respect of the Interest Determination Date falling on <i>[date]</i>	<i>[date]</i> [, <i>[date]</i> and <i>[date]</i>]
[...]	[...]

- (xvi) Barrier Observation Period in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Period
<i>[date]</i>	<i>[date]</i> / [From [and including]/[but excluding] <i>[date]</i> to [but excluding]/[and including] <i>[date]</i>] / [Each Scheduled Trading Day beginning on (and including) <i>[date]</i> and ending on (but excluding) <i>[date]</i>]
[...]	[...]

- (xvii) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

- (xviii) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]

- (xix) **Value Determination** [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]
- Terms for Initial Reference Value:**
- (Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- | | | |
|------|--|--|
| (xx) | Value Determination
Terms for Final
Reference Value
(Coupon):

(Section 7 of Part 2 of the
Terms and Conditions) | [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value] |
|------|--|--|

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)
- Averaging Dates in relation to the relevant Interest Determination Date: [date][, [date], and [date]][in respect of the Interest Determination Date falling on [•];

[...] and

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•]]
- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)
- Value Observation Dates in respect of each Interest Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] [in respect of the Interest Determination Date falling on [•];

[...] and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [•]]
- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- | | | |
|-------|--|--|
| (xxi) | Value Determination Terms for Relevant Underlying Value:

(Section 7 of Part 2 of the Terms and Conditions) | [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value] |
|-------|--|--|

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination Date] / [Barrier Observation	Averaging Dates
[•]		[date][, [date], and [date]]
[...]		[...]
[•]		[date][, [date], and [date]]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination / [Barrier Date] / [Barrier Observation Period]	Value Observation Dates
[•]		[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]		[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (B) Reverse Convertible Notes (Barrier Conditional Coupon):** [Applicable/ Not Applicable]

- (i) Interest Payment Dates: [date][, [date], and [date]]

- (ii) Memory Barrier Conditional Coupon: [Applicable/ Not Applicable]

- (iii) Coupon Amount is payable if the [relevant Interest Determination Date] / [each Barrier Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the relevant Coupon Barrier Value
Knock-in Value as of:

(Delete as appropriate)

- (iv) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

- (v) Coupon Rate: [•] per cent.

[OR]

Interest Determination Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]

- (vi) Coupon Barrier Value: [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

- (vii) Interest Determination Date(s): [date][, [date], and [date]]

- (viii) Barrier Observation Dates in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Date
In respect of the Interest Determination Date falling on [date]	[date][, [date].... and [date]]
[...]	[...]

- (ix) Barrier Observation Period in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Period
[date]	[date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]	[...]

- (x) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

- (xi) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]

- (xii) **Value Determination Terms** for Initial Reference Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xiii) **Value Determination Terms** for Final Reference Value (Coupon): [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant Interest Determination Date:

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•];

[...] and

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•]]
- Averaging Date Disruption:

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[Omission] / [Postponement] / [Modified Postponement]
- Value Observation Dates in respect of each Interest Determination Date:

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [•];

[...] and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [•]]
- Floor Value:

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

[•]
- Global Floor Value:

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

[•]
- Cap Value:

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

[•]

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xiv) **Value Determination Terms** for Relevant Underlying Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination [Barrier Date] / [Barrier Observation Date]	Averaging Dates
[•]		[date][, [date], and [date]]
[...]		[...]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination [Barrier Date] / [Barrier Observation Date]	Value Observation Dates
[•]		[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]		[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

PROVISIONS RELATING TO REDEMPTION

14. **Call Option** [Applicable/Not Applicable]

(Condition 14.5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Call Option Exercise Date: [date]
- (ii) Optional Redemption Date(s) (Call): [date][, [date].... and [date]]
- (iii) Participation Rate (Call) for determining the Optional Redemption Amount (Call): [[•] per cent.] / [100 per cent.]
- (iv) Optional Redemption in part only: [Applicable. Redemption will be effected in accordance with sub-clause [(i)/(ii)] of Condition 15.6 (*Partial Redemption*)] / [Not Applicable]
(delete as appropriate)
- (v) Notice period: [•]

15. **Put Option** [Applicable/Not Applicable]

(Condition 14.7) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Put Option Exercise Date: [date] / [Not Applicable]
- (ii) Put Option Exercise Period: [From (and including) [date] to (but excluding) [date]] / [Not Applicable]
- (iii) Optional Redemption Date(s) (Put): [•]

- (iv) Participation Rate (Put) for determining the Optional Redemption Amount (Put): $[[\bullet]$ per cent.] / [100 per cent.]
- (v) Notice period: $[\bullet]$
16. **Final Redemption Amount of each Note** [Linked Redemption Amount specified below]
(Condition 14.1)
17. **Linked Redemption Provisions: Relevant Underlying**
(Condition 8 and Condition 14)
- (A) **Single Share-Linked Redemption Notes, Share Basket-Linked Redemption Notes:** [Applicable/Not Applicable]
(Condition 8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Notes relate to a single share or a basket of shares (each, an "**Underlying Share**"): [Single Share-Linked Interest Notes] / [Share Basket-Linked Interest Notes]
- (ii) The identity of the relevant issuer(s) (each an "**Underlying Issuer**"), class of the Underlying Share and ISINs or other security identification code for the Underlying Share: *(Specify (i) names of each Underlying Issuer (ii) class of each Underlying Share and (iii) ISIN or other security identification code for each Underlying Share)*
- (iii) Exchange[s]: $[\bullet]$ / [All Exchanges]
- (iv) Related Exchange[s]: $[\bullet]$ / [None specified]
- (iv) Determination Agent responsible for calculating the Final Redemption Amount: $[\bullet]$
- (vi) Determination Time: $[\bullet]$ / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(delete any which are not applicable)
- (viii) Correction Cut Off Time: $[\bullet]$ / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)
- (ix) Weighting for each Underlying Share [Not Applicable]

comprising the Basket:

[OR]

Underlying Share	Weighting
[•]	[•]
[...]	[...]
[•]	[•]

- (B) **Single Index-Linked Redemption Notes/ Index Basket-Linked Redemption Notes:** [Applicable/Not Applicable]

(Condition 8)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Types of Notes: [Single Index-Linked Redemption Notes] / [Index Basket-Linked Redemption Notes]
- (ii) Index / Indices: *(Specify Index for Single Index-Linked Interest Notes, and specify each of Indices for Index Basket-Linked Interest Notes)*
- (iii) Exchange[s]: *[Specify Exchange][, which is a Multi-Exchange Index].*

[OR]

Index	Exchange
[•]	<i>[Specify Exchange][, which is a Multi-Exchange Index]</i>
[...]	[...]
[•]	<i>[Specify Exchange][, which is a Multi-Exchange Index]</i>

- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount; [•]
- (vi) Determination Time; [•] / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(delete any which are not applicable)

(viii) Correction Cut Off Time; [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.2.3)

(ix) Weighting for each Index: [Not Applicable]

[OR]

Index	Weighting
[•]	[•]
[...]	[...]
[•]	[•]

(C) **Single ETF-Linked Redemption Notes/ ETF Basket-Linked Redemption Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Whether the Notes relate to a single ETF or a basket of shares (each, an "ETF Interest ") [Single ETF-Linked Redemption Notes]
[ETF Basket-Linked Redemption Notes]

(ii) Names of each ETF Interest and the identity of the related ETF ("each, an "ETF")): *(specify ETF Interest(s) and ETF(s))*

(iii) Exchange[s]: [•] / [All Exchanges]

(iv) Related Exchange[s]: [•] / [None specified]

(v) Determination Agent responsible for calculating the Final Redemption Amount: [•]

(vi) Determination Time: [•] As per Condition 9.7

(vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply

(delete any which are not applicable)

(viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)

(ix) Eligible ETF Interest: *[specify or delete if not applicable or fallback provisions in Condition 9.5 apply.]*

(x) Weighting for each ETF Interest comprising the basket: [Not Applicable]

[OR]

ETF Interest	Weighting
[•]	[•]
[...]	[...]
[•]	[•]

- (vi) Physical Settlement [Applicable]/[Not Applicable]
18. **Currency-Linked Redemption Notes** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (Condition 10)
- (i) Settlement Currency: [•]
- (ii) Reference Currency: [•]
- (iii) Specified Amount: [•]
- (iv) Reference Currency Jurisdiction: [•]
- (v) Specified Rate: *Specify one of:*
 Reference Currency bid exchange rate;
 Reference Currency offer exchange rate;
 Average of Reference Currency bid and offer exchange rates;
 Settlement Currency bid exchange rate;
 Settlement Currency offer exchange rate;
 Average of Settlement Currency bid and offer exchange rates;
 Official fixing rate;
- (vi) Determination Agent responsible for calculating the Final Redemption Amount: [•]
- (vii) Settlement Rate Option: [Currency Reference Dealers]
- (viii) Currency Disruption Events: [[Price Source Disruption[is]/[is not] Applicable] [and] [Additional Price Source Disruption][./and] [Price Materiality Event] [is]/[are] [applicable] / [Not applicable] [in respect of all dates] / [in respect of *insert dates, for example, Observation Date*]]
- (ix) Currency Disruption Fallbacks: Currency Disruption Fallback(s) shall apply in the following order:
 [(i) Determination Agent Determination of Settlement Rate;
 (ii) Fall Back Reference Price.]

OR

[(i) Fallback Reference Price;

(ii) Determination Agent Determination of Settlement Rate.]

(x) Price Materiality [•] per cent. / Not applicable
Percentage:

(xi) Reference Source: [•] / Not applicable

(xii) Additional Disruption Change in Law – [Applicable] / [Not Applicable]
Events Hedging Disruption - [Applicable] / [Not Applicable]
Increased Cost of Hedging - [Applicable] / [Not Applicable]

19. **Inflation-Linked Redemption Provisions** [Applicable/Not Applicable]

(Condition 11) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Inflation Index / Inflation [•]
Indices:

(ii) Inflation Index [•]
Sponsor(s):

(iii) Determination Agent [•]
responsible for
calculating Interest
Amount:

(iv) Additional Disruption [Change in Law, Hedging Disruption, and Increased Cost of
Events: Hedging] shall apply

(delete any which are not applicable)

(v) Index Level Adjustment The first publication or announcement of the level of the
Correction: Inflation Index (disregarding estimates) by the relevant
(Condition 11.6) Inflation Index Sponsor for any Reference Month shall be
final and conclusive and, subject to this Condition 11, later
revisions to the level of the Inflation Index for such Reference
Month will not be used in any calculations / The first
publication or announcement of a level of the Inflation Index
(disregarding estimates) published by the relevant Index
Sponsor or, if revised, any subsequent revision of such level
for a Reference Month shall be final and conclusive for such
Reference Month, **provided that** such revisions are published
or announced up to and including the day that is two Business
Days prior to the relevant Interest Payment Date].

(delete as appropriate)

(vi) Related Bond: [specify] / [Fallback Bond] / [Fallback Bond: Not Applicable]

(vii) Weighting for each [Not Applicable]
Inflation Index
comprising the basket:

[OR]

Inflation Index	Weighting
[•]	[•]
[...]	[...]
[•]	[•]

20. **Fund-Linked Provisions** **Redemption** [[Applicable/ Not Applicable]

(Condition 12)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Fund: [specify / As defined in Condition 12.7]
- (ii) Fund Interest: [specify]
- (iii) Fund Interest Unit: [specify]
- (iv) Basket of Funds: [Not Applicable]

OR

Fund	Weighting
[•]	[•]
[...]	[...]
[•]	[•]

- (v) Company: [specify / Not Applicable]
- (vi) Fund Business Day: [specify / As defined in Condition 12.7]
- (vii) Fund Administrator: [specify / As defined in Condition 12.7]
- (viii) Fund Adviser: [specify / As defined in Condition 12.7]
- (ix) Fund Custodian: [specify / As defined in Condition 12.7]
- (x) Additional Fund Service Provider [specify / Not Applicable]
- (xi) Cut-off Period: [specify / As defined in Condition 12.7]
- (Condition 12.1)
- (xii) Final Cut-off Date: [specify / Not Applicable]
- (xiii) Scheduled Fund Valuation Date(s): [specify]
- (xiv) Extraordinary Dividend: [Determination Agent Characterisation applies]

OR

[The following is the Schedule of Ordinary Dividends in respect of the Fund for the purposes of the definition of Extraordinary Dividend in Condition 12.7:

[specify scheduled dividend payment dates and dividend amounts]]

- (xv) Fund Subscription Date: *[specify / As defined in Condition 12.7]*
- (xvi) Hypothetical Investor Jurisdiction: *[specify / As defined in Condition 12.7]*
- (xvii) Scheduled Redemption Payment Date: *[specify / As defined in Condition 12.7]*
- (xviii) Subscription Notice Date: *[specify / As defined in Condition 12.7]*
- (xix) Redemption Notice Date: *[specify / As defined in Condition 12.7]*
- (xx) Relevant Fund Interest Unit Price: [Determined in accordance with the applicable Value Determination Terms specified below] / [As defined in Condition 12.7]
- (xxi) Eligible Fund Interest: *[specify / As defined in Condition 12.7]*
(Condition 12.5)
- (xxii) Fund Event(s): The following are the applicable Fund Events in relation to the Notes:
(Condition 12.5)
(specify all of the following which apply)
[Nationalisation;] / [Insolvency Event;] / [NAV Trigger / Restriction Event;] / [Aggregate NAV Trigger Event;] / [Changes to Fund or Fund Services Providers;] / [Fund Modification;] / [Strategy Breach;] / [Breach by Fund Service Provider;] / [General Regulatory Event;] / [Reporting Disruption;] / [Compulsory Redemption or Assignment;] / [Closure to Subscriptions; Dealing Restrictions;] / [Disposals: Material Change: Merger;] / [Hedging Disruption;] / [Fraud;] / [Special Regulatory Event;] / [Force Majeure Event;] / [Value Limitation;]
- (a) NAV Trigger Percentage: [[•] per cent.] / [Not Applicable]
(specify if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (b) NAV Trigger Period: *[specify] / [Not Applicable]*
(specify if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (c) Aggregate NAV Trigger Value: *[specify] / [Not Applicable]*
(specify if "Aggregate NAV Trigger Event" is an applicable Fund Event)
- (d) Aggregate NAV *[specify] / [Not Applicable]*

Trigger Period: (specify if "Aggregate NAV Trigger Event" is an applicable Fund Event)

21. **Linked Redemption Provisions:
Final Redemption Amount**

**(Condition 14 and Section 4 of
Part 2 of the Terms and
Conditions)**

(i) Reverse Convertible [Applicable] / [Not Applicable]
Notes (Barrier
Redemption):

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Elections for Paragraph 1.2(i): [Final Observation] / [Daily Observation] / [Continuous Observation] applies.

(Delete as appropriate)
- Knock-in Value [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
- Final Redemption Amount will be calculated in accordance with Paragraph 1.2(i) if the Knock-in Value: is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value.
- Final Redemption Barrier Value: [•] / [[•] per cent of Initial Reference Value]
- Specified Rate: [[•]/[100] per cent.] / [Not Applicable]
- Participation Rate: [[•]/[100] per cent.] / [Not Applicable]
- Strike: [•] / [1]
- Capped Redemption: [Applicable. Final Redemption Cap Value is [[•] / [•] per cent.] per Calculation Amount] / [Not Applicable]
- Floored Redemption: [Applicable. Final Redemption Floor Value is [[•] / [•] per cent.] per Calculation Amount] / [Not Applicable]
- Collared Redemption: [Applicable. Final Redemption Cap Value is [[•] / [•] per cent.] per Calculation Amount and Final Redemption Floor Value is [[•] / [•] per cent.] per Calculation Amount] / [Not Applicable]
- Physical Settlement: [Applicable] / [Not Applicable]
- Underlying Securities: [Not Applicable] *[specify]* / [Definition in Paragraph 2 of Section 4 of Part 2 of the Terms and Conditions applies]
- Physical Settlement Date: [Not Applicable] / *[date]* / [Condition 18.5 applies.]

- Clearing System: [specify in respect of each Underlying Security] / [Not Applicable]

(Specify as Not Applicable if the fallbacks in Condition 18 are to apply or if Physical Settlement does not apply.)
 - $FX_{\text{Final}} / FX_{\text{Initial}}$: [Determined in accordance with Section 4 of the Additional Terms and Conditions] / [Not Applicable]
 - Specified Currency: [•] / [Not Applicable]
 - Relevant Screen Page in respect of Specified Currency: [•] / [Not Applicable]
 - Specified Time in respect of Specified Currency: [•] / [Not Applicable]
 - Second Currency: [•] / [Not Applicable]
 - Relevant Screen Page in respect of Second Currency: [•] / [Not Applicable]
 - Specified Time in respect of Second Currency: [•] / [Not Applicable]
 - Physical Delivery Amount: [specify number of Underlying Securities to be delivered] / [Determined in accordance with Section 4 of the Additional Terms and Conditions.]
- (ii) Reverse Convertible Notes (Basic Participation and Performance Linked Redemption): [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Specified Rate: [[•]/[100] per cent.] / [Not Applicable]
 - Participation Rate: [[•]/[100] per cent.] / [Not Applicable]
 - Observation Date(s): [[date][, [date]]... and [date]] / [Not Applicable]
 - Observation Period: [date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
- (iii) Determination Date: [date]
- (iv) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]

- (v) **Value Determination Terms** for Initial Reference Value:

(Section 7 of Part 2 of the Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- | | | |
|------|---|--|
| (vi) | Value Determination Terms for Final Reference Value as of the Determination Date | [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value] |
|------|---|--|

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Determination Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- | | |
|---|---|
| <p>(vii) Value Determination Terms for Relevant Underlying Value as of the relevant date or period:</p> <p>(Section 7 of Part 2 of the Terms and Conditions)</p> | <p>[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]</p> |
|---|---|

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected)

otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Determination Date] / [Observation Date] / [Observation Period]	Averaging Dates
[•]	[date][, [date], and [date]]
[...]	[...]
[•]	[date][, [date], and [date]]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

[Determination Date] / [Observation Date] / [Observation Period]	Value Observation Dates
[•]	[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and

	ending on (but excluding) [date]]
[...]	[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

22. Early Redemption

- (A) **Early Redemption upon Event of Default** (Condition 19): [Fixed Redemption. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination. The Determination Agent will determine the amount a Qualified Financial Institution would charge to assume all of the Issuer's payment and other obligations with respect to such Notes as if no such Event of Default had occurred or to undertake obligations that would have the effect of preserving the economic equivalent of any payment by the Issuer to the Noteholder with respect to the Notes]
- (Delete as appropriate)*
- (B) **Early Redemption (Tax):** [Not Applicable] / [Applicable. Conditions [[14.2 (*Tax Redemption – Morgan Stanley Notes*) / 14.3 (*Tax Redemption – MSI plc and MSBV Notes*)] and 15.4 apply.]
- (C) **Inconvertibility Provisions:** **Event** [Applicable] / [Not Applicable]
- (Condition 31)

(If not applicable, delete the remaining sub-paragraphs of this

- paragraph)*
- (i) Consequences of the occurrence of an Inconvertibility Event: [Converted Payment] / [Early Redemption] / [Suspended Payment]
 - (ii) Early Redemption Amount upon Inconvertibility Event: [Not Applicable]
[OR]
[[•] per cent. per Calculation Amount] / [Early Redemption Amount applies. For the purposes of the definition of Early Redemption Amount, [Fixed Redemption applies. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination applies.]] / [Fair Market Value applies]
 - (iii) Relevant Currenc(y)/(ies): [•],[•].... and [•]
 - (iv) Relevant Jurisdiction(s): [•],[•].... and [•]
 - (v) Inconvertibility Specified Currenc(y)/(ies): [•],[•].... and [•]
 - (vi) Settlement Rate Option: [Currency Reference Dealers] / [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 23. Form of Notes: [Registered Notes:
(Condition 3) [Global Note Certificate registered in the name of [a nominee for] [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))] ⁴³, exchangeable for Individual Note Certificates on [•] days notice/at any time/ in the limited circumstances described in the Global Note Certificate]

[Individual Note Certificates]]

[Finnish Notes]

[Swedish Notes]

[Uncertificated Notes]
- 24. Additional Business Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/[]].

Note that this item relates to the date and place of payment, and not interest period end dates. This should specify "Not applicable" unless, exceptionally, location of Fiscal Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.

⁴³ To be included for Registered Notes in global form which are to be held under the NSS.

25. Record Date: [As set out in the Conditions/The Record Date is [•] [Business Day/day/clearing system business day] before the relevant due date for payment/Not Applicable]
26. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions in Condition 30 apply]
27. **Taxation:**
- (i) Condition 18.1: "Additional Amounts" is [Applicable] / [Not Applicable]
- (iii) Condition 18.3: Implementation of Financial Transaction Tax Event is [Applicable] / [Not Applicable]

DISTRIBUTION

28. (i) If syndicated, names [and addresses]⁴⁴ of Managers [and underwriting commitments]⁴⁵: and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.))⁴⁶ [Not Applicable/give names[, addresses and underwriting commitments]] [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis.)]
- (ii) [Date of [Subscription] Agreement: [•]]⁴⁷
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
29. If non-syndicated, name [and address]⁴⁸ of Dealer: [Not Applicable/give name [and address]⁴⁹]
30. Non-exempt offer: [Not applicable] [An offer of the Notes may be made by the [insert names] / [any person who is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) other than pursuant to Article 3(2) of the Prospective Directive in [Austria] / [Belgium] / [Czech Republic] / [Denmark] / [Finland] / [France] / [Germany] / [Ireland] / [Italy] / [Liechtenstein] / [Luxembourg] / [Norway] / [Portugal] / [Spain] / [Sweden] / [The Netherlands] / [United Kingdom] (Public Offer Jurisdictions) during the period from [specify date] until [specify

⁴⁴ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁴⁵ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁴⁶ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁴⁷ Delete for Notes with a denomination per Note of EUR 100,000 or more

⁴⁸ Delete for Notes with a denomination per Note of EUR 100,000 or more

⁴⁹ Delete for Notes with a denomination per Note of EUR 100,000 or more.

date] (Offer Period) [subject to the following conditions: *specify*]]. See further paragraph 8 of Part B below.

31. [Total commission and concession:

[In connection with the offer and sale of the Notes, [the Issuer][Morgan Stanley & Co. International plc] will pay [*name/s*] a [one time][recurring] distribution fee amount equal to [a maximum of] [*•*] [of the Aggregate Nominal Amount] / [*specify amount*] / [per annum/*other*] / [No fees will be paid by the Issuer or Morgan Stanley & Co. International plc, directly or indirectly, in connection with any advised sale of Notes]]⁵⁰

⁵⁰ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁵¹**[THIRD PARTY INFORMATION]**

(Relevant third party information) has been extracted from [•] (*specify source*). [Each of the] / [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

[Signed on behalf of the Guarantor:

By:
Duly authorised]

⁵¹ Insert if any third party information has been provided.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to Trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the official list of the Luxembourg Stock Exchange with effect from [•.] / [Application [has [also] been made/is [also] expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to listing and/or trading on [insert name of exchange] with effect from [•].]

[Not Applicable.]

[Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading.]

[Last day of Trading: [•]]

[Estimate of total expenses related to admission to trading: [•]]⁵²

2. RATINGS

Ratings: [The Notes to be issued have been rated:

[S & P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

Option 1

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 3

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by

⁵² Delete for Notes with a denomination per Note of less than EUR 100,000.

[insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 4

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]⁵³

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*⁵⁴

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

[The Notes will not be rated].]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer".]

(When adding any other description, consideration should be given as to whether the new matters described constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [•]

(If reasons for offer different from making profit and/or hedging, certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds: [•]

(If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other

⁵³ Edit and delete options as appropriate for the relevant rating agency/agencies providing the rating(s).

⁵⁴ Delete for Notes with a denomination per Note of EUR 100,000 or more.

funding.)

[(iii)] Estimated total expenses:

[•]

[Include breakdown of expenses.](If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. **[Fixed Rate Notes only – YIELD]**

Indication of yield:

[•]

6. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]⁵⁵ AND OTHER INFORMATION CONCERNING THE UNDERLYING**

[Need to include details of where past and future performance and volatility of the index/equity/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.] [Where the underlying is an Index or Inflation Index need to include the name of the Index or Inflation Index.] [Where the underlying is a Share or ETF Interest include name of issuer of such Share or ETF Interest and ISIN or other relevant identification number of such underlying.] [Where the underlying is an Index or Inflation Index need to include the name of the Index or Inflation Index and an indication of where to obtain information about the Index or Inflation Index] [Where the underlying is a Share or ETF Interest include name of issuer of such Share or ETF Interest and ISIN or other relevant identification number of such underlying.]

[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].*

7. **OPERATIONAL INFORMATION**

ISIN Code:

[•]

Common Code:

[•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s):

[Not Applicable] / [give *[name(s)]*, *[addresses of the clearing system(s)]*, *[relevant identification number(s)]*]

⁵⁵ Delete for Notes with a denomination per Note of EUR 100,000 or more.

[Nordic Notes, specify relevant NCSD and NCSD issuing agent.]

Finnish Notes: Finnish CSD:
Euroclear Finland Oy, Urho
Kekkosen katu 5 C, Box 1110, FI-
00101 Helsinki, Finland

Swedish Notes: Swedish CSD:
Euroclear Sweden AB,
Klarabergsviadukten 63, Box 191,
SE 101 23, Stockholm, Sweden

NCSD Issuing Agent: [•],[•] *[give relevant name and address]*

[Japan Securities Depository
Center, Inc. *[insert address]*]

[other relevant clearing system, as applicable]: [•], [•]

[give relevant name and address]

Delivery:

Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs⁵⁶ as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]]⁵⁷ and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either on issue or subsequently. Such recognition will depend on satisfaction of Eurosystem eligibility criteria]*[include this text if "yes" selected]*

⁵⁶ International Central Securities Depositories.

⁵⁷ To be included for Registered Notes

8. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price:	[Issue Price] <i>[specify]</i>
Conditions to which the offer is subject:	[Not Applicable/ Offers of the Notes are conditional upon their issue]
Description of the application process:	[Not Applicable/ <i>give details</i>]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i>]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i>]
Details of the method and time limited for paying up and delivering the Notes:	[Not Applicable/ The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable] / [Estimated expenses charged to the investor by the relevant Issuer or the offeror are [•].] / [No expenses will be charged by the Issuer to the investor, however a subscription charge of up to <i>[specify amount]</i> may be charged by the Authorised Offeror] / [Not applicable. There are no estimated expenses charged to the investor by the Issuer [or the Authorised Offeror] / <i>[give details]</i>]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/ <i>give details</i>]

9. **PLACING AND UNDERWRITING**

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place:	[•]
---	-----

Name and address of any paying agents and [•]
depository agents in each country:

Entities agreeing to underwrite the issue on a [•]
firm commitment basis, and entities agreeing to
place the issue without a firm commitment or
under "best efforts" agreements. Where not all
of the issue is underwritten, a statement of the
portion not covered:

10. **OTHER MARKETS**

All the regulated markets or equivalent markets [[•]/None]
on which, to the knowledge of the issuer,
securities of the same class of securities to be
offered or admitted to trading are already
admitted to trading:

PRO FORMA FINAL TERMS FOR CERTAIN LINKED NOTES

Final Terms dated [•]

[MORGAN STANLEY] / [MORGAN STANLEY & CO, INTERNATIONAL plc] / [MORGAN STANLEY B.V.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by Morgan Stanley]

under the Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and Certificates

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, AS AMENDED). SEE "SUBSCRIPTION AND SALE" AND "NO OWNERSHIP BY U.S. PERSONS" IN THE BASE PROSPECTUS DATED 17 JULY 2013 . IN PURCHASING THE NOTES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.]⁵⁸

PART A – CONTRACTUAL TERMS

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [However, a summary of the Issue is annexed to these Final Terms.]⁵⁹ Copies of the Base Prospectus [and any supplement(s) thereto] are available from

⁵⁸ To be included where an offer is made where an exemption from the requirement to publish a prospectus under the Prospectus Directive (as amended by the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State).

⁵⁹ Insert if Notes are for denominations lower than EUR 100,000.

the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a prior base prospectus the terms of which are incorporated into this Base Prospectus by reference.]

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] incorporated by reference in the base prospectus dated 17 July 2013. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] (as such term is defined in the Base Prospectus) which are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base Prospectus [and any supplement(s) thereto] are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms. Italics denote guidance for completing the Final Terms]

1.
 - (i) Series Number: [•]
 - (ii) Series designation: [Series A] / [Series B]
 - [(iii) [Tranche Number:]] [•]
[Fungible with the [currency] [•] [Title of the Notes] issued by [•], bearing ISIN [•]]
2. Specified Currency or Currencies: [•]
3. Aggregate [Nominal Amount]/[Number] of the Notes: [•]⁶⁰
 - [(i)] Series: [•]
 - [(ii) Tranche: [•]]

⁶⁰ Where the amount is not known at the beginning of the offer period (e.g. an "up to" amount), notices of final offer amount will need to be submitted where the Notes are listed or admitted to trading.

4. Issue Price [•] per cent. of par per Note/[•] per Note
5. (i) Specified Denominations (Par): [•]
(ii) Calculation Amount: [•]
6. (i) Issue Date: [•]
(ii) Trade Date: [•]
(iii) Interest Commencement Date [Specify] / [Issue Date] / [Not Applicable]

[OR]

[In relation to interest payable under Condition 6.5 (*Floating Rate Note, Equity-Linked, Currency-Linked, Inflation-Linked and Fund-Linked Note Provisions*), and Paragraph [•] of Section [•] of Part 2 of the Terms and Conditions, [date]. See Paragraph [•] below for further details]

(Insert in above format for each applicable interest provision, in the event interest is calculated on a different basis for different interest period during the life of the Notes.)

(iv) Strike Date: [•]
(v) Determination Date: [•]
7. Maturity Date: [specify date]
8. Interest Basis: [Equity-Linked Interest]⁶¹

[Currency-Linked Interest]

[Inflation-Linked Interest]

[Fund-Linked Interest]

(further particulars specified below)

[include all that apply]
9. Redemption/Payment Basis: [Redemption at par]

[Equity-Linked Redemption]⁶²

[Currency-Linked Redemption]

[Inflation-Linked Redemption]

[Fund-Linked Redemption]

⁶¹ Specify if interest provisions are linked to one or more Shares, ETF Interests or Indices

⁶² Specify if interest provisions are linked to one or more Shares, ETF Interests or Indices

10. Put/Call Options:
- (i) Redemption at the option of the Issuer: [Applicable/Not Applicable]
(Condition 14.5)
 - (ii) Redemption at the option of the Noteholders: [Applicable/Not Applicable]
(Condition 14.7)

11. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Linked Note Interest Provisions:** [Applicable/Not Applicable]
Underlying Relevant
(Condition 6.5 and Condition 8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) **Single Share-Linked Interest Notes, Share Basket-Linked Interest Notes:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Whether the Notes relate to a single share or a basket of shares (each, an "Underlying Share"): [Single Share-Linked Interest Notes] / [Share Basket-Linked Interest Notes]
 - (ii) The identity of the relevant issuer(s) (each an "Underlying Issuer"), class of the Underlying Share and ISINs or other security identification code for the Underlying Share: *(Specify (i) names of each Underlying Issuer (ii) class of each Underlying Share and (iii) ISIN or other security identification code for each Underlying Share)*
 - (iii) Exchange[s]: [•] / [All Exchanges]
 - (iv) Related Exchange[s]: [•] / [None specified]
 - (v) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
 - (vi) Determination Time: [•] / As per Condition 9.7
 - (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(Condition 9.6) *(delete any which are not applicable)*
 - (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date

(Condition 9.3.2)

- (ix) Weighting for each Underlying Share comprised in the Basket: [Not Applicable]

[OR]

Underlying Share	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (B) **Single Index-Linked Interest Notes / Index Basket-Linked Interest Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Types of Notes: [Single Index-Linked Interest Notes]
[Index Basket-Linked Interest Notes]
- (ii) Index / Indices: *(Specify Index for Single Index-Linked Interest Notes, and specify each of Indices for Index Basket-Linked Interest Notes)*
- (iii) Exchange[s]: *[Specify Exchange][, which is a Multi-Exchange Index].*

[OR]

Index	Exchange
[•]	<i>[Specify Exchange][, which is a Multi-Exchange Index]</i>
[...]	[...]
[•]	<i>[Specify Exchange][, which is a Multi-Exchange Index]</i>

- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount; [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time; [•] / As per Condition 9.7

- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(Condition 9.6) *(delete any which are not applicable)*
- (viii) Correction Cut Off Time; [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.2.3)
- (iv) Weighting for each Index comprised in the Basket: [Not Applicable]

[OR]

Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (C) **Single ETF-Linked Notes, ETF Basket Linked Interest Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Whether the Notes relate to a single ETF or a basket of ETFs (each, an "ETF") [Single ETF-Linked Interest Notes]
[ETF Basket-Linked Interest Notes]
- (ii) Names of each ETF Interest and the identity of the related ETF: *(specify ETF Interest(s) and ETF(s))*
- (iii) Exchange[s]: [•] / [All Exchanges]
- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Determination Time: [•] As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply
(Condition 9.6) *(delete any which are not applicable)*
- (viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)
- (ix) Eligible ETF Interest: *[specify or delete if not applicable or fallback provisions in Condition 9.5 apply.]*
- (x) Weighting for each ETF Interest comprising the [Not Applicable]

basket:

[OR]

ETF Interest	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

(D) **Currency Linked Interest Notes** [Applicable/ Not Applicable]

(Condition 10) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Settlement Currency: [•]
- (ii) Reference Currency: [•]
- (iii) Specified Amount: [•]
- (iv) Reference Currency Jurisdiction: [•]
- (v) Specified Rate:

Specify one of:

Reference Currency bid exchange rate;
Reference Currency offer exchange rate;
Average of Reference Currency bid and offer exchange rates;

Settlement Currency bid exchange rate;
Settlement Currency offer exchange rate;
Average of Settlement Currency bid and offer exchange rates;
Official fixing rate;

- (vi) Determination Agent responsible for calculating the Interest Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)

- (vii) Settlement Rate Option: [Currency Reference Dealers]

- (viii) Currency Disruption Events: [[Price Source Disruption[is]/[is not] Applicable] [and] [Additional Price Source Disruption][./and] [Price Materiality Event] [is]/[are] [applicable] / [Not applicable] [in respect of all dates] / [in respect of *[insert dates, for example, Observation Date]*]]
(Condition 10.3)

- (ix) Currency Disruption Fallbacks: Currency Disruption Fallback(s) shall apply in the following order:

(Condition 10.4) [(i) Determination Agent Determination of Settlement Rate;

(ii) Fallback Reference Price.]

OR

			[(i) Fallback Reference Price;
			(ii) Determination Agent Determination of Settlement Rate.]
(x)	Price Materiality Percentage:		[•] per cent. / Not applicable
(xi)	Reference Source:		[•] / Not applicable
(xii)	Additional Disruption Events:		Change in Law – [Applicable] / [Not Applicable]
	(Condition 10.5)		Hedging Disruption - [Applicable] / [Not Applicable]
			Increased Cost of Hedging - [Applicable] / [Not Applicable]
(E)	Inflation-Linked Interest Notes		[Applicable/ Not Applicable]
	(Condition 11)		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Inflation Index / Inflation Indices:		[•]
(ii)	Inflation Sponsor(s):	Index	[•]
(iii)	Determination responsible for calculating Amount:	Agent for Interest	[•] <i>(specify only if Determination Agent is not Morgan Stanley & Co. International plc)</i>
(iv)	Additional Disruption Events:		[Change in Law, Hedging Disruption, and Increased Cost of Hedging] shall apply <i>(delete any which are not applicable)</i>
(v)	Index Level Adjustment Correction:		[The first publication or announcement of the level of the Inflation Index (disregarding estimates) by the relevant Inflation Index Sponsor for any Reference Month shall be final and conclusive and, subject to Condition 11, later revisions to the level of the Inflation Index for such Reference Month will not be used in any calculations] / [The first publication or announcement of a level of the Inflation Index (disregarding estimates) published by the relevant Index Sponsor or, if revised, any subsequent revision of such level for a Reference Month shall be final and conclusive for such Reference Month, provided that such revisions are published or announced up to and including the day that is two Business Days prior to the relevant Interest Payment Date].
	(Condition 11.6)		<i>(delete as appropriate)</i>
(vi)	Related Bond:		<i>[specify]</i> / [Fallback Bond] / [Fallback Bond: Not Applicable]
(vii)	Weighting for each Inflation Index comprising the basket:		[Not Applicable]
			[OR]

Inflation Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

(F) **Fund-Linked Interest Notes** [Applicable/ Not Applicable]

(Condition 12) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Fund: [specify / As defined in Condition 12.7]
- (ii) Fund Interest: [specify]
- (iii) Fund Interest Unit: [specify]
- (iv) Basket of Funds: [Not Applicable]

OR

Fund	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (v) Company: [specify / Not Applicable]
- (vi) Fund Business Day: [specify / As defined in Condition 12.7]
- (vii) Fund Administrator: [specify / As defined in Condition 12.7]
- (viii) Fund Adviser: [specify / As defined in Condition 12.7]
- (ix) Fund Custodian: [specify / As defined in Condition 12.7]
- (x) Additional Fund Service Provider: [specify / Not Applicable]
- (xi) Cut-off Period: [specify / As defined in Condition 12.7]
(Condition 12.1)
- (xii) Final Cut-off Date: [specify / Not Applicable]
- (xiii) Scheduled Fund Valuation Date(s): [specify]
- (xiv) Extraordinary Dividend: [Determination Agent Characterisation applies]

OR

[The following is the Schedule of Ordinary Dividends in respect of the Fund for the purposes of the definition of Extraordinary Dividend in Condition 12.7:

[specify scheduled dividend payment dates and dividend amounts]]

- (xv) Fund Subscription Date: *[specify / As defined in Condition 12.7]*
- (xvi) Hypothetical Investor Jurisdiction: *[specify / As defined in Condition 12.7]*
- (xvii) Subscription Notice Date: *[specify / As defined in Condition 12.7]*
- (xviii) Relevant Fund Interest Unit Price: [Determined in accordance with the applicable Value Determination Terms specified below] / [As defined in Condition 12.7]
- (xix) Eligible Fund Interest: *[specify / As defined in Condition 12.7]*
(Condition 12.5)
- (xx) Fund Event(s): The following are the applicable Fund Events in relation to the Notes:
(Condition 12.5)
(specify all of the following which apply)
[Nationalisation;] / [Insolvency Event;] / [NAV Trigger / Restriction Event;] / [Aggregate NAV Trigger Event;] / [Changes to Fund or Fund Services Providers;] / [Fund Modification;] / [Strategy Breach;] / [Breach by Fund Service Provider;] / [General Regulatory Event;] / [Reporting Disruption;] / [Compulsory Redemption or Assignment;] / [Closure to Subscriptions; Dealing Restrictions;] / [Disposals: Material Change: Merger;] / [Hedging Disruption;] / [Fraud;] / [Special Regulatory Event;] / [Force Majeure Event;] / [Value Limitation;]
- (a) NAV Trigger Percentage: *[[•] per cent.] / [Not Applicable]*
(specify relevant percentage if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (b) NAV Trigger Period: *[specify] / [Not Applicable]*
(specify relevant period if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (c) Aggregate NAV Trigger Value: *[specify] / [Not Applicable]*
(specify relevant percentage if "Aggregate NAV Trigger Event" is an applicable Fund Event)
- (d) Aggregate NAV Trigger Period: *[specify] / [Not Applicable]*
(specify relevant period if "Aggregate NAV Trigger Event" is an applicable Fund Event)

13. **Linked Interest Note Provisions: Interest Terms** [Applicable/ Not Applicable]

(Condition 6.5 and Section 5 of the Additional Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (A) **Linked Notes (No Coupon):** [Applicable/ Not Applicable]

- (B) **Linked Notes (Regular Coupon):** [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (v) Coupon Rate: [•] per cent.

[OR]

Interest Determination Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]
[date]	[•] per cent.

- (vi) Interest Determination Date(s): [date][, [date], and [date]]

- (vii) Interest Payment Date(s): [date][, [date], and [date]]

- (viii) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention] / [Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment] / [Unadjusted]

(Delete as appropriate)

- (C) **Linked Notes (Barrier Conditional Coupon):** [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Memory Barrier Conditional Coupon: [Applicable/ Not Applicable]

- (ii) Coupon Amount is payable if the Knock-in Value as of: the [relevant Interest Determination Date] / [each Barrier Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the relevant Coupon Barrier Value

(Delete as appropriate)

(iii) Knock-in Value: $\frac{[\text{Worst Performance}]}{[\text{Best Performance}]} \div \frac{[\text{Selected Worst of Performance}]}{[\text{Selected Best of Performance}]}$ is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

(iv) Coupon Rate: [•] per cent.

[OR]

Interest Determination Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]

(v) Coupon Barrier Value: $\frac{[[\bullet]]}{[\bullet]}$ per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	$\frac{[[\bullet]]}{[\bullet]}$ per cent. of Initial Reference Value]
[...]	[...]

(vi) Interest Determination Date(s): [date][, [date], and [date]]

(vii) Barrier Observation Dates in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Date
In respect of the Interest Determination Date falling on [date]	[date][, [date], and [date]]
[...]	[...]

(viii) Barrier Observation Period in respect of each Interest Determination Date: [Not Applicable]

[OR]

Interest Determination Date	Barrier Observation Period
In respect of the Interest Determination Date falling on <i>[date]</i>	<i>[date]</i> / [From [and including]/[but excluding] <i>[date]</i> to [but excluding]/[and including] <i>[date]</i>] / [Each Scheduled Trading Day beginning on (and including) <i>[date]</i> and ending on (but excluding) <i>[date]</i>]
[...]	[...]

(ix) Interest Payment Date(s): *[date]*[, *[date]*, and *[date]*]

(x) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

(xi) Initial Reference Value: [*•*] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[<i>•</i>]	[<i>•</i>] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]

(xii) **Value Determination Terms** for Initial Reference Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

• Reference Month: [*•*]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xiii) **Value Determination Terms** for Final Reference Value (Coupon): [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant Interest Determination Date:

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•];

[...] and

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•]]
- Averaging Date Disruption:

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[Omission] / [Postponement] / [Modified Postponement]
- Value Observation Dates in respect of each Interest Determination Date:

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [•];

[...] and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [•]]
- Floor Value:

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

[•]
- Global Floor Value:

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

[•]
- Cap Value:

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

[•]

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- | | |
|---|---|
| <p>(xiv) Value Determination Terms for Relevant Underlying Value:</p> <p>(Section 7 of Part 2 of the Terms and Conditions)</p> | <p>[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]</p> |
|---|---|

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- | | |
|--|--|
| <ul style="list-style-type: none"> • Basic Value Determination Terms: | <p>[Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]</p> |
|--|--|

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- | | |
|---|--|
| <ul style="list-style-type: none"> • Averaging Dates in relation to the relevant date or period: | <p>[date][, [date], and [date]]</p> |
|---|--|

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination [Barrier Date] / [Barrier Observation Date]	Averaging Dates
[•]		[date][, [date], and [date]]
[...]		[...]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination [Barrier Date] / [Barrier Observation Date]	Value Observation Dates
[•]		[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]		[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

(D) Linked Notes (Dual Barrier Conditional Coupon) [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) If the Knock-in Value as of: the [relevant Interest Determination Date] / [each Barrier Observation Date] / [any time during the Barrier Observation Period] [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the relevant Upper Coupon Barrier Value, Coupon Amount is payable in accordance with Paragraph 1.4(a) of Section 5 of Part 2 of the Terms and Conditions.

(Delete as appropriate)

- (ii) If (i) is not applicable, and if the Knock-in Value as of: the [relevant Interest Determination Date] / [each Barrier Observation Date] / [any time during the Barrier Observation Period] [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the relevant Lower Coupon Barrier Value, Coupon Amount is payable in accordance with Paragraph 1.4(b) of Section 5 of Part 2 of the Terms and Conditions

(Delete as appropriate)

- (iii) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

- (iv) Upper Coupon Barrier Value: [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Upper Coupon Barrier Value
In respect of the Interest Determination Date falling on <i>[date]</i>	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

(v) Lower Coupon Barrier Value: [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Lower Coupon Barrier Value
In respect of the Interest Determination Date falling on <i>[date]</i>	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

(vi) Upper Coupon Rate: [•] per cent.

[OR]

Interest Determination Date	Upper Coupon Rate
In respect of the Interest Determination Date falling on <i>[date]</i>	[•] per cent.
[...]	[...]

(vii) Lower Coupon Rate: [•] per cent.

[OR]

Interest Determination Date	Lower Coupon Rate
In respect of the Interest Determination Date falling on <i>[date]</i>	[•] per cent.
[...]	[...]

(viii) Interest Determination Date(s): *[date]*[, *[date]*, and *[date]*]

(ix) Interest Payment Date(s): *[date]*[, *[date]*, and *[date]*]

(x) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

(xi) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]

(xii) **Value Determination Terms** for Initial Reference Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

• Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

• Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xiii) **Value Determination Terms** for Final Reference Value (Coupon):

(Section 7 of Part 2 of the Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms:

[Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant Interest Determination Date:

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•];

[...] and

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]][in respect of the Interest Determination Date falling on [•]]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of each Interest Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] [in respect of the Interest Determination Date falling on [•];

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[...] and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [•]]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

(xiv) **Value Determination Terms** for Relevant Underlying Value:

(Section 7 of Part 2 of the Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms:

[Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period:

[date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Date] / [Barrier Observation Period]	Determination / [Barrier Date] / [Barrier Observation]	Averaging Dates
[•]		[date][, [date], and [date]]
[...]		[...]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of the relevant date or period: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[OR]

[Interest Date] / [Barrier Observation Period]	Determination Date / [Barrier Observation]	Value Observation Dates
[•]		[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
[...]		[...]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

(E) **Linked Notes (Range Barrier Conditional Coupon)** [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Elections for definition of "Number of Exchange Business Days (Barrier Condition Satisfied)": [Single Barrier Range Accrual is applicable. The Determination Agent will determine in respect of each Interest Period the number of Exchange Business Days in such Interest Period on which the Knock-in Value is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Coupon Barrier Value]

[OR]

[Dual Barrier Range Accrual is applicable. The Determination Agent will determine in respect of each Interest Period the number of Exchange Business Days in such Interest Period on which the Knock-in Value is [greater than] / [greater than or equal to] the Lower Barrier Value and [less than] / [less than or equal to] the Upper Barrier Value]

(Delete as appropriate)

- (ii) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

- (iii) Coupon Barrier Value: [Not Applicable] / [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

(iv) Upper Barrier Value: [Not Applicable] / [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Upper Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

(v) Lower Barrier Value: [Not Applicable] / [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Lower Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

(vi) Coupon Rate: [Not Applicable] / [[•] per cent.]

[OR]

Interest Determination Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]

(vii) Upper Coupon Rate: [Not Applicable] / [[•] per cent.]

[OR]

Interest Determination Date	Upper Coupon Rate
[date]	[•] per cent.
[...]	[...]

(viii) Lower Coupon Rate: [Not Applicable] / [[•] per cent.]

[OR]

Interest Determination Date	Lower Coupon Rate
[date]	[•] per cent.
[...]	[...]

(ix) Day Count Fraction: [Actual/Actual] / [Actual/365(Fixed)] / [Actual/360] / [30/360] / [30E/360 or Eurobond Basis] / [30E/360 (ISDA)]

(x) Interest Determination Date(s): [date][, [date], and [date]]

(xi) Interest Payment Date(s): [date][, [date], and [date]]

(xii) Interest Period(s): From (and including) [date] to (but excluding) [date][;

From (and including) [date] to (but excluding) [date]

[...] and

From (and including) [date] to (but excluding) [date]]

(xiii) Business Convention: Day [Following Business Day Convention] / [Modified Following Business Day Convention] / [Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]

(Delete as appropriate)

(xiv) Initial Reference Value [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]

(xv) **Value Determination Terms** for Initial Reference Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

(xvi) Value Determination Terms for Relevant Underlying Value as of each Exchange Business Day:	[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]
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(Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)
- Averaging Dates in relation to the relevant Exchange Business Day: [date][, [date], and [date]][in respect of the Observation Date falling on [•];

[...] and

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]][in respect of the Observation Date falling on [•]]
- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)
- Value Observation Dates in respect of each Exchange Business Day: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] [in respect of the Observation Date falling on [•];

[...] and

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Observation Date falling on [•]]
- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

(F) Linked Notes (Range Accrual Coupon) [Applicable/ Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Coupon Rate: [Not Applicable] / [[•] per cent.]

[OR]

Interest Determination Date	Coupon Rate
[date]	[•] per cent.
[...]	[...]

- (ii) Upper Coupon Rate: [Not Applicable] / [[•] per cent.]

[OR]

Interest Determination Date	Upper Coupon Rate
[date]	[•] per cent.
[...]	[...]

- (iii) Lower Coupon Rate: [Not Applicable] / [[•] per cent.]

[OR]

Interest Determination Date	Lower Coupon Rate
[date]	[•] per cent.
[...]	[...]

- (iv) Elections for definition of "Number of Observation Dates (Barrier Condition Satisfied)": [Single Barrier Range Accrual is applicable. The Determination Agent will determine in respect of each Interest Period the number of Observation Days in such Interest Period on which the Knock-in Value is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Coupon Barrier Value]

[OR]

[Dual Barrier Range Accrual is applicable. The Determination Agent will determine in respect of each Interest Period the number of Observation Days in such Interest Period on which the Knock-in Value is [greater than] / [greater than or equal to] the Lower Barrier Value and [less than] / [less than or equal to] the Upper Barrier Value]

(Delete as appropriate)

- (v) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

- (vi) Observation Date(s): [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

- (vii) Coupon Barrier Value: [Not Applicable] / [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

- (viii) Upper Coupon Barrier Value: [Not Applicable] / [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Upper Coupon Barrier Value
In respect of the Interest Determination Date falling on [date]	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

- (ix) Lower Coupon Barrier Value: [Not Applicable] / [[•] / [•] per cent. of Initial Reference Value]

[OR]

Interest Determination Date	Lower Coupon Barrier Value
In respect of the Interest Determination Date falling on <i>[date]</i>	[[•] / [•] per cent. of Initial Reference Value]
[...]	[...]

- (x) Relevant Factor: [•]
- (xi) Interest Determination Date(s): *[date]*, *[date]*, and *[date]*
- (xii) Interest Payment Date(s): *[date]*, *[date]*, and *[date]*
- (xiii) Interest Period(s): From (and including) *[date]* to (but excluding) *[date]*;
From (and including) *[date]* to (but excluding) *[date]*
[...] and
From (and including) *[date]* to (but excluding) *[date]*
- (xiv) Business Day Convention: [Following Business Day Convention] / [Modified Following Business Day Convention / Modified Business Day Convention] / [Preceding Business Day Convention] / [No Adjustment / Unadjusted]
(Delete as appropriate)
- (xv) Day Count Fraction: [Actual/Actual] / [Actual/365(Fixed)] / [Actual/360] / [30/360] / [30E/360 or Eurobond Basis] / [30E/360 (ISDA)]
- (xvi) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below] / [Not Applicable]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified below]
[...]	[...]

- (xvii) **Value Determination Terms** for Initial Reference Value:
(Section 7 of Part 2 of the Terms and Conditions)
- [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Min Value] / [Max Value] / [Floored Min Value] / [Capped Max Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (xviii) **Value Determination Terms** for Relevant Underlying Value as of any Observation Date:

(Section 7 of Part 2 of the Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Min Value] / [Max Value] / [Floored Min Value] / [Capped Max Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)
- Averaging Dates in relation to the relevant Observation Date: [date][, [date], and [date]][in respect of the Observation Date falling on [•];

[...] and

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]][in respect of the Observation Date falling on [•]]
- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)
- Value Observation Dates in relation to the relevant Observation Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] [in respect of the Observation Date falling on [•];

[...] and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Observation Date falling on [•]]
- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

PROVISIONS RELATING TO REDEMPTION

14. **Call Option** [Applicable/Not Applicable]

(Condition 14.5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Call Option Exercise Date: [date]
- (ii) Optional Redemption Date(s) (Call): [date][, [date].... and [date]]
- (iii) Participation Rate (Call) for determining the Optional Redemption Amount (Call): [[•] per cent.] / [100 per cent.]
- (iv) Optional Redemption in part only: [Applicable. Redemption will be effected in accordance with sub-clause [(a)/(b)/(c)] of Condition 14.6 (*Partial Redemption*)] / [Not Applicable]
(delete as appropriate)
- (v) Notice period: [•]

15. **Put Option** [Applicable/Not Applicable]

(Condition 14.7) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Put Option Exercise Date: [date] / [Not Applicable]
- (ii) Put Option Exercise Period: [From (and including) [date] to (but excluding) [date]] / [Not Applicable]
- (iii) Optional Redemption Date(s) (Put): [date][, [date].... and [date]] / [Any date after the Put Option Exercise Date] / [Any date falling in the Put Option Exercise

- | | | Period |
|--------|--|---|
| (iv) | Participation Rate (Put) for determining the Optional Redemption Amount (Put): | [[•] per cent.] / [100 per cent.] |
| (v) | Notice period: | [•] |
| 16. | Final Redemption Amount of each Note

(Condition 14.1) | [[•] per Calculation Amount] [Linked Redemption Amount specified below] |
| 17. | Linked Redemption Provisions: Relevant Underlying

(Condition 8 and Condition 14) | |
| (A) | Single Share-Linked Redemption Notes, Share Basket-Linked Redemption Notes:
(Condition 8) | [Applicable/Not Applicable]

<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (i) | Whether the Notes relate to a single share or a basket of shares (each, an " Underlying Share "): | [Single Share-Linked Interest Notes] / [Share Basket-Linked Interest Notes] |
| (ii) | The identity of the relevant issuer(s) (each an " Underlying Issuer "), class of the Underlying Share and ISINs or other security identification code for the Underlying Share: | <i>(Specify (i) names of each Underlying Issuer (ii) class of each Underlying Share and (iii) ISIN or other security identification code for each Underlying Share)</i> |
| (iii) | Exchange[s]: | [•] / [All Exchanges] |
| (iv) | Related Exchange[s]: | [•] / [None specified] |
| (iv) | Determination Agent responsible for calculating the Final Redemption Amount: | [•]

<i>(specify only if Determination Agent is not Morgan Stanley & Co. International plc)</i> |
| (vi) | Determination Time: | [•] / As per Condition 9.7 |
| (vii) | Additional Disruption Events: | [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply

<i>(delete any which are not applicable)</i> |
| (viii) | Correction Cut Off Time: | [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date |
| | (Condition 9.3.2) | |

- (ix) Weighting for each Underlying Share comprising the Basket: [Not Applicable]

[OR]

Underlying Share	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (B) **Single Index-Linked Redemption Notes/ Index Basket-Linked Redemption Notes:** [Applicable/Not Applicable]

(Condition 8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Types of Notes: [Single Index-Linked Redemption Notes] / [Index Basket-Linked Redemption Notes]
- (ii) Index / Indices: *(Specify Index for Single Index-Linked Interest Notes, and specify each of Indices for Index Basket-Linked Interest Notes)*
- (iii) Exchange[s]: *[Specify Exchange][, which is a Multi-Exchange Index].*

[OR]

Index	Exchange
[•]	<i>[Specify Exchange][, which is a Multi-Exchange Index]</i>
[...]	[...]
[•]	<i>[Specify Exchange][, which is a Multi-Exchange Index]</i>

- (iv) Related Exchange[s]: [•] / [None specified]
- (v) Determination Agent responsible for calculating Interest Amount; [•] *(specify only if Determination Agent is not Morgan Stanley & Co. International plc)*
- (vi) Determination Time; [•] / As per Condition 9.7
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply

(delete any which are not applicable)

(viii) Correction Cut Off Time; [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.2.3)

(ix) Weighting for each Index: [Not Applicable]

[OR]

Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

(C) **Single ETF-Linked Redemption Notes/ ETF Basket-Linked Redemption Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Whether the Notes relate to a single ETF or a basket of ETFs (each, an "ETF") [Single ETF-Linked Redemption Notes]
[ETF Basket-Linked Redemption Notes]

(ii) Names of each ETF Interest and the identity of the related ETF: *(specify ETF Interest(s) and ETF(s))*

(iii) Exchange[s]: [•] / [All Exchanges]

(iv) Related Exchange[s]: [•] / [None specified]

(v) Determination Agent responsible for calculating the Final Redemption Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)

(vi) Determination Time: [•] As per Condition 9.7

(vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging] shall apply

(delete any which are not applicable)

(viii) Correction Cut Off Time: [•] / within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date
(Condition 9.3.2)

(ix) Eligible ETF Interest: *[specify or delete if not applicable or fallback provisions in Condition 9.5 apply.]*

(x) Weighting for each ETF Interest comprising the [Not Applicable]

basket:

[OR]

ETF Interest	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

18. **Currency-Linked Redemption Notes** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(Condition 10)

- (i) Settlement Currency: [•]
- (ii) Reference Currency: [•]
- (iii) Specified Amount: [•]
- (iv) Reference Currency Jurisdiction: [•]
- (v) Specified Rate:

Specify one of:

Reference Currency bid exchange rate;
Reference Currency offer exchange rate;
Average of Reference Currency bid and offer exchange rates;

Settlement Currency bid exchange rate;
Settlement Currency offer exchange rate;
Average of Settlement Currency bid and offer exchange rates;
Official fixing rate;

- (vi) Determination Agent responsible for calculating the Final Redemption Amount:

[•]

(specify only if Determination Agent is not Morgan Stanley & Co. International plc)

- (vii) Settlement Rate Option: [Currency Reference Dealers]

- (viii) Currency Disruption Events:

[[Price Source Disruption[is]/[is not] Applicable] [and] [Additional Price Source Disruption][,/and] [Price Materiality Event] [is]/[are] [applicable] / [Not applicable] [in respect of all dates] / [in respect of *[insert dates, for example, Observation Date]*]]

- (ix) Currency Disruption Fallbacks:

Currency Disruption Fallback(s) shall apply in the following order:

[(i) Determination Agent Determination of Settlement Rate;

(ii) Fall Back Reference Price.]

OR

[(i) Fallback Reference Price;

(ii) Determination Agent Determination of Settlement Rate.]

(x) Price Materiality [•] per cent. / Not applicable
Percentage:

(xi) Reference Source: [•] / Not applicable

(xii) Additional Disruption Change in Law – [Applicable] / [Not Applicable]
Events Hedging Disruption - [Applicable] / [Not Applicable]

Increased Cost of Hedging - [Applicable] / [Not Applicable]

19. **Inflation-Linked Redemption Provisions** [Applicable/Not Applicable]

(Condition 11) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Inflation Index / Inflation [•]
Indices:

(ii) Inflation Index [•]
Sponsor(s):

(iii) Determination Agent [•]
responsible for
calculating Interest *(specify only if Determination Agent is not Morgan Stanley & Co. International plc)*
Amount:

(iv) Additional Disruption [Change in Law, Hedging Disruption, and Increased Cost of
Events: Hedging] shall apply

(delete any which are not applicable)

(v) Index Level Adjustment The first publication or announcement of the level of the
Correction: Inflation Index (disregarding estimates) by the relevant
(Condition 11.6) Inflation Index Sponsor for any Reference Month shall be
final and conclusive and, subject to this Condition 11, later
revisions to the level of the Inflation Index for such Reference
Month will not be used in any calculations / The first
publication or announcement of a level of the Inflation Index
(disregarding estimates) published by the relevant Index
Sponsor or, if revised, any subsequent revision of such level
for a Reference Month shall be final and conclusive for such
Reference Month, **provided that** such revisions are published
or announced up to and including the day that is two Business
Days prior to the relevant Interest Payment Date].

(delete as appropriate)

(vi) Related Bond: [specify] / [Fallback Bond] / [Fallback Bond: Not Applicable]

(vii) Weighting for each [Not Applicable]
Inflation Index
comprising the basket:

[OR]

Inflation Index	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

20. **Fund-Linked Provisions** **Redemption** [[Applicable/ Not Applicable]

(Condition 12)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Fund: [specify / As defined in Condition 12.7]
- (ii) Fund Interest: [specify]
- (iii) Fund Interest Unit: [specify]
- (iv) Basket of Funds: [Not Applicable]

OR

Fund	Weighting
[•]	[•] [per cent.]
[...]	[...]
[•]	[•] [per cent.]

- (v) Company: [specify / Not Applicable]
- (vi) Fund Business Day: [specify / As defined in Condition 12.7]
- (vii) Fund Administrator: [specify / As defined in Condition 12.7]
- (viii) Fund Adviser: [specify / As defined in Condition 12.7]
- (ix) Fund Custodian: [specify / As defined in Condition 12.7]
- (x) Additional Fund Service Provider [specify / Not Applicable]
- (xi) Cut-off Period: [specify / As defined in Condition 12.7]
- (Condition 12.1)
- (xii) Final Cut-off Date: [specify / Not Applicable]
- (xiii) Scheduled Fund Valuation Date(s): [specify]
- (xiv) Extraordinary Dividend: [Determination Agent Characterisation applies]

OR

[The following is the Schedule of Ordinary Dividends in respect of the Fund for the purposes of the definition of Extraordinary Dividend in Condition 12.7:

[specify scheduled dividend payment dates and dividend amounts]]

- (xv) Fund Subscription Date: *[specify / As defined in Condition 12.7]*
- (xvi) Hypothetical Investor Jurisdiction: *[specify / As defined in Condition 12.7]*
- (xvii) Scheduled Redemption Payment Date: *[specify / As defined in Condition 12.7]*
- (xviii) Subscription Notice Date: *[specify / As defined in Condition 12.7]*
- (xix) Redemption Notice Date: *[specify / As defined in Condition 12.7]*
- (xx) Relevant Fund Interest Unit Price: [Determined in accordance with the applicable Value Determination Terms specified below] / [As defined in Condition 12.7]
- (xxi) Eligible Fund Interest: *[specify / As defined in Condition 12.7]*
(Condition 12.5)
- (xxii) Fund Event(s): The following are the applicable Fund Events in relation to the Notes:
(Condition 12.5)
(specify all of the following which apply)
[Nationalisation;] / [Insolvency Event;] / [NAV Trigger / Restriction Event;] / [Aggregate NAV Trigger Event;] / [Changes to Fund or Fund Services Providers;] / [Fund Modification;] / [Strategy Breach;] / [Breach by Fund Service Provider;] / [General Regulatory Event;] / [Reporting Disruption;] / [Compulsory Redemption or Assignment;] / [Closure to Subscriptions; Dealing Restrictions;] / [Disposals: Material Change: Merger;] / [Hedging Disruption;] / [Fraud;] / [Special Regulatory Event;] / [Force Majeure Event;] / [Value Limitation;]
- (a) NAV Trigger Percentage: [[•] per cent.] / [Not Applicable]
(specify relevant percentage if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (b) NAV Trigger Period: *[specify] / [Not Applicable]*
(specify relevant period if "NAV Trigger / Restriction Event" is an applicable Fund Event)
- (c) Aggregate NAV Trigger Value: *[specify] / [Not Applicable]*
(specify relevant percentage if "Aggregate NAV Trigger Event" is an applicable Fund Event)
- (d) Aggregate NAV *[specify] / [Not Applicable]*

Trigger Period: *(specify relevant period if "Aggregate NAV Trigger Event" is an applicable Fund Event)*

21. **Linked Redemption Provisions:
Final Redemption Amount**

(Condition 14 and Section 5 of Part 2 of the Terms and Conditions)

(A) **Linked Notes (Fixed Redemption):** [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Specified Rate: [•] / [100] per cent.

(ii) Final Redemption Rate: [•] per cent.

(B) **Linked Notes (Participation and Performance-Linked Redemption):** [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Specified Rate: [•] / [100] per cent.

(ii) Participation Rate: [•] per cent.

(iii) Final Redemption Rate: [•] per cent.

(iv) Relevant Underlying Performance: *[insert Performance Determination Term specified in Paragraph 23 below]* applies. See Paragraph 23 below for further details.

(v) Determination Date: *[date]*

(vi) $FX_{\text{Final}} / FX_{\text{Initial}}$: [Determined in accordance with Section 5 of the Additional Terms and Conditions] / [Not Applicable]

(vii) Specified Currency: [•] / Not Applicable

- Relevant Screen Page in respect of Specified Currency: [•] / Not Applicable

- Specified Time in respect of Specified Currency: [•] / [Not Applicable]

(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)

(viii) Second Currency: [•] / Not Applicable

- Relevant Screen Page in respect of Second Currency: [•] / Not Applicable

- Specified Time in respect of Second Currency: [•] / [Not Applicable]

(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the

Terms and Conditions applies.)

(C)	Linked Notes Redemption):	(Barrier	[Applicable] / [Not Applicable]
			<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Elections for Paragraph 2.3(a) of Section 5 of Part 2 of the Terms and Conditions:		If the Determination Agent determines that the Knock-in Value as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value, Final Redemption Amount shall be an amount per Calculation Amount equal to the product of the Specified Rate and the Calculation Amount.
			<i>(Delete as appropriate)</i>
	(ii) Knock-in Value		[[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
	(iii) Final Redemption Barrier Value:		[•] / [[•] per cent of Initial Reference Value]
	(iv) Specified Rate:		[•]/[100] per cent.
	(v) Participation Rate:		[•]/[100] per cent.
	(vi) Determination Date:		[date]
	(vii) Final Redemption Observation Date(s):		[[date][, [date].... and [date]]] / [Not Applicable]
	(viii) Barrier Observation Period(s):		[date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] / [Not Applicable]
	(ix) Capped Redemption:		[Applicable. Final Redemption Cap Value is [•][per cent.] per Calculation Amount] / [Not Applicable]
	(x) FX_{Final} / FX_{Initial} :		[Determined in accordance with Section 5 of the Additional Terms and Conditions] / [Not Applicable]
	(xi) Specified Currency:		[•] / Not Applicable
	<ul style="list-style-type: none"> Relevant Screen Page in respect of Specified Currency: 		[•] / Not Applicable
	<ul style="list-style-type: none"> Specified Time in respect of Specified Currency: 		[•] / [Not Applicable]
			<i>(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)</i>
	(xii) Second Currency:		[•] / Not Applicable

- Relevant Screen Page in respect of Second Currency: [•] / Not Applicable

- Specified Time in respect of Second Currency: [•] / [Not Applicable]

(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)

- (xiii) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
[...]	[...]

- (xiv) Final Reference Value as of the Determination Date Determined in accordance with the Value Determination Terms specified in Paragraph 22 below.

- (xv) Relevant Underlying Value as of any Final Redemption Observation Date or during any Barrier Observation Period: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

- (D) Linked Notes (Barrier and Participation Redemption):** [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Elections for Paragraph 2.4(a) of Section 5 of Part 2 of the Terms and Conditions: If the Determination Agent determines that the Knock-in Value as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value, Final Redemption Amount shall be determined by the Determination Agent in accordance with Paragraph 2.4(a) of Section 5 of Part 2 of the Terms and Conditions.

(Delete as appropriate)

- (ii) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]

- (iii) Final Redemption Barrier Value: [•] / [[•] per cent of Initial Reference Value]

- (iv) Determination Date: [date]
- (v) Final Redemption Observation Date(s): [[date][, [date].... and [date]]] / [Not Applicable]
- (vi) Barrier Observation Period(s): [date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] / [Not Applicable]
- (vii) Specified Rate: [•] / [100] per cent.
- (viii) Participation Rate 1: [•] / [100] per cent.
- (ix) Participation Rate 2: [•] / [100] per cent.
- (x) Final Redemption Rate [•] per cent.
- (xi) Relevant Underlying Performance: [insert Performance Determination Term specified in Paragraph 23 below] applies. See Paragraph 23 below for further details.
- (xii) $FX_{\text{Final}} / FX_{\text{Initial}}$: [Applicable in respect of [Paragraph 2.4(a)] [and] [Paragraph 2.4(b)] of Section 5 of the Additional Terms and Conditions.]
[Not Applicable in respect of [Paragraph 2.4(a)] [and] [Paragraph 2.4(b)] of Section 5 of the Additional Terms and Conditions]
- (xiii) Specified Currency: [•] / Not Applicable
[•] / Not Applicable
[•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xiv) Second Currency: [•] / Not Applicable
[•] / Not Applicable
[•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xv) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22]

	below]
[...]	[...]

- (xvi) Final Reference Value: Determined in accordance with the Value Determination Terms specified in Paragraph 22 below.
- (xvii) Relevant Underlying Value as of any Final Redemption Observation Date or during any Barrier Observation Period: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
- (E) Linked Notes (Dual Barrier Redemption):** [Applicable] / [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Elections for Paragraph 2.5(a) of Section 5 of Part 2 of the Terms and Conditions: If the Determination Agent determines that the Knock-in Value as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value 1, Final Redemption Amount shall be determined by the Determination Agent in accordance with Paragraph 2.5(a) of Section 5 of Part 2 of the Terms and Conditions.
(Delete as appropriate)
- (ii) Elections for Paragraph 2.5(b) of Section 5 of Part 2 of the Terms and Conditions: If the Determination Agent determines that the Knock-in Value as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value 2, Final Redemption Amount shall be equal to 100 per cent. per Calculation Amount.
(Delete as appropriate)
- (iii) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
- (iv) Final Redemption Barrier Value 1: [•] / [[•] per cent of Initial Reference Value]
- (v) Final Redemption Barrier Value 2: [•] / [[•] per cent of Initial Reference Value]
- (vi) Determination Date: [date]
- (vii) Final Redemption Observation Date(s): [[date][, [date]].... and [date]] / [Not Applicable]
- (viii) Barrier Observation Period: [date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but

- excluding) [date]] / [Not Applicable]
- (ix) Specified Rate: [•] / [100] per cent.
- (x) Participation Rate 1: [•] / [100] per cent.
- (xi) Participation Rate 2: [•] / [100] per cent.
- (xii) Final Redemption Rate: [•] per cent.
- (xiii) $FX_{\text{Final}} / FX_{\text{Initial}}$: [Applicable in respect of [Paragraph 2.5(a)] [and] [Paragraph 2.5(c)] of Section 5 of the Additional Terms and Conditions.]
- [Not Applicable in respect of [Paragraph 2.5(a)] [and] [Paragraph 2.5(b)] of Section 5 of the Additional Terms and Conditions.]
- (xiv) Specified Currency [•] / Not Applicable
- Relevant Screen Page in respect of Specified Currency: [•] / Not Applicable
 - Specified Time in respect of Specified Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xv) Second Currency: [•] / Not Applicable
- Relevant Screen Page in respect of Second Currency: [•] / Not Applicable
 - Specified Time in respect of Second Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xvi) Relevant Underlying Performance: [insert Performance Determination Term specified in Paragraph 23 below] applies. See Paragraph 23 below for further details.
- (xvii) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
[...]	[...]

- (xviii) Final Reference Value: Determined in accordance with the Value Determination Terms specified in Paragraph 22 below.
- (xix) Relevant Underlying Value as of any Final Redemption Observation Date or Barrier Observation Period: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
- (F) Linked Notes (Dual Barrier Redemption - Twin Win)** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Elections for Paragraph 2.6(a) of Section 5 of Part 2 of the Terms and Conditions: If the Determination Agent determines that the Knock-in Value as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value 1, Final Redemption Amount shall be determined by the Determination Agent in accordance with Paragraph 2.6(a) of Section 5 of Part 2 of the Terms and Conditions.
- (Delete as appropriate)*
- (ii) Elections for Paragraph 2.6(b) of Section 5 of Part 2 of the Terms and Conditions: If the Determination Agent determines that the Knock-in Value as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value 2, Final Redemption Amount shall be determined by the Determination Agent in accordance with Paragraph 2.6(b) of Section 5 of Part 2 of the Terms and Conditions.
- (Delete as appropriate)*
- (iii) Knock-in Value: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
- (iv) Final Redemption Barrier Value 1: [•] / [[•] per cent of Initial Reference Value]
- (v) Final Redemption Barrier Value 2: [•] / [[•] per cent of Initial Reference Value]
- (vi) Determination Date: [date]
- (vii) Final Redemption Observation Date(s): [[date], [date],... and [date]] / [Not Applicable]
- (viii) Barrier Observation Period(s): [date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] / [Not Applicable]
- (ix) Specified Rate: [•] / [100] per cent.

- (x) Participation Rate 1: [•] per cent.
- (xi) Participation Rate 2: [•] per cent.
- (xii) Participation Rate 3: [•] per cent.
- (xiii) Final Redemption Rate 1: [•] per cent.
- (xiv) Final Redemption Rate 2: [•] per cent.
- (xv) $FX_{\text{Final}} / FX_{\text{Initial}}$: [Applicable in respect of [Paragraph 2.6(a)][.][and] [Paragraph 2.6(b)] [and] [Paragraph 2.6(c)] of Section 5 of the Additional Terms and Conditions.]
[Not Applicable in respect of [Paragraph 2.6(a)][.][and] [Paragraph 2.6(b)] [and] [Paragraph 2.6(c)] of Section 5 of the Additional Terms and Conditions.]
- (xvi) Specified Currency: [•] / Not Applicable
- Relevant Screen Page in respect of Specified Currency: [•] / Not Applicable
 - Specified Time in respect of Specified Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xvii) Settlement Currency: [•] / Not Applicable
- Relevant Screen Page in respect of Second Currency: [•] / Not Applicable
 - Specified Time in respect of Second Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xviii) Relevant Underlying Performance: [insert Performance Determination Term specified in Paragraph 23 below] applies. See Paragraph 23 below for further details.
- (xix) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
[...]	[...]

(xx) Final Reference Value: Determined in accordance with the Value Determination Terms specified in Paragraph 22 below.

(xxi) Relevant Underlying Value as of any Final Redemption Observation Date or during any Barrier Observation Period: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

(G) Linked Notes (Synthetic Zero Redemption): [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Participation Rate: [•] per cent.

(ii) Determination Date: [date]

(iii) Specified Strike Value: [•] / [[•] per cent of Initial Reference Value]

(iv) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
[...]	[...]

(v) Final Reference Value: Determined in accordance with the Value Determination Terms specified in Paragraph 22 below.

(H) Linked Notes (Lock In Ladder Redemption): [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Determination Date: [date]

(ii) Specified Rate: [•] / [100] per cent.

(iii) Participation Rate: [•] per cent.

(iv) Final Redemption Rate: [•] per cent.

(v) $FX_{\text{Final}} / FX_{\text{Initial}}$: [Determined in accordance with Section 5 of the Additional Terms and Conditions] / [Not Applicable]

(vi) Specified Currency: [•] / Not Applicable

- Relevant Screen Page in respect of Specified Currency: [•] / Not Applicable
- Specified Time in respect of Specified Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (vii) Second Currency: [•] / Not Applicable
 - Relevant Screen Page in respect of Second Currency: [•] / Not Applicable
 - Specified Time in respect of Second Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (viii) Relevant Underlying Performance: [insert Performance Determination Term specified in Paragraph 23 below] applies. See Paragraph 23 below for further details.
- (ix) Multiplier: [•]
- (x) Lock-In Steps: [•] per cent., [•] per cent....] and [•] per cent.
- (xi) Lock-In Observation Date(s): [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
- (I) Linked Notes (Lock In Ladder Barrier Redemption):** [Applicable] / [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Worst Performance: [Applicable] / [Not Applicable]
 - (ii) Elections for Paragraph 2.9(a) of Section 5 of Part 2 of the Terms and Conditions: If the Determination Agent determines that the Knock-in Value as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period] is [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Final Redemption Barrier Value, Final Redemption Amount shall determined by the Determination Agent in accordance with Paragraph 2.9(a) of Section 5 of Part 2 of the Terms and Conditions.

(Delete as appropriate)
 - (iii) Knock-in Level: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
 - (iv) Final Redemption Barrier Value: [•] / [[•] per cent of Initial Reference Value]

- (v) Determination Date: [date]
- (vi) Final Redemption Observation Date(s): [[date][, [date].... and [date]]] / [Not Applicable]
- (vii) Barrier Observation Period(s): [date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] / [Not Applicable]
- (viii) Specified Rate: [•] / [100] per cent.
- (ix) Participation Rate 1: [•] per cent.
- (x) Participation Rate 2: [•] per cent.
- (xi) Final Redemption Rate: [•] per cent.
- (xii) Multiplier: [•]
- (xiii) $FX_{\text{Final}} / FX_{\text{Initial}}$: [Applicable in respect of [Paragraph 2.9(a)] [and] [Paragraph 2.9(b)] of Section 5 of the Additional Terms and Conditions.]
[Not Applicable in respect of [Paragraph 2.9(a)] [and] [Paragraph 2.9(b)] of Section 5 of the Additional Terms and Conditions.]
- (xiv) Specified Currency: [•] / Not Applicable
- Relevant Screen Page in respect of Specified Currency: [•] / Not Applicable
 - Specified Time in respect of Specified Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xv) Second Currency: [•] / Not Applicable
- Relevant Screen Page in respect of Second Currency: [•] / Not Applicable
 - Specified Time in respect of Second Currency: [•] / [Not Applicable]
(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)
- (xvi) Lock-In Steps: [•] per cent., [•] per cent....] and [•] per cent.
- (xvii) Lock-In Observation Date(s): [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]
- (xviii) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
[...]	[...]

(xix) Final Reference Value: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

(xx) Relevant Underlying Value as of any Final Redemption Observation Date or during any Barrier Observation Period: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

(J) Linked Notes (Ranked Underlying Redemption): [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Determination Date: [date]

(ii) Specified Rate: [•] / [100] per cent.

(iii) Participation Rate: [•] per cent.

(iv) Final Redemption Rate: [•] per cent.

(v) $FX_{\text{Final}} / FX_{\text{Initial}}$: [Determined in accordance with Section 5 of the Additional Terms and Conditions] / [Not Applicable]

(vi) Specified Currency: [•] / Not Applicable

- Relevant Screen Page in respect of Specified Currency: [•] / Not Applicable

- Specified Time in respect of Specified Currency: [•] / [Not Applicable]

(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the Terms and Conditions applies.)

(vii) Second Currency: [•] / Not Applicable

- Relevant Screen Page in respect of Second Currency: [•] / Not Applicable

- Specified Time in respect of Second Currency: [•] / [Not Applicable]

(Specify Not Applicable if the fall back in the definition of Specified Time in Paragraph 4 of Section 5 of Part 2 of the

Terms and Conditions applies.)

- (viii) Relevant Underlying Performance: Selected Average Top Rank Performance applies. See Paragraph 23 below for further details.

(delete as appropriate)

(K) Linked Notes (Multiple Barrier Redemption):

- (i) Date or period on/during which the Determination Agent will check the Knock-in Level: as of the [Determination Date] / [each Final Redemption Observation Date] / [any time during the Barrier Observation Period]
- (ii) Knock in Level is required to be: [greater than] / [greater than or equal to] / [less than] / [less than or equal to] the Specified Final Redemption Barrier Value
- (iii) Knock in Level: [[Worst Performance] / [Best Performance] / [Selected Worst of Performance] / [Selected Best of Performance] is applicable] / [is the Relevant Underlying Value] [and "N" is equal to [•]]
- (iv) Determination Date: [date]
- (v) Final Redemption Observation Date(s): [[date][, [date].... and [date]]] / [Not Applicable]
- (vi) Barrier Observation Period(s): [date] / [From [and including]/[but excluding] [date] to [but excluding]/[and including] [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] / [Not Applicable]

- (vii) Specified Final Redemption Barrier Value(s) and corresponding Specified Final Redemption Rate(s):

Specified Final Redemption Barrier Value	Specified Final Redemption Rate
[•] / [[•] per cent of Initial Reference Value]	[•] per cent.
[]	[]

- (viii) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

[OR]

Basket Component	Initial Reference Value
[•]	[•] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]
[...]	[...]

- (ix) Final Reference Value: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

- (x) Relevant Underlying Value as of any Final Redemption Observation Date or during any Barrier Observation Period: [Not Applicable] / [Determined in accordance with the Value Determination Terms specified in Paragraph 22 below]

22. **Linked Redemption Provisions:
Value Determination Terms**

(for determining Initial Reference Value or Final Reference Value)

(Section 7 of Part 2 of the Terms and Conditions)

- (A) **Value Determination Terms** for Initial Reference Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected,

otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (B) **Value Determination Terms** for Final Reference Value as of the Determination Date: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] /

[Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Determination Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (C) **Value Determination Terms** for Relevant Underlying Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]
- (Section 7 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally

Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to the relevant date or period: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected,

otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

23. **Linked Redemption Provisions: Performance Determination Terms**

(for determining Relevant Underlying Performance)

(Section 8 of Part 2 of the Terms and Conditions)

(A) **Performance Determination Terms for Notes linked to a Single Underlying:**

(for determining "Relevant Underlying Performance" for Interest Terms)

[Not Applicable] / [Basic Performance] / [Cliquet Performance] / [Capped Performance] / [Floored Performance] / [Capped & Floored Performance] / [Absolute Basic Performance] / [Absolute Capped Performance] / [Absolute Floored Performance] / [Absolute Capped & Floored Performance] / [OTM Performance (Single Underlying)] / [Optimised Performance (Type 1)] / [Optimised Performance (Type 2)]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Put Performance [Applicable] / [Not Applicable]

(ii) Performance Rate: [•] per cent.

(iii) Strike: [•] / [1]

(iv) OTM Rate: [[•] per cent.] / [Not Applicable]

(specify if OTM Performance (Single Underlying) is specified as being applicable, other specify Not Applicable)

(v) Election for Optimised Initial Reference Value: [means the value determined by the Determination Agent to be equal to the [lowest] / [highest] of the Closing Values of the Relevant Underlying as of each of the Optimised Observation Dates] / [Not Applicable]

(specify if Optimised Performance (Type 1) or Optimised Performance (Type 2) is specified as being applicable, otherwise specify Not Applicable)

(vi) Optimised Observation Date(s): [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] / [Not Applicable]

(specify dates if Optimised Performance is specified as being applicable, otherwise specify Not Applicable)

(vii) Initial Reference Value: [•] / [Determined in accordance with the Value Determination Terms specified below]

- (viii) **Value Determination Terms** for Initial Reference Value: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]
- (Section 2 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

(specify if Max Lookback Value / Min Lookback Value / Floored

*Max Lookback Value / Floored
Min Lookback Value / Capped
Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

- Floor Value: [•]

*(specify if Floored Max Lookback
Value / Floored Min Lookback
Value / Individually Floored
Average Value is selected,
otherwise delete this provision))*

- Global Floor Value: [•]

*(specify if Globally Floored
Average Value is selected,
otherwise delete this provision)*

- Cap Value: [•]

*(specify if Capped Max Lookback
Value / Capped Min Lookback
Value / Individually Capped
Average Value is selected,
otherwise delete this provision)*

- Global Cap Value: [•]

*(specify if Globally Capped
Average Value is selected,
otherwise delete this provision)*

- (ix) **Value Determination Terms**
for Final Reference Value:

(Section 2 of Part 2 of the
Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening
Value] / [Closing Value] / [Max Lookback Value] / [Min
Lookback Value] / [Floored Max Lookback Value] / [Floored
Min Lookback Value] / [Capped Max Lookback Value] /
[Capped Min Lookback Value] / [Average Value] /
[Individually Floored Average Value] / [Individually Capped
Average Value] / [Globally Floored Average Value] /
[Globally Capped Average Value]

*(If not applicable, delete the remaining sub-paragraphs of this
paragraph)*

- Reference Month: [•]

*(specify if Notes are Inflation-
Linked Notes otherwise delete this
provision)*

- Basic Value Determination
Terms:

[Spot Value] / [Intraday Value] / [Opening Value] / [Closing
Value]

*(specify if Max Lookback Value /
Min Lookback Value / Floored
Max Lookback Value / Floored*

*Min Lookback Value / Capped
Max Lookback Value / Capped
Min Lookback Value / Average
Value / Individually Floored
Average Value / Individually
Capped Average Value / Globally
Floored Average Value / Globally
Capped Average Value is selected
otherwise delete this provision)*

- Averaging Dates in relation to Determination Date: [date][, [date], and [date]]

*(specify if Average Value /
Individually Capped Average
Value / Individually Floored
Average Value / Globally Floored
Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

*(specify if Average Value /
Individually Capped Average
Value / Individually Floored
Average Value / Globally Floored
Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Value Observation Dates in respect of the Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

*(specify if Max Lookback Value /
Min Lookback Value / Floored
Max Lookback Value / Floored
Min Lookback Value / Capped
Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

- Floor Value: [•]

*(specify if Floored Max Lookback
Value / Floored Min Lookback
Value / Individually Floored
Average Value is selected,
otherwise delete this provision))*

- Global Floor Value: [•]

*(specify if Globally Floored
Average Value is selected,
otherwise delete this provision)*

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (x) **Value Determination Terms** for PIDD Reference Value as of each Interest Determination Date:

(Section 2 of Part 2 of the Terms and Conditions)

[Not Applicable] / [Spot Value] / [Opening Value] / [Closing Value] / [Floored Lookback Value] / [Capped Lookback Value] / [Globally Floored Lookback Value] / [Globally Capped Lookback Value] / [Average Value] / [Min Value] / [Max Value] / [Floored Min Value] / [Capped Max Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(Specify if "Cliquet Performance" is selected otherwise specify as Not Applicable)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms:

[Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to each Interest Determination Date:

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected,

[date][, [date], and [date]] in respect of the Interest Determination Date falling on [date]],

[date][, [date], and [date]] in respect of the Interest Determination Date falling on [date].... and

[date][, [date], and [date]] in respect of the Interest Determination Date falling on [date]]

otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to each Interest Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date][,

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date].... and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date]]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))

- Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (B) Selected Average Performance Determination Terms for Notes linked to a Relevant Underlying** [Not Applicable] / [Selected Average Basic Performance] / [Selected Cliquet Average Performance] / [Selected Average Individually Capped Performance] / [Selected Average Individually Floored Performance] / [Selected Average

which is a Basket:

(for determining "Relevant Underlying Performance" for Interest Terms)

Individually Capped & Floored Performance] / [Selected Average Global Capped Performance] / [Selected Average Global Floored Performance] / [Selected Average Global Capped & Floored Performance] / [Selected Absolute Average Basic Performance] / [Selected Absolute Average Individually Capped Performance] / [Selected Absolute Average Individually Floored Performance] / [Selected Absolute Average Individually Capped & Floored Performance] / [Selected Absolute Average Global Capped Performance] / [Selected Absolute Average Global Floored Performance] / [Selected Absolute Average Global Capped & Floored Performance] / [Best of –Weighted Average Performance] / [Worst of –Weighted Average Performance] / [Selection of –Weighted Average Performance] / [Selected Equally Weighted Average OTM Performance] / [Selected Non-Equally Weighted Average OTM Performance] / [Selected Average Top Rank Performance]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Performance Rate: [•] per cent.

(ii) Default Performance: [Not Applicable] *[OR]* [[•] [per cent.] [of the Initial Reference Value]] *[OR]*

(specify if Selected Average Top Rank Performance is specified otherwise specify "Not Applicable")

Basket Component	Default Performance
[•]	[[•] [per cent.] [of the Initial Reference Value]]
[•]	[[•] [per cent.] [of the Initial Reference Value]]
[•]	[[•] [per cent.] [of the Initial Reference Value]]

(iii) OTM Rate: [Not Applicable] *[OR]* [•] per cent. *[OR]*

(specify if Selected Equally Weighted Average OTM Performance / Selected Non-Equally Weighted Average OTM Performance is specified, otherwise specify "Not Applicable")

Basket Component	OTM Rate
[•]	[•] per cent.
[•]	[•] per cent.
[•]	[•] per cent.

(iv) Cap: [Not Applicable] *[OR]* [•] *[OR]*

(specify if Selected Average Individually Capped Performance / Selected Average Individually Capped & Floored Performance / Selected Average Global Capped Performance / Selected Average Global Capped & Floored Performance / Selected Absolute Average Individually Capped Performance / Selected Absolute Average Individually Capped & Floored Performance / Selected Absolute Average Global Capped Performance / Selected Absolute Average Global Capped & Floored Performance is selected, otherwise specify "Not Applicable")

Basket Component	Cap
[•]	[•]
[•]	[•]
[•]	[•]

(v) Floor:

[Not Applicable] [OR] [•] [OR]

(specify if Selected Average Individually Floored Performance / Selected Average Individually Capped & Floored Performance / Selected Average Global Floored Performance / Selected Average Global Capped & Floored Performance / Selected Absolute Average Individually Floored Performance / Selected Absolute Average Individually Capped & Floored Performance / Selected Absolute Average Global Floored Performance / Selected Absolute Average Global Capped & Floored Performance is selected, otherwise specify "Not Applicable")

Basket Component	Floor
[•]	[•]
[•]	[•]
[•]	[•]

(vi) Selected Basket Components:

For the purposes of determining the Selected Basket Component, "J" = [number], [number]... and [number]

[insert number assigned to "J", where "J" is a number from 1 to N denoting one of the Basket Components numbered in order according to the respective values for each Basket Component determined by dividing the Closing Value for such Basket Component by its Initial Reference Value, starting with the Basket Component with the highest such value (Basket Component 1) and ending with the Basket Component with the lowest such value (Basket Component N), "N" being the total number of Basket Components]

(vii) Relevant Weighting or " W_i ":

[Not Applicable] [OR]

(specify if Best of – Non Equally Weighted Average Performance / Worst of – Non Equally Weighted Average Performance / Selection of - Non Equally Weighted Average Performance / Selected Non-Equally Weighted Average OTM Performance is selected, otherwise specify "Not Applicable")

Basket Component	W_i
[•]	[•]
[•]	[•]
[•]	[•]

(viii) Initial Reference Value:

[•] / [Determined in accordance with the Value Determination Terms specified below]

(ix) **Value Determination Terms** for Initial Reference Value:

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(Section 2 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

• Reference Month:

[•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

• Basic Value Determination Terms:

[Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually

*Capped Average Value / Globally
Floored Average Value / Globally
Capped Average Value is selected
otherwise delete this provision)*

- Averaging Dates in relation to Strike Date: [date][, [date], and [date]]

*(specify if Average Value /
Individually Capped Average
Value / Individually Floored
Average Value / Globally Floored
Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

*(specify if Average Value /
Individually Capped Average
Value / Individually Floored
Average Value / Globally Floored
Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Value Observation Dates in respect of Strike Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

*(specify if Max Lookback Value /
Min Lookback Value / Floored
Max Lookback Value / Floored
Min Lookback Value / Capped
Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

- Floor Value: [•]

*(specify if Floored Max Lookback
Value / Floored Min Lookback
Value / Individually Floored
Average Value is selected,
otherwise delete this provision))*

- Global Floor Value: [•]

*(specify if Globally Floored
Average Value is selected,
otherwise delete this provision)*

- Cap Value: [•]

*(specify if Capped Max Lookback
Value / Capped Min Lookback
Value / Individually Capped
Average Value is selected,
otherwise delete this provision)*

- Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)

- (x) **Value Determination Terms** for Final Reference Value as of each Interest Determination Date: [Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]
(Section 2 of Part 2 of the Terms and Conditions)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to Determination Date: [date][, [date], and [date]]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value is selected, otherwise delete this provision)

*Average Value / Globally Capped
Average Value is selected,
otherwise delete this provision)*

- Value Observation Dates in respect of the Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]]

*(specify if Max Lookback Value /
Min Lookback Value / Floored
Max Lookback Value / Floored
Min Lookback Value / Capped
Max Lookback Value / Capped
Min Lookback Value is selected,
otherwise delete this provision)*

- Floor Value: [•]

*(specify if Floored Max Lookback
Value / Floored Min Lookback
Value / Individually Floored
Average Value is selected,
otherwise delete this provision))*

- Global Floor Value: [•]

*(specify if Globally Floored
Average Value is selected,
otherwise delete this provision)*

- Cap Value: [•]

*(specify if Capped Max Lookback
Value / Capped Min Lookback
Value / Individually Capped
Average Value is selected,
otherwise delete this provision)*

- Global Cap Value: [•]

*(specify if Globally Capped
Average Value is selected,
otherwise delete this provision)*

**(xi) Value Determination
Terms for PIDD
Reference Value as of
each Interest
Determination Date:**

(Section 2 of Part 2 of the
Terms and Conditions)

[Not Applicable] / [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value] / [Max Lookback Value] / [Min Lookback Value] / [Floored Max Lookback Value] / [Floored Min Lookback Value] / [Capped Max Lookback Value] / [Capped Min Lookback Value] / [Average Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(Specify if "Cliquet Performance" is selected otherwise specify as Not Applicable)

- Reference Month: [•]

(specify if Notes are Inflation-Linked Notes otherwise delete this provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to each Interest Determination Date: [date][, [date], and [date]] in respect of the Interest Determination Date falling on [date][,

[date][, [date], and [date]] in respect of the Interest Determination Date falling on [date].... and

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]] in respect of the Interest Determination Date falling on [date]]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in respect of each Interest Determination Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date][,

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date].... and

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value is selected, otherwise delete this provision)

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date]]

- Floor Value: [•]

(specify if Floored Max Lookback Value / Floored Min Lookback Value / Individually Floored Average Value is selected, otherwise delete this provision))
 - Global Floor Value: [•]

(specify if Globally Floored Average Value is selected, otherwise delete this provision)
 - Cap Value: [•]

(specify if Capped Max Lookback Value / Capped Min Lookback Value / Individually Capped Average Value is selected, otherwise delete this provision)
 - Global Cap Value: [•]

(specify if Globally Capped Average Value is selected, otherwise delete this provision)
24. **Early Redemption upon Event of Default** (Condition 19): [Fixed Redemption. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination. The Determination Agent will determine the amount a Qualified Financial Institution would charge to assume all of the Issuer's payment and other obligations with respect to such Notes as if no such Event of Default had occurred or to undertake obligations that would have the effect of preserving the economic equivalent of any payment by the Issuer to the Noteholder with respect to the Notes]

(Delete as appropriate)
25. **Inconvertibility Provisions:** (Condition 31) **Event** [Applicable] / [Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Consequences of the occurrence of an Inconvertibility Event: [Converted Payment] / [Early Redemption] / [Suspended Payment]
 - (ii) Early Redemption Amount upon Inconvertibility Event: [Not Applicable]
[OR]
[[•] per cent. per Calculation Amount] / [Early Redemption Amount applies. For the purposes of the definition of Early Redemption Amount, [Fixed Redemption applies. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination applies.]] / [Fair Market Value

- applies]
- (iii) Relevant Currenc(y)/(ies): [•],[•].... and [•]
- (iv) Relevant Jurisdiction(s): [•],[•].... and [•]
- (v) Inconvertibility Specified Currenc(y)/(ies): [•],[•].... and [•]
- (vi) Settlement Rate Option: [Currency Reference Dealers] / [Not Applicable]
26. **Automatic Early Redemption Event:** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Automatic Early Redemption Valuation Date: [date],[, [date].... and [date]]
- (ii) Automatic Early Redemption Event occurs if the Relevant Underlying Value is: [greater that] / [greater than or equal to] / [less than] / less than or equal to] the Automatic Early Redemption Level.
(delete as appropriate)
- (iii) Automatic Early Redemption Level: [•]
- (iv) Automatic Early Redemption Amount: [[•] [per cent.] per Calculation Amount] / [Paragraph (c) of the definition of Automatic Early Redemption Amount in Condition 14.11 applies]
- (v) Automatic Early Redemption Rate: [[•]/[100] per cent.] / [Not Applicable]
(Specify if fallback in paragraph (c) of the definition of Automatic Early Redemption Amount in Condition 14.11 applies)
- (vi) Automatic Early Redemption Date: [date],[, [date].... and [date]]
- (vii) Determination Time: [•]
- (viii) **Value Determination Terms** for determining Relevant Underlying Value as of any Automatic Early Redemption Valuation Date: [Spot Value] / [Opening Value] / [Closing Value] / [Floored Lookback Value] / [Capped Lookback Value] / [Globally Floored Lookback Value] / [Globally Capped Lookback Value] / [Average Value] / [Min Value] / [Max Value] / [Floored Min Value] / [Capped Max Value] / [Individually Floored Average Value] / [Individually Capped Average Value] / [Globally Floored Average Value] / [Globally Capped Average Value]
- Reference Month: [•]
- (specify if Notes are Inflation-Linked Notes otherwise delete this*

provision)

- Basic Value Determination Terms: [Spot Value] / [Intraday Value] / [Opening Value] / [Closing Value]

(specify if Max Lookback Value / Min Lookback Value / Floored Max Lookback Value / Floored Min Lookback Value / Capped Max Lookback Value / Capped Min Lookback Value / Average Value / Individually Floored Average Value / Individually Capped Average Value / Globally Floored Average Value / Globally Capped Average Value is selected otherwise delete this provision)

- Averaging Dates in relation to each Automatic Early Redemption Valuation Date: [date][, [date], and [date]] in respect of the Interest Determination Date falling on [date][,

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

[date][, [date], and [date]] in respect of the Interest Determination Date falling on [date].... and

[date][, [date], and [date]] in respect of the Interest Determination Date falling on [date]]

- Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(specify if Average Value / Individually Capped Average Value / Individually Floored Average Value / Globally Floored Average Value / Globally Capped Average Value is selected, otherwise delete this provision)

- Value Observation Dates in relation to each Automatic Early Redemption Valuation Date: [date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date][,

(specify if Min Value / Max Value / Floored Min Value or Capped Max Value is selected, otherwise delete this provision)

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date].... and

[date], [, [date], ... and [date]] / [Each Scheduled Trading Day beginning on (and including) [date] and ending on (but excluding) [date]] in respect of the Interest Determination Date falling on [date]]

- Floor Value: [•]

(specify if Floored Min Value / Individually Floored Average Value is selected, otherwise delete

this provision))

- Global Floor Value: [•]

(specify if Globally Floored Lookback Value / Globally Floored Average Value is selected, otherwise delete this provision)

- Cap Value: [•]

(specify if Capped Max Value / Individually Capped Average Value is selected, otherwise delete this provision)

- Global Cap Value: [•]

(specify if Globally Capped Lookback Value / Globally Capped Average Value is selected, otherwise delete this provision)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|--|--|
| 27. | Form of Notes:

(Condition 3) | <p>[Registered Notes:</p> <p>[Global Note Certificate registered in the name of [a nominee for] [a common depository for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))] ⁶³, exchangeable for Individual Note Certificates on [•] days notice/at any time/ in the limited circumstances described in the Global Note Certificate]</p> <p>[Individual Note Certificates]]</p> <p>[Finnish Notes]</p> <p>[Swedish Notes]</p> <p>[Uncertificated Notes]</p> |
| 28. | Additional Business Centre(s) or other special provisions relating to Payment Dates: | <p>[Not Applicable/[]].</p> <p><i>Note that this item relates to the date and place of payment, and not interest period end dates. This should specify "Not applicable" unless, exceptionally, location of Fiscal Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.</i></p> |
| 29. | Record Date: | <p>[As set out in the Conditions/The Record Date is [•] [Business Day/day/clearing system business day] before the relevant due</p> |

⁶³ To be included for Registered Notes in global form which are to be held under the NSS.

- date for payment/Not Applicable]
30. Redenomination, renominalisation and reconventioning provisions: [Not Applicable] / [The provisions in Condition 30 (*Redenominaation, Renominalisation and Reconventioning*) apply]
31. **Taxation:**
- (i) Condition 18.1: "Additional Amounts" is [Applicable] / [Not Applicable]
- (iii) Condition 18.3: Implementation of Financial Transaction Tax Event is [Applicable] / [Not Applicable]

DISTRIBUTION

32. (i) If syndicated, names [and addresses]⁶⁴ of Managers [and underwriting commitments]⁶⁵: and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)]⁶⁶ [Not Applicable/give names[, addresses and underwriting commitments]] [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis.)]
- (ii) [Date of [Subscription] Agreement: [•]]⁶⁷
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
33. If non-syndicated, name [and address]⁶⁸ of Dealer: [Not Applicable/give name [and address]⁶⁹]
34. Non-exempt offer: [Not applicable] [An offer of the Notes may be made by the [insert names] / [any person who is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) other than pursuant to Article 3(2) of the Prospective Directive in [Austria] / [Belgium] / [Czech Republic] / [Denmark] / [Finland] / [France] / [Germany] / [Ireland] / [Italy] / [Liechtenstein] / [Luxembourg] / [Norway] / [Portugal] / [Spain] / [Sweden] / [The Netherlands] / [United Kingdom] (Public Offer Jurisdictions) during the period from [specify date] until [specify date] (Offer Period) [subject to the following conditions: [specify]]. See further paragraph 7 of Part B below.

⁶⁴ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁶⁵ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁶⁶ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁶⁷ Delete for Notes with a denomination per Note of EUR 100,000 or more

⁶⁸ Delete for Notes with a denomination per Note of EUR 100,000 or more

⁶⁹ Delete for Notes with a denomination per Note of EUR 100,000 or more.

35. [Total commission and concession:
- [In connection with the offer and sale of the Notes, [the Issuer][Morgan Stanley & Co. International plc] will pay [name/s/] a [one time][recurring] distribution fee amount equal to [a maximum of] [•] [of the Aggregate Nominal Amount] / [specify amount] / [per annum/other]] / [No fees will be paid by the Issuer or Morgan Stanley & Co. International plc, directly or indirectly, in connection with any advised sale of Notes]]⁷⁰

⁷⁰ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁷¹**[THIRD PARTY INFORMATION]**

(*Relevant third party information*) has been extracted from [•] (*specify source*). [Each of the] / [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

[Signed on behalf of the Guarantor:

By:
Duly authorised]

⁷¹ Insert if any third party information has been provided.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to Trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the official list of the Luxembourg Stock Exchange with effect from [•.] / [Application [has [also] been made/is [also] expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to listing and/or trading on [insert name of exchange] with effect from [•].]

[Not Applicable.]

[Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading.]

[Last day of Trading: [•]]

[Estimate of total expenses related to admission to trading: [•]]⁷²

2. RATINGS

Ratings: [The Notes to be issued have been rated:

[S & P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

Option 1

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 3

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by

⁷² Delete for Notes with a denomination per Note of less than EUR 100,000.

[insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 4

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]⁷³

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]⁷⁴

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

[The Notes will not be rated].]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "*Subscription and Sale*" of the Base Prospectus dated 17 July 2013, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer".

(When adding any other description, consideration should be given as to whether the new matters described constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [•]

(If reasons for offer different from making profit and/or hedging, certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds: [•]

(If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other

⁷³ Edit and delete options as appropriate for the relevant rating agency/agencies providing the rating(s).

⁷⁴ Delete for Notes with a denomination per Note of EUR 100,000 or more.

funding.)

[(iii)] Estimated total expenses:

[•]

[Include breakdown of expenses.](If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/ [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]⁷⁵ AND OTHER INFORMATION CONCERNING THE UNDERLYING**

[Need to include details of where past and future performance and volatility of the index/equity/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.] [Where the underlying is a Share or ETF Interest include name of issuer of such Share or ETF Interest and ISIN or other relevant identification number of such underlying.] [Where the underlying is an Index or Inflation Index need to include the name of the Index or Inflation Index and an indication of where to obtain information about the Index or Inflation Index]

[The [interest] [and] [redemption] amount[s] payable on the Notes [is/are] dependent on the value or performance of the Relevant Underlying [reaching] / [not reaching] a threshold or barrier and a small increase or decrease in the value or performance of the Relevant Underlying near to the threshold or barrier may lead to a significant increase or decrease in the return of the Notes[and Noteholders] may receive no interest at all].

[The [interest] [and] [redemption] amount[s] payable on the Notes [is/are] linked to the value or performance of the Relevant Underlying as of one or more predefined dates and, irrespective of the level of the Relevant Underlying between these dates, the values or performance of the Relevant Underlying on these dates will affect the value of the Notes more than any other factor.]

[The Final Redemption Amount payable on the Notes is linked to [a specified percentage of] the performance of the Relevant Underlying and Noteholders may not receive the amount initially invested, and may receive a significantly lesser amount [/ subject to the minimum amount specified].

The market price or value of the Notes at any time is expected to be affected by changes in the value of the Relevant Underlying to which the Notes are linked.

[The market price or value of the Notes could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or any other distributions on the Relevant Underlying.]

[Determinations of amounts payable under the Notes are made by reference to the arithmetic mean of the values or performances of [all] / [the selected] Basket Components. The Basket Components are given different weightings. The higher the weighting applicable to a particular Basket Component, the more Noteholders will be exposed to the value or performance of that Basket Component in comparison

⁷⁵ Delete for Notes with a denomination per Note of EUR 100,000 or more.

with the remaining Basket Components.]

[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].*

6. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): [Not Applicable] / [give *name(s)*, *addresses of the clearing system(s)*, *relevant identification number(s)*]

[Nordic Notes, specify relevant NCSD and NCSD issuing agent.

Finnish Notes: Finnish CSD: Euroclear Finland Oy, Urho Kekkosen katu 5 C, Box 1110, FI-00101 Helsinki, Finland

Swedish Notes: Swedish CSD: Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden

NCSD Issuing Agent: [•],[•] *[give relevant name and address]*

[Japan Securities Depository Center, Inc. *[insert address]*]

[other relevant clearing system, as applicable]: [•], [•]

[give relevant name and address]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that designation "yes" simply means that the Notes are intended upon issue to be

deposited with one of the ICSDs⁷⁶ as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]]⁷⁷ and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either on issue or subsequently. Such recognition will depend on satisfaction of Eurosystem eligibility criteria][include this text if "yes" selected]

7. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price] [<i>specify</i>]
Conditions to which the offer is subject:	[Not Applicable/ Offers of the Notes are conditional upon their issue]
Description of the application process:	[Not Applicable/ <i>give details</i>]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i>]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i>]
Details of the method and time limited for paying up and delivering the Notes:	[Not Applicable/ The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable] / [Estimated expenses charged to the investor by the relevant Issuer or the offeror are [•].] / [No expenses will be charged by the Issuer to the investor, however a

⁷⁶ International Central Securities Depositories.

⁷⁷ To be included for Registered Notes

subscription charge of up to [specify amount] may be charged by the Authorised Offeror] / [Not applicable. There are no estimated expenses charged to the investor by the Issuer [or the Authorised Offeror] / [give details]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/give details]

8. **PLACING AND UNDERWRITING**

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place: [•]

Name and address of any paying agents and depository agents in each country: [•]

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" agreements. Where not all of the issue is underwritten, a statement of the portion not covered: [•]

9. **OTHER MARKETS**

All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of securities to be offered or admitted to trading are already admitted to trading: [[•]/None]

PRO FORMA FINAL TERMS FOR PREFERENCE SHARE-LINKED NOTES

Final Terms dated [•]

[MORGAN STANLEY] / [MORGAN STANLEY & CO, INTERNATIONAL plc] / [MORGAN STANLEY B.V.]

Issue of [Aggregate Nominal Amount of Tranche] Preference Share-Linked Notes [due [insert date]]
linked to [title of preference shares]

[Guaranteed by Morgan Stanley]

under the Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and
Certificates

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, AS AMENDED). SEE "SUBSCRIPTION AND SALE" AND "NO OWNERSHIP BY U.S. PERSONS" IN THE BASE PROSPECTUS DATED 17 JULY 2013 . IN PURCHASING THE NOTES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.]⁷⁸

PART A – CONTRACTUAL TERMS

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [However, a summary of the Issue is annexed to these Final Terms.]⁷⁹ Copies of the Base Prospectus [and any supplement(s) thereto] are available from

⁷⁸ To be included where an offer is made where an exemption from the requirement to publish a prospectus under the Prospectus Directive (as amended by the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State).

⁷⁹ Insert if Notes are for denominations lower than EUR 100,000.

the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a prior base prospectus the terms of which are incorporated into this Base Prospectus by reference.]

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] incorporated by reference in the base prospectus dated 17 July 2013. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 17 July 2013 [and the supplement[s] dated [•],[•] ... [•]] to the Base Prospectus] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the [2005 English Law Note Conditions] / [2006 English Law Note Conditions] / [2007 English Law Note Conditions] / [2008 English Law Note Conditions] / [2009 English Law Note Conditions] / [2010 English Law Note Conditions] / [2011 English Law Note Conditions] / [2012 English Law Note Conditions] (as such term is defined in the Base Prospectus) which are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base Prospectus [and any supplement(s) thereto] are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus [and any supplement(s) thereto] and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms. Italics denote guidance for completing the Final Terms]

1.
 - (i) Series Number: [•]
 - (ii) Series designation: [Series A] / [Series B]
 - [(iii) [Tranche Number:]] [•]

[Fungible with the [currency] [•] [Title of the Notes] issued by [•], bearing ISIN [•]]
2. Specified Currency or Currencies: [•]
3. Aggregate [Nominal Amount]/[Number] of the Notes: [•]⁸⁰
 - [(i)] Series: [•]
 - [(ii) Tranche: [•]]

⁸⁰ Where the amount is not known at the beginning of the offer period (e.g. an "up to" amount), notices of final offer amount will need to be submitted where the Notes are listed or admitted to trading.

4. Issue Price [•] per cent. of par per Note/[•] per Note
5. (i) Specified Denominations (Par): [•]
(ii) Calculation Amount: [•]
6. (i) Issue Date: [•]
(ii) Trade Date: [•]
(iii) Strike Date: [•]
(iv) Determination Date: [•]
7. Maturity Date: [specify date]
8. Put/Call Options:
(i) Redemption at the option of the Issuer: [Applicable/Not Applicable]
(Condition 14.5)
(ii) Redemption at the option of the Noteholders: [Applicable/Not Applicable]
(Condition 14.7)
9. Method of distribution: [Syndicated/Non-syndicated]
10. Interest: No interest is payable in respect of the Notes.

PROVISIONS RELATING TO REDEMPTION

11. **Call Option** [Applicable/Not Applicable]
(Condition 14.5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Call Option Exercise Date: [date]
(ii) Optional Redemption Date(s) (Call): [date][, [date].... and [date]]
(iii) Participation Rate (Call) for determining the Optional Redemption Amount (Call): [[•] per cent.] / [100 per cent.]
(iv) Optional Redemption in part only: [Applicable. Redemption will be effected in accordance with sub-clause [(a)/(b)/(c)] of Condition 14.6 (*Partial Redemption*)] / [Not Applicable]
(delete as appropriate)
(v) Notice period: [•]

12. **Put Option** [Applicable/Not Applicable]
- (Condition 14.7) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Put Option Exercise Date: [date] / [Not Applicable]
 - (ii) Put Option Exercise Period: [From (and including) [date] to (but excluding) [date]] / [Not Applicable]
 - (iii) Optional Redemption Date(s) (Put): [date][, [date]... and [date]] / [Any date after the Put Option Exercise Date] / [Any date falling in the Put Option Exercise Period]
 - (iv) Participation Rate (Put) for determining the Optional Redemption Amount (Put): [[•] per cent.] / [100 per cent.]
 - (v) Notice period: [•]

13. **Linked Redemption Provisions:
Preference Share-Linked
Redemption Notes**

(Condition 13)

- (i) Preference Share: [specify]
- (ii) Preference Share Issuer: [specify]
- (iv) Determination Agent responsible for calculating the Final Redemption Amount: [•]
(specify only if Determination Agent is not Morgan Stanley & Co. International plc)
- (vi) Valuation Time: [•] / As per Condition 13.8
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Insolvency Filing and Increased Cost of Hedging] shall apply
(delete any which are not applicable)

14. **Linked Redemption Provisions:
Final Redemption Amount**

(Condition 14 and Section 6 of Part 2 of the Terms and Conditions)

- (i) Final Redemption Amount: [[•] per cent per Calculation Amount]

OR

[The Final Redemption Amount in respect of each Note is an amount per Calculation Amount in the Specified Currency calculated by the Determination Agent equal to:

$$\text{Calculation Amount} \times \text{Participation Rate} \times$$

$$\frac{\text{Preference Share Value}_{\text{final}}}{\text{Preference Share Value}_{\text{initial}}}$$

]

(delete as appropriate)

(ii) Final Valuation Date: [date]

(iii) Participation Rate: [•]/[100] per cent.

15. **Early Redemption Amount upon Event of Default (Condition 19):** [Early Preference Share Redemption Note Amount] / [Fixed Redemption. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination. The Determination Agent will determine the amount a Qualified Financial Institution would charge [to assume all of the Issuer's payment and other obligations with respect to such Notes as if no such Event of Default had occurred] / [to undertake obligations that would have the effect of preserving the economic equivalent of any payment by the Issuer to the Noteholder with respect to the Notes]

16. **Inconvertibility Provisions:** **Event** [Applicable] / [Not Applicable]

(Condition 31) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Consequences of the occurrence of an Inconvertibility Event: [Converted Payment] / [Early Redemption] / [Suspended Payment]

(ii) Early Redemption Amount upon Inconvertibility Event: [Not Applicable]
[OR]

[Early Preference Share Redemption Note Amount] / [[•] per cent. per Calculation Amount] / [Early Redemption Amount applies. For the purposes of the definition of Early Redemption Amount, [Fixed Redemption applies. The Specified Rate is [•] / [100] %] / [Qualified Financial Institution Determination applies.]] / [Fair Market Value applies]

(iii) Relevant Currenc(y)/(ies): [•],[•].... and [•]

(iv) Relevant Jurisdiction(s): [•],[•].... and [•]

(v) Inconvertibility Specified Currenc(y)/(ies): [•],[•].... and [•]

(vi) Settlement Rate Option: [Currency Reference Dealers] / [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

17. Form of Notes: [Registered Notes:

[Global Note Certificate registered in the name of [a nominee

- (Condition 3)
- for] [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))] ⁸¹, exchangeable for Individual Note Certificates on [•] days notice/at any time/ in the limited circumstances described in the Global Note Certificate]
- [Individual Note Certificates]]
- [Finnish Notes]
- [Swedish Notes]
- [Uncertificated Notes]
18. Additional Business Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/[]].
- Note that this item relates to the date and place of payment, and not interest period end dates. This should specify "Not applicable" unless, exceptionally, location of Fiscal Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.*
19. Record Date: [As set out in the Conditions/The Record Date is [•] [Business Day/day/clearing system business day] before the relevant due date for payment/Not Applicable]
20. Redenomination, renominatisation and reconventioning provisions: [Not Applicable] / [The provisions in Condition 30 (*Redenomination, Renominatisation and Reconventioning*) apply]
21. **Taxation:**
- (i) Condition 18.1: "Additional Amounts" is [Applicable] / [Not Applicable]
- (iii) Condition 18.3: Implementation of Financial Transaction Tax Event is [Applicable] / [Not Applicable]

DISTRIBUTION

22. (i) If syndicated, names [and addresses] ⁸² of Managers [and underwriting commitments] ⁸³ : and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.) ⁸⁴ [Not Applicable/give names[, addresses and underwriting commitments]] [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis.)]

⁸¹ To be included for Registered Notes in global form which are to be held under the NSS.

⁸² Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁸³ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁸⁴ Delete for Notes with a denomination per Note of EUR 100,000 or more.

- (ii) [Date of [Subscription] Agreement: [•]]⁸⁵
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
23. If non-syndicated, name [and address]⁸⁶ of Dealer: [Not Applicable/give name *[and address]*⁸⁷]
24. Non-exempt offer: [Not applicable] [An offer of the Notes may be made by the *[insert names]* / [any person who is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) other than pursuant to Article 3(2) of the Prospective Directive in [Austria] / [Belgium] / [Czech Republic] / [Denmark] / [Finland] / [France] / [Germany] / [Ireland] / [Italy] / [Liechtenstein] / [Luxembourg] / [Norway] / [Portugal] / [Spain] / [Sweden] / [The Netherlands] / [United Kingdom] (Public Offer Jurisdictions) during the period from *[specify date]* until *[specify date]* (Offer Period) [subject to the following conditions: *[specify]*]]. See further paragraph 7 of Part B below.
25. [Total commission and concession: [In connection with the offer and sale of the Notes, [the Issuer][Morgan Stanley & Co. International plc] will pay *[name[s]]* a [one time][recurring] distribution fee amount equal to [a maximum of] [•] [of the Aggregate Nominal Amount] / *[specify amount]* / [per annum/other]] / [No fees will be paid by the Issuer or Morgan Stanley & Co. International plc, directly or indirectly, in connection with any advised sale of Notes]]⁸⁸

⁸⁵ Delete for Notes with a denomination per Note of EUR 100,000 or more

⁸⁶ Delete for Notes with a denomination per Note of EUR 100,000 or more

⁸⁷ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁸⁸ Delete for Notes with a denomination per Note of EUR 100,000 or more.

⁸⁹**[THIRD PARTY INFORMATION]**

(*Relevant third party information*) has been extracted from [•] (*specify source*). [Each of the] / [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

[Signed on behalf of the Guarantor:

By:
Duly authorised]

⁸⁹ Insert if any third party information has been provided.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to Trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the official list of the Luxembourg Stock Exchange with effect from [•.] / [Application [has also] been made/is [also] expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to listing and/or trading on *[insert name of exchange]* with effect from [•].]

[Not Applicable.]

[Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading.]

[Last day of Trading: [•]]

[Estimate of total expenses related to admission to trading: [•]]⁹⁰

2. RATINGS

Ratings: [The Notes to be issued have been rated:

[S & P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

Option 1

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 3

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and registered under Regulation (EU) No 1060/2009,

⁹⁰ Delete for Notes with a denomination per Note of less than EUR 100,000.

as amended (the "**CRA Regulation**").

Option 4

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").⁹¹

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*⁹²

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

[The Notes will not be rated].]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "*Subscription and Sale*" of the Base Prospectus dated 17 July 2013 , so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer".

(When adding any other description, consideration should be given as to whether the new matters described constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [•]

(If reasons for offer different from making profit and/or hedging, certain risks will need to include those reasons here.)]

[(ii)] Estimated net proceeds: [•]

(If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: [•]

[Include breakdown of expenses.](If the Notes are derivative securities to

⁹¹ Edit and delete options as appropriate for the relevant rating agency/agencies providing the rating(s).

⁹² Delete for Notes with a denomination per Note of EUR 100,000 or more.

which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. **[PERFORMANCE OF PREFERENCE SHARE/ [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]⁹³ AND OTHER INFORMATION CONCERNING THE UNDERLYING**

[Need to include details of where past and future performance and volatility of the index/equity/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.] [Where the underlying is a Preference Share include name of issuer of such Preference Share and ISIN or other relevant identification number of such underlying.]

[The Final Redemption Amount payable on the Notes is linked to the performance of the Preference Share and Noteholders may not receive the amount initially invested, and may receive a significantly lesser amount [/ subject to the minimum amount specified].

The market price or value of the Notes at any time is expected to be affected by changes in the value of the Preference Shares to which the Notes are linked.

[The market price or value of the Notes could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or any other distributions on the Preference Shares.]

[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].*

6. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): [Not Applicable] / [give [name(s)], [addresses of the clearing system(s)], [relevant identification number(s)]]

[Nordic Notes, specify relevant NCSD and NCSD issuing agent.

Finnish Notes: Finnish CSD: Euroclear Finland Oy, Urho Kekkosen katu 5 C, Box 1110, FI-00101 Helsinki, Finland

Swedish Notes: Swedish CSD: Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE

⁹³ Delete for Notes with a denomination per Note of EUR 100,000 or more.

101 23, Stockholm, Sweden

NCSD Issuing Agent: [•],[•] *[give relevant name and address]*

[Japan Securities Depository Center, Inc. *[insert address]*]

[other relevant clearing system, as applicable]: [•], [•]

[give relevant name and address]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs⁹⁴ as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]]⁹⁵ and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either on issue or subsequently. Such recognition will depend on satisfaction of Eurosystem eligibility criteria][*include this text if "yes" selected*]

7. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price] *[specify]*

Conditions to which the offer is subject: [Not Applicable/ Offers of the Notes are conditional upon their issue]

Description of the application process: [Not Applicable/*give details*]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give details*]

Details of the minimum and/or maximum amount of application: [Not Applicable/*give details*]

⁹⁴ International Central Securities Depositories.

⁹⁵ To be included for Registered Notes

- | | |
|--|--|
| Details of the method and time limited for paying up and delivering the Notes: | [Not Applicable/ The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys] |
| Manner in and date on which results of the offer are to be made public: | [Not Applicable/ <i>give details</i>] |
| Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/ <i>give details</i>] |
| Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [Not Applicable/ <i>give details</i>] |
| Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable] / [Estimated expenses charged to the investor by the relevant Issuer or the offeror are [•].] / [No expenses will be charged by the Issuer to the investor, however a subscription charge of up to <i>[specify amount]</i> may be charged by the Authorised Offeror] / [Not applicable. There are no estimated expenses charged to the investor by the Issuer [or the Authorised Offeror] / <i>[give details]</i>] |
| Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. | [None/ <i>give details</i>] |
8. **PLACING AND UNDERWRITING**
- | | |
|--|-----|
| Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place: | [•] |
| Name and address of any paying agents and depository agents in each country: | [•] |
| Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" agreements. Where not all of the issue is underwritten, a statement of the portion not covered: | [•] |
9. **OTHER MARKETS**
- | | |
|--|------------|
| All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of securities to be offered or admitted to trading are already admitted to trading: | [[•]/None] |
|--|------------|

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and, if applicable, the Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Program, the Issuer and the Guarantor have included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the Guarantor and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer and the Guarantor, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note.

FORMS OF NOTES

Morgan Stanley, MSI plc and MSBV may issue Notes in registered form ("**Registered Notes**"). Registered Notes may be in either individual certificate form or global certificate form. In addition (i) MSBV and MSI plc may also issue Notes in dematerialised and uncertificated book-entry form with a Nordic central securities depository ("**Nordic Notes**"), and (ii) MSBV may also issue Notes in uncertificated registered form ("**Uncertificated Notes**").

Registered Notes

Registered Notes will be in the form of either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Note Certificate**"), in each case as specified in the relevant Final Terms. Each Global Note Certificate will either be: (a) in the case of a Registered Note which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depository (or its nominee) for the Relevant Clearing System and the relevant Global Note Certificate will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms; or (b) in the case of a Registered Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for the Relevant Clearing System and the relevant Global Note Certificate will be deposited on or about the issue date with the common safekeeper for the Relevant Clearing System and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specify the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specify the form of Registered Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Note Certificate which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specify "in the limited circumstances described in the Global Note Certificate", then if (a) the Relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 19 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Issue and Paying Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Registered Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" above and the provisions of the relevant Final Terms which supplement those terms and conditions. The terms and conditions applicable to any Global Note Certificate that represents a Note will

differ from those terms and conditions which would apply to the Note were it in individual form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Nordic Notes

Notes issued by MSBV or MSI plc and designated as "Finnish Notes" or "Swedish Notes" in the applicable Final Terms will be issued in uncertificated and dematerialised book-entry form in accordance with the Finnish or, as applicable, Swedish legislation and all other applicable local laws, regulations and operating procedures applicable to and/or issued by the Finnish or, as applicable, Swedish central securities depository from time to time (the "**NCSD Rules**") designated as registrar for the Nordic Notes in the relevant Final Terms (the "**NCSD**"). No physical global or definitive Notes or certificates will be issued in respect of Nordic Notes and the provisions relating to presentation, surrender or replacement of such physical bearer instruments shall not apply. Payments of principal, interest (if any) or any other amounts on any Nordic Note will be made through the relevant NCSD in accordance with the NCSD Rules.

Uncertificated Notes

Uncertificated Notes will be held in uncertificated form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**"). The Uncertificated Notes are participating securities for the purposes of the Regulations. Title to the Uncertificated Notes is recorded on the relevant Operator register of eligible debt securities (as defined in the Regulations) and the relevant "**Operator**" (as such term is used in the Regulations) in Euroclear UK & Ireland Limited or any additional or alternative operator from time to time approved by the Issuer and the Registrar and in accordance with the Regulations. Notes in definitive registered form will not be issued (either upon issue or in exchange for Uncertificated Notes).

The Euroclear Registrar will make all payments in respect of Uncertificated Notes.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Registered Notes (or any Tranche thereof) represented by a Global Note Certificate, references in the *"Terms and Conditions of the Notes"* to **"Noteholder"** are references to the person in whose name such Global Note Certificate is for the time being registered in the Register which, for so long as the Global Note Certificate is held by or on behalf of a depositary or a common depositary for the Relevant Clearing System, will be that depositary or common depositary or a nominee for that depositary or common depositary.

Each of the persons shown in the records of the Relevant Clearing System as being entitled to an interest in a Global Note Certificate (each an **"Accountholder"**) must look solely to the Relevant Clearing System (as the case may be) for such Accountholder's share of each payment made by the relevant Issuer to the holder of such Global Note Certificate and in relation to all other rights arising under such Global Note Certificate, including any right to exchange any exchangeable Notes or any right to require the relevant Issuer to repurchase such Notes. The respective rules and procedures of the Relevant Clearing System from time to time will determine the extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note Certificate and the timing requirements for meeting any deadlines for the exercise of those rights. For so long as the relevant Notes are represented by a Global Note Certificate, Accountholders shall have no claim directly against the relevant Issuer in respect of payments due under the Notes and such obligations of the relevant Issuer will be discharged by payment to the holder of such Global Note Certificate.

Exchange of Global Note Certificates

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Issue and Paying Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or
- (b) any of the Notes represented by a Global Note Certificate (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Note Certificate in accordance with the terms of the Global Note Certificate on the due date for payment,

then at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) each Accountholder shall acquire the right under the Morgan Stanley Deed of Covenant, the MSI plc Deed of Covenant and the MSBV Deed of Covenant (the **"Deeds of Covenant"**), as the case may be, or any Additional Deed of Covenant to enforce against the Issuer, the Issuer's obligations to the Noteholder in respect of the Notes represented by the Global Note Certificate, including the obligation of the Issuer to make all payments and deliveries when due at any time in respect of such Notes as if such Notes had been duly presented and (where required by the Conditions) surrendered on the due date in accordance with the Conditions. Each Accountholder shall acquire such right without prejudice to any other rights which the Noteholder may have under the Global

Note Certificate and the Deeds of Covenant. Notwithstanding the rights that each Accountholder may acquire under the Deeds of Covenant, payment or delivery to the Noteholder in respect of any Notes represented by the Global Note Certificate shall constitute a discharge of the Issuer's obligations to the extent of any such payment or delivery and nothing in the Deed of Covenant shall oblige the Issuer to make any payment or delivery under the Notes to or to the order of any person other than the Noteholder.

Conditions Applicable to Global Notes

Each Global Note Certificate will contain provisions which modify the terms and conditions set out in "*Terms and Conditions of the Notes*" as they apply to the Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note Certificate, which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note Certificate will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note Certificate at the Specified Office or to the order of any paying agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes.

Exercise of Put Option: In order to exercise the Noteholder's put option set out in Condition 14.7] (*Redemption at the Option of Noteholders*) of the Terms and Conditions of the Notes, the holder of a Global Note Certificate must, within the period specified therein for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent and/or such other person as is specified in the relevant Final Terms specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial Exercise of Call Option: In connection with an exercise of the option contained in Condition 14.5 (*Redemption at the Option of the Issuer*) of the Terms and Conditions of the Notes in relation to some but not all of the Notes, the Global Note Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 26 (*Notices*) of the Terms and Conditions of the Notes while all the Notes are represented by a Global Note Certificate and the Global Note Certificate is deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 26 (*Notices*) of the Terms and Conditions of the Notes, on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as the Notes are listed on any stock exchange or are admitted to trading by another relevant authority, any notice to Noteholders shall be published in accordance with the rules and regulations of each such stock exchange or other relevant authority.

Payment Business Day: Notwithstanding Condition 2 (*Interpretation*), the definition of "Payment Business Day" in relation to any Global Note Certificate shall be as follows:

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre; or
- (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Business Centre.

Registered Notes

Notwithstanding Condition 15 (*Payments – Registered Notes*), each payment in respect of any Global Note Certificate shall be made to the person shown in the Register as the registered holder of the Notes represented by such Global Note Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where the "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

**DESCRIPTION OF SIENNA FINANCE UK LIMITED AND THE SIENNA FINANCE UK
LIMITED PREFERENCE SHARES**

Preference-Share Linked Notes may be issued under the Program, where the Preference Shares are preference shares issued by Sienna Finance UK Limited ("**Sienna UK**"). Set out below is a description of Sienna UK. References in this section to the "Preference Shares" shall be a reference to preference shares issued by Sienna UK which are specified as being the "Preference Shares" in the applicable Final Terms relating to the relevant Preference-Share Linked Notes.

Sienna Finance UK Limited

Sienna UK is a private company limited by shares and was incorporated under the Companies Act 2006 on 18 February 2010 (with registered number 07162508). Sienna UK is governed by the laws of England and Wales and has its registered office at 35 Great St. Helen's, London, EC3A 6AP, United Kingdom.

The sole business activity of Sienna UK is to issue redeemable preference shares. Accordingly, Sienna UK does not have any trading assets and does not generate any significant net income.

A copy of Sienna UK's constitutional documents, its non-audited, non-consolidated annual financial statements, when published, and the Terms of the Preference Shares (as defined below) are available (free of charge) from the registered office of Sienna UK.

The Preference Shares

Sienna UK will from time to time issue tranches of 100 redeemable preference shares with a par value of £0.01 each. The preference shares will be issued fully paid to SFM Corporate Services Limited and at a premium of £0.99, for total consideration of £1.00 each.

Sienna UK may issue redeemable preference shares of any kind (the "**Preference Shares**"), including but not limited to preference shares linked to a specified index or basket of indices, share or basket of shares, currency or basket of currencies, fund unit or share or basket of fund units or shares or to such other underlying instruments, bases of reference or factors (the "**Preference Share Underlying**") and on such terms as may be determined by Sienna UK and specified in the applicable Specific Terms and Conditions of the relevant series of preference shares (the "**Terms of the Preference Shares**").

The Terms of the Preference Shares also provide that Sienna UK may redeem the Preference Shares early if:

- (a) the calculation agent in respect of the Preference Shares (the "**Preference Shares Calculation Agent**") determines that for reasons beyond Sienna UK's control, the performance of its obligations under the Preference Shares has become illegal or impractical in whole or in part for any reason; or
- (b) any event occurs in respect of which the provisions of the Terms of the Preference Shares relating to any adjustment, delay, modification, cancellation or determination in relation to the Preference Share Underlying, the valuation procedure for the Preference Share Underlying or the Preference Shares provide that the Preference Shares may be redeemed or cancelled; or
- (c) a change in applicable law or regulation occurs that in the determination of the Preference Share Calculation Agent results, or will result, by reason of the Preference Shares being outstanding, in Sienna UK being required to be regulated by any additional regulatory authority, or being subject to any additional legal requirement or regulation or tax considered by Sienna UK to be onerous to it; or
- (d) Sienna UK is notified that the Notes have become subject to early redemption.

The performance of the Preference Shares depends on the performance of the Preference Share Underlying to which the Preference Shares are linked. In determining the value of the Preference Shares, the Determination Agent shall employ the calculation procedure and methodology set out in the applicable Terms of the Preference Shares.

BENEFIT PLAN INVESTORS

The Notes may not be acquired or held by, or acquired with the assets of, any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or any individual retirement account or plan subject to Section 4975 of the Code or any entity whose underlying assets include "plan assets" within the meaning of Section 3(42) of ERISA by reason of any such employee benefit plan's account's or plan's investment therein.

The Global Note Certificates and the Individual Note Certificates will bear a legend to the following effect:

THE INVESTOR SHALL BE DEEMED TO REPRESENT BY ITS ACQUISITION AND HOLDING OF AN INTEREST HEREIN THAT IT IS NOT ACQUIRING THE SECURITIES WITH THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), ANY INDIVIDUAL RETIREMENT ACCOUNT OR PLAN SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF SECTION 3(42) OF ERISA BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S ACCOUNT'S OR PLAN'S INVESTMENT THEREIN.

UNITED STATES FEDERAL TAXATION

This discussion is limited to the U.S. federal tax issues addressed below. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of the transaction. Because this tax disclosure was written in connection with the marketing of the Program for the Issuance of Series A Notes and Series B Notes, it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder. Holders should seek their own advice based upon their particular circumstances from an independent tax advisor.

The following are the material U.S. federal tax consequences of ownership and disposition of the Notes by Non-U.S. Holders (as defined below). This overview is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, changes to any of which subsequent to the date of this Base Prospectus may affect the tax consequences described herein.

This overview does not discuss all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special rules, such as:

- persons other than Non-U.S. Holders;
- nonresident alien individuals who have lost their United States citizenship or who have ceased to be treated as resident aliens; or
- corporations that are treated as personal holding companies, controlled foreign corporations, or passive foreign investment companies.

Persons considering the purchase of Notes should consult their own tax advisors with regard to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

As used herein, the term "**Non-U.S. Holder**" means a beneficial owner of a Note that is for United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- a nonresident alien fiduciary of a foreign estate or trust.

"**Non-U.S. Holder**" does not include a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition and who is not otherwise a resident of the United States for U.S. federal income tax purposes. Such a holder is urged to consult his or her own tax advisors regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of a Note.

Notes

Except as otherwise discussed below or indicated in any Supplement or applicable Drawdown Prospectus, a Non-U.S. Holder will generally not be subject to United States federal income tax, including withholding tax, on payments of principal, or interest (including original issue discount, if any) on a Note, or on proceeds from the sale or other disposition of a Note, **provided that** for purposes of United States federal income tax law:

- the Note is treated as indebtedness of the relevant Issuer for U.S. federal income tax purposes;
- the payments or proceeds are not effectively connected with the conduct of a trade or business within the United States by the holder;
- the holder does not own (directly or by attribution) ten per cent. or more of the total combined voting power of all classes of stock of Morgan Stanley entitled to vote;
- the holder is not a bank holding the Note in the context of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

- the holder does not have a "tax home" (as defined in Section 911(d)(3) of the Code) or an office or other fixed place of business in the United States; and
- in the case of a note issued by Morgan Stanley the beneficial owner of the Note (or a financial institution holding the Note on behalf of the beneficial owner) furnishes the U.S. Internal Revenue Service ("**IRS**") Form W-8BEN, on which the beneficial owner certifies under penalties of perjury that it is not a U.S. person.

Exchangeable Notes

Except as otherwise discussed below or indicated in any Supplement or applicable Drawdown Prospectus, a Non-U.S. Holder will generally not be subject to United States federal income tax, including withholding tax, with regard to a Note that is exchangeable into securities or components of indices (an "**Exchangeable Note**") if:

- the Note is treated as indebtedness of the relevant Issuer for U.S. federal income tax purposes;
- the Note is exchangeable only into securities that are actively traded, into a basket of securities that are actively traded or an index or indices of securities that are actively traded; and
- the other requirements for exemption from tax listed above under "*Notes*" are met.

With regard to the above requirements, Exchangeable Notes for which the principal amount payable in cash equals or exceeds the issue price (i.e. the first price at which a substantial amount of the Exchangeable Notes is sold to the public) will generally be treated as indebtedness for U.S. federal income tax purposes. No opinion is expressed herein as to the impact of the "United States real property holding corporation" rules, which could affect the taxation of Non-U.S. Holders of Exchangeable Notes in certain circumstances. Non-U.S. Holders intending to purchase Exchangeable Notes should refer to the discussion relating to taxation in the applicable Final Terms for disclosure, if any is deemed necessary, concerning the applicability of those rules. For information regarding the U.S. federal income tax consequences of the ownership and disposition of the property received in exchange for the Note, please refer to the documents described in the applicable Final Terms.

Notes Linked to Single Securities, Baskets of Securities, Indices, Exchange Traded Funds or other Funds and Currencies

Except to the extent discussed above under "*Exchangeable Notes*", the United States federal income tax consequences to a Non-U.S. Holder of the ownership and disposition of Notes that have principal or interest determined by reference to securities of entities not affiliated with the relevant Issuer, baskets of securities or indices, exchange traded funds or other funds, currencies or the credit of entities not affiliated with the relevant Issuer may vary depending upon the exact terms of the Notes and related factors. Notes containing any of those features may be subject to rules that differ from the general rules discussed above. In these instances, the Supplement or applicable Drawdown Prospectus will disclose such special rules. Non-U.S. Holders intending to purchase such Notes should refer to the discussion relating to taxation in the applicable Final Terms, if deemed necessary, for disclosure concerning the applicability of the rules.

Backup Withholding and Information Reporting

In general, U.S. information reporting and backup withholding will not apply to payments on such Notes held by a Non-U.S. Holder and received outside the United States through a non-U.S. bank or other non-U.S. financial institution. Proceeds of sales and payments on Notes received within the United States or through certain U.S. related financial institutions may be subject to information reporting and backup withholding unless the Non-U.S. Holder complies with applicable certification procedures to establish that it is not a U.S. person for U.S. federal income tax purposes or otherwise establishes an exemption. Compliance with the certification procedures described above will satisfy the certification requirements necessary to avoid backup withholding. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

Estate Tax

Subject to benefits provided by an applicable estate tax treaty, a Note that is treated as indebtedness of the relevant issuer for U.S. federal income tax purposes will generally be excluded from the gross estate of a Non-U.S. Holder for U.S. federal estate tax purposes upon the individual's death unless, at such time, interest payments on the Notes would have been:

- subject to U.S. federal withholding tax without regard to any certification that such holder is not a "United States person" within the meaning of Section 7701(a)(30) of the Code, not taking into account an elimination of such U.S. federal withholding tax due to the application of an income tax treaty; or
- effectively connected to the conduct by the holder of a trade or business in the United States.

Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal estate tax consequences of an investment in the Notes and the availability of benefits provided by an applicable estate tax treaty, if any.

Withholding on Dividend Equivalent Payments

The U.S. Treasury Department has released proposed regulations under Section 871(m) of the Code, which require withholding of up to 30% (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non-U.S. persons on certain financial instruments to the extent that such payments are contingent upon or determined by reference to U.S.-source dividends. Significant aspects of the application of these regulations to the securities are uncertain. Payments on Notes made after December 31, 2013 that are treated by the applicable Treasury regulations as being contingent upon, or adjusted to reflect, any U.S. source dividends may be subject to this withholding. None of the Issuers nor the Guarantor shall be required to pay any additional amounts or otherwise indemnify any person with respect to amounts so withheld.

U.S. Foreign Account Tax Compliance Withholding

The Issuers and other financial institutions through which payments on the Notes are made may be required to withhold at a rate of 30% on all, or a portion of, payments made on or with respect to Notes pursuant to Sections 1471 through 1474 of the Code, the regulations thereunder and pursuant to agreements with the United States regarding these rules (commonly referred to as "**FATCA**"). With respect to Notes issued by Morgan Stanley, this withholding generally would apply to payments that are classified as U.S. source income made after December 31, 2013 and with respect to principal payments made after December 31, 2106. With respect to other Notes, this withholding would begin no earlier than January 1, 2017.

FATCA withholding will not apply to Notes that are considered to be grandfathered obligations under FATCA. Notes that are classified as equity for U.S. federal income tax purposes will not be classified as grandfathered obligations. Notes issued by Morgan Stanley that are not classified as equity will generally be grandfathered obligations so long as they are issued before (and not materially modified on or after) January 1, 2014. Other Notes that are not classified as equity will generally be grandfathered obligations so long as they are issued before (and not materially modified on or after) the date that is six months after final regulations clarifying how FATCA applies to "foreign passthru payments" are published (or, if later, January 1, 2014). Special rules apply to Notes that are subject to withholding under Section 871(m).

For Notes that are not grandfathered obligations, withholding may be triggered if: (i) an investor does not provide information sufficient for the relevant withholding agent to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" under FATCA, (ii) an investor does not consent, where necessary, to have its information disclosed to the IRS or (iii) any "foreign financial institution (or "**FFI**") that is an investor, or through which payment on the Notes is made, is not exempt from being withheld upon under FATCA.

The United States has entered into intergovernmental agreements to facilitate the implementation of FATCA ("**IGAs**") with a number of jurisdictions. Generally, FFIs in an IGA jurisdiction are not subject to FATCA withholding, and payments made by FFIs in certain IGA jurisdictions would not be treated as foreign passthru payments.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, none of the Issuers nor the Guarantor shall be required to pay any additional amounts or otherwise indemnify any person with respect to amounts so withheld

An FFI investor that is subject to FATCA withholding generally will only be able to obtain a refund of amounts withheld from payments made to it to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on such payments, provided the required information is furnished in a timely manner to the IRS.

Significant aspects of the application of FATCA are not currently clear. Prospective investors should consult their own tax advisors about the application of FATCA, in particular if they may be classified as financial institutions under FATCA.

UNITED KINGDOM TAXATION

The following disclosure applies in respect of Notes issued by Morgan Stanley, MSI plc or MSBV, and references in this section on United Kingdom taxation to "Notes" and references to "Noteholders", should be construed accordingly.

The following is a general description of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding, disposing of, or abandoning Notes. Transactions involving Notes, including the issue and subscription of Notes, any purchase or disposal or settlement of Notes, may have United Kingdom tax consequences for potential purchasers (including but not limited to, transfer taxes and possible withholding or deduction for or on account of United Kingdom tax from payments made in respect of the Notes). The tax consequences may depend, amongst other things, on the status of the potential investor and the terms and conditions of a particular Note as specified in the Final Terms. It is based on current law and practice of HM Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders and Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Prospective Noteholders and Noteholders who are in any doubt as to their tax position should consult their professional advisors about tax implications of purchasing and holding a Note, any transaction involving a Note, and any transaction involved in the exercise and settlement of a Note. Noteholders and Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom are particularly advised to consult their professional advisors as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom withholding taxation aspects of payments in respect of the Notes. In particular, Noteholders and Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

A. Notes - UK Withholding Tax on Interest Payments by the Issuers

1. Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the relevant Issuer without withholding or deduction for or on account of United Kingdom income tax.
2. Interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the relevant Issuer without withholding or deduction for or on account of United Kingdom income tax except in circumstances where such interest has a United Kingdom source. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment and has stated that the place where the Issuer does business and the place where its assets are located are the most important factors in this regard; however, HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligation under the Notes, and similar factors relating to any guarantee.
3. Interest which has a United Kingdom source ("**UK interest**") may be paid by the relevant Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Notes will be regarded as "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the

United Kingdom's official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed in the country of that stock exchange in accordance with provisions corresponding to those generally applicable in European Economic Area states in a country outside the United Kingdom in which is a recognised stock exchange.

4. As the Luxembourg Stock Exchange is a recognised stock exchange, the Notes will, accordingly, constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Regulated Market of that Exchange.
5. If the Notes do not constitute "quoted Eurobonds", payments of interest on the Notes may still be made without withholding or deduction for or on account of United Kingdom income tax, **provided that** the relevant Issuer is and continues to be authorised for the purposes of the Financial Services and Markets Act 2000 and its business is and continues to consist wholly or mainly of dealing in financial instruments (within the meaning of section 885 of the Income Tax Act 2007) as principal and that such payments are made in the ordinary course of that business. On the basis of HMRC published practice in the context of a similar provision, interest will be accepted as being paid in the ordinary course of business unless either (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Prudential Regulatory Authority, whether or not it actually counts toward tier 1, 2 or 3 capital for regulatory purposes, or (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
6. In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or to any other exemption which may apply.

C. Payments under Deed of Covenant

Any payments made under the Deed of Covenant by the relevant Issuer may not qualify for the exemptions from UK withholding tax described above.

D. Provision of Information

Holders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" as defined for the purposes of Schedule 33, Finance Act 2011 (although, in this regard, HMRC published guidance for the year 2013/2014 which indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see the section titled "EU Savings Directive" below).

E. Payments by Guarantor

If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) and such payment have a United Kingdom source, such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Whether such payment made by the Guarantor have a United Kingdom source is a complex matter and is likely to be determined by reference to the factors set out in paragraph A2 above. Such payments by the Guarantor may not be eligible for the exemptions described in A. above.

F. Other Rules Relating to United Kingdom Withholding Tax

1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
3. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "**interest**" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment, rent or royalties for United Kingdom tax purposes. Where a payment is subject to United Kingdom withholding tax, depending on the nature of the payment (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note), the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to any exemption from withholding which may apply and to such relief as may be available under the provisions of any applicable double tax treaty.

NETHERLANDS TAXATION

The following general description of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following general description does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of this general description it is assumed that no individual or non-resident entity holding a Note has or will have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. An entity holding a Note has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this general description, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this general description refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the general description refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note or Coupon.

1. WITHHOLDING TAX

All payments under the Notes may be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, **provided that** (i) the Notes have a maturity – legally or *de facto* - of not more than 50 years, and (ii) the Notes will not represent, be linked to (the performance of) or be convertible (in part or in whole) into, (rights to purchase) (a) shares, (b) profit certificates (winstbewijzen), and/or (c) debt instruments having a maturity – legally or *de facto* – of more than 50 years, issued by MSBV, the Guarantor or any other entity related to MSBV and/or the Guarantor.

2. TAXES ON INCOME AND CAPITAL GAINS

Residents

Resident entities

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

Resident individuals

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent if:

1. the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
2. the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts 4% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

Non-residents

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. VALUE ADDED TAX

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of the Notes.

5. **OTHER TAXES AND DUTIES**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

6. **RESIDENCE**

A holder of a Note will not be and will not be deemed to be resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

AUSTRIAN TAXATION

This section on taxation contains a brief description of the Issuers' understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in the Republic of Austria. This general description 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. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. This description furthermore only refers to investors which are subject to unlimited (corporate) income tax liability in Austria. 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 Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 188 of the Austrian Investment Funds Act 2011 (*Investmentfondsgesetz 2011*)) shall in any case be borne by the purchaser. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

General remarks

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 taxation of the Notes

Pursuant to sec. 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;
- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and also broken-period interest; and
- income from derivatives (*Einkünfte aus Derivat*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to a loss of Austria's taxation right regarding the Notes vis-à-vis other countries, e.g., a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (*cf.* sec. 27(6)(1) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as a non-business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income that is paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to a withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25%. In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Sec. 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may not be offset against interest and other claims against credit institutions as well as income from Austrian or foreign private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*); income subject to the flat tax rate of 25% may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income.

Individuals subject to unlimited income tax liability in Austria holding the Notes as a business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%. While this withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must on the other hand be included in the income tax return (nevertheless flat income tax rate of 25%). In case of investment income without an Austrian nexus, the income must always be included in the income tax return (flat income tax rate of 25%). In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of 25%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the Notes at a rate of 25%. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%, which can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied in the first place. Income from the sale of the Notes is subject to corporate income tax of 25%. Losses from the sale of the Notes can be offset against other income (and carried forward).

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as a non-business asset are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities). Interim tax does not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the tax period. In case of investment income with an Austrian nexus (as described above) income is in general subject to a withholding tax of 25%, which can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act no withholding tax is levied.

Pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent is obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent. If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then the withholding tax on the positive income is to be credited, with such tax credit being limited to 25% of the negative income. In certain cases, the offsetting is not permissible. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit.

Pursuant to sec. 188 of the Austrian Investment Funds Act 2011, a foreign investment fund is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organised 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. Certain collective investment vehicles investing in real estate are exempted. 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 to these, 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. Directly held bonds shall not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact of whether the index is a well-known one, an individually constructed "fixed" index or an index which is changeable at any time.

EU withholding tax

Sec. 1 of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*) – implementing 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 EU member state (or in certain dependent or associated territories, which currently include Anguilla, Aruba, British Virgin Islands, Guernsey, the Isle of Man, Jersey, Montserrat, the Netherlands Antilles and the Turks and Caicos Islands) are subject to a withholding tax of 35% if no exception from such withholding applies. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from EU withholding tax if the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her EU member state of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

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.

Tax treaty between Austria and Switzerland

On 1 January 2013 the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. The treaty provides that a Swiss paying agent has to withhold a tax amounting to 25%, on, *inter alia*, interest income, dividends and capital gains from assets booked with an account or deposit of such Swiss paying agent, if the relevant holder of such assets (*i.e.* in general individuals on their own behalf and as beneficial owners of assets held by a domiciliary company (*Sitzgesellschaft*)) is tax resident in Austria. For Austrian income tax purposes the withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for the effect of final taxation for such income. The treaty, however, does not apply to interest covered by the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

Austrian inheritance and gift tax

Austria does not levy inheritance or gift tax.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of

effective management in Austria. Certain exemptions apply in case of a transfer *mortis causa* of financial assets within the meaning of sec. 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to the special tax rate of 25%. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Notes may trigger income tax on the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act (see above).

BELGIAN TAXATION

The following is a general description of certain Belgian tax considerations relating to an investment in the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belgium of acquiring, holding and disposing of the Notes. This summary is based upon the law as in effect on the date of this prospectus and is subject to any change in law that may take effect after such date.

Taxation applicable to individuals resident in Belgium

Belgian residents subject to Belgian personal income tax are normally subject to the following tax treatment with regard to the Notes.

Any periodic coupon payment as well as any cash payment and/or delivery of a physical delivery amount made by the Issuer in excess of the issue price (upon full or partial redemption, whether or not at maturity, or upon purchase by the issuer) will be treated as interest for Belgian tax purposes and will be subject to a Belgian withholding tax of 25 per cent if collected through a financial intermediary established in Belgium. If Belgian withholding tax has been withheld, the income will not be taxed further, and need not be reported in the tax return. Holders of the Notes who collect the payment abroad without Belgian withholding tax are required to mention this income in their tax return and will be taxed at a flat rate of 25 per cent.

Capital gains realised on the sale of the Notes on the secondary market before maturity are generally not taxable for individuals, except if the purchaser is the Issuer. In the latter case, capital gains are taxable as interest and subject to withholding tax if collected through a financial intermediary established in Belgium. The accrued interest part of a capital gain realized on a sale of Notes which qualify as fixed income Notes in the meaning of article 2, §1, 8° Belgian Income Tax Code is also taxable as interest. Capital losses realized on a sale of the Notes are not tax deductible.

Other rules may be applicable in certain specific cases, especially when the investors hold the Notes within the framework of their professional activity, or when transactions regarding the Notes fall outside the scope of common private asset management transactions.

Taxation applicable to Belgian corporations

Companies that are subject to Belgian corporate tax are normally subject to the tax treatment described below with regard to the Notes.

The total amount of income from the Notes will be part of the taxable profit of the company, except for capital gains realized upon settlement of a physically settled warrant, which may under certain conditions benefit from an exemption.

The income which is treated as interest for Belgian tax purposes is subject to a Belgian withholding tax of 25 per cent if it is collected through a financial intermediary established in Belgium. An exemption of withholding tax may apply if the company receiving the interest delivers a specific residence certificate. The exemption does not apply for income on zero coupon or capitalization bonds.

Belgian withholding tax, if due, can be offset against the investor's corporate tax, but only in proportion to the period during which the company held the Notes.

Capital gains realised on the sale of the Notes are taxable while capital losses are in principle tax deductible.

Taxation applicable to entities subject to the legal entities' tax

Any periodic coupon payment as well as any cash payment and/or delivery of a physical delivery amount made by the issuer in excess of the issue price (upon full or partial redemption, whether or not at maturity, or upon purchase by the issuer) will be subject to a Belgian withholding tax of 25 per cent if collected through a financial intermediary established in Belgium. If Belgian withholding tax has been withheld, the interest will not be taxed further. Holders of the Notes who collect the payment abroad without

Belgian withholding tax are required to declare this income and to pay the withholding tax on their own initiative.

Capital gains realised on the sale of the Notes on the secondary market before maturity are generally not taxable for non-profit entities, except if the purchaser is the Issuer. In the latter case, capital gains are taxable as interest and subject to withholding tax if collected through a financial intermediary established in Belgium. The accrued interest part of a capital gain realized on a sale of Notes which qualify as fixed income Notes in the meaning of article 2, §1, 8° Belgian Income Tax Code are also taxable as interest. Capital losses realized on a sale of the Notes are not tax deductible.

Taxation applicable to Organisations for Financing Pensions ("OFP")

Income from the Notes, including capital gains realized on a sale or settlement of the Notes, derived by Organisations for Financing Pensions will be exempt from Belgian corporate income tax. Subject to certain conditions, any Belgian withholding tax levied on the interest will be fully creditable against any corporate income tax due and any excess amount will in principle be refundable.

Taxation applicable to non-Belgian residents

Investors who are non-residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment and do not invest the Notes in the course of their Belgian professional activity will in principle not incur or become liable for any Belgian tax on income or capital gains (save as the case may be, in the form of withholding tax).

Any periodic coupon payment as well as any cash payment and/or delivery of a physical delivery amount made by the issuer in excess of the issue price (upon full or partial redemption, whether or not at maturity, or upon purchase by the issuer) will be subject to a Belgian withholding tax of 25 per cent if collected through a financial intermediary established in Belgium, unless the investor is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors that do not hold the Notes through a Belgian establishment can also obtain an exemption of Belgian withholding tax on interest from the Notes paid through a Belgian credit institution, a Belgian stock market company or a Belgian-recognized clearing or settlement institution, **provided that** they deliver an affidavit from such institution or company confirming (i) that the investors are non-residents, (ii) that the Notes are held in full ownership or in usufruct and (iii) that the Notes are not held for professional purposes in Belgium.

Inheritance duties

No Belgian inheritance duties will be due in respect of the Notes if the deceased holder of the Notes was not a Belgian resident at the time of his or her death, even if the Notes were held in custody in Belgium.

Stamp duties

Secondary market trades in respect of the Notes may give rise to a stamp duty of 0.09% (*taks op beursverrichtingen / taxe sur les opérations de bourse*) if they are carried out through a financial institution established in Belgium. The tax is due both on the sale and the acquisition leg of the transaction. The amount of the stamp duty, however, is capped at EUR 650 per party and per transaction, and various types of investors (including credit institutions, insurance companies, pension funds and all non-residents of Belgium) are exempted from this stamp duty.

EU Savings Directive

The EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a paying agent located within its jurisdiction to, or for the benefit of, an individual or residual entity resident in that other Member State (hereinafter "Disclosure of Information Method"), except that Austria and Luxembourg may instead impose a withholding system (hereinafter "Source Tax") for a transitional period (subject to a procedure whereby, on meeting certain

conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise.

Individuals not resident in Belgium

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in its personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excess amount will be reimbursed, provided it reaches a minimum of Euro 2.5.

CZECH TAXATION

The following is a general description of current law and practice in the Czech Republic as in effect on the date of this Base Prospectus and is subject to changes in such laws, including changes that could have a retroactive effect. The following description is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any holder of the Notes. It does not take into account or discuss the tax laws of any country other than the Czech Republic and relates only to the position of persons who are beneficial owners of the Notes. Prospective investors are advised to consult their own tax advisers as to the Czech Republic or other tax consequences of the purchase, ownership and disposal of the Notes.

Taxation of tax residents

Persons (individuals and corporate entities) who are tax resident in the Czech Republic are subject to income taxation (personal income tax or corporate income tax, respectively) on their worldwide income, regardless of its source, including interest from debt instruments (such as the Notes) and capital gains from the sale of the Notes.

Tax rates

The taxable income from the Notes is taxed at a flat personal income tax rate of 15% for individuals and at a flat corporate income tax rate of 19% for general corporate entities and at a flat corporate income tax rate of 5% for investment funds and unit trusts. Interest income of pension funds from certain debt instruments (such as the Notes) is not subject to corporate income tax.

Private investors

Interest (including discount on bonds) is taxable and related expenses are not tax deductible. Capital gains from the sale of the Notes held as private assets by individuals are tax exempt after a 6-month holding period. In the case of taxable capital gains from the sale of the Notes held as private assets by individuals (as opposed to business assets), only the acquisition price of the Notes up to the sale proceeds may be a tax deductible expense.

Taxation of tax non-residents

Persons (individuals and corporate entities) who are not tax resident in the Czech Republic are subject to Czech personal income tax or corporate income tax on interest or capital gains if:

- (i) the Notes are held as business assets of a Czech permanent establishment of the tax non-resident, or
- (ii) capital gains from the sale of the Notes are paid by a Czech tax resident or a Czech permanent establishment of a tax non-resident. An applicable double taxation treaty concluded between the Czech Republic and the tax residency country of the tax non-resident (seller of the Notes) may, however, eliminate this Czech taxation of capital gains, or
- (iii) interest is paid in an over-the-counter transaction with a Czech credit institution or financial services institution, which term includes a Czech branch of a foreign credit institution or financial services institution, but excludes a foreign branch of a Czech credit institution or financial services institution ("Czech Paying Agent").

Withholding tax

Tax residents

Withholding tax on interest paid to individual investors may be imposed in the Czech Republic. Withholding tax may be levied if the Notes are (i) kept in a domestic securities deposit account by a Czech Paying Agent and (ii) the proceeds are paid by the Czech Paying Agent.

Withholding tax is levied at a flat withholding tax rate of 15%. The withheld income tax is final and shall replace the investor's income taxation by self-assessment in its annual tax declaration.

Tax non-residents

Persons who are not tax resident in the Czech Republic are subject to Czech withholding tax only if the interest on the Notes is paid in an over-the-counter transaction with a Czech Paying Agent. If applicable, double taxation treaties may provide for nil or a reduced tax on the interest income of tax non-residents.

If subject to Czech withholding tax, persons who are not tax resident in the Czech Republic but are tax residents in other member states of the EU/EEA (European Economic Area), have an option to file a Czech annual income tax declaration whereby they can declare (self-assess) the interest income and deduct the actual related tax expenses; if the tax withheld is higher than their actual self-assessed income tax liability, the difference is refundable.

Tax security withholding

Capital gains from the sale of the Notes paid to persons not tax resident in the EU/EEA by a Czech tax resident or a Czech permanent establishment of a tax non-resident are not subject to Czech withholding tax, but to a tax security (advance) withholding. Under Czech income tax law, buyers of the Notes are obliged to withhold this tax security at the rate of 1% of the purchase price of the Notes and transfer it to the Czech tax authority.

The sellers of the Notes (tax non-resident in the EU/EEA) then have an option to file a Czech annual income tax declaration whereby they can declare (self-assess) their capital gains and deduct the actual related tax expenses. If the withheld tax security is higher than their actual self-assessed income tax liability, the difference is refundable. An applicable double taxation treaty concluded between the Czech Republic and the tax residency country of the EU/EEA tax non-resident may, however, eliminate this tax security withholding obligation.

Other taxes

No stamp, issue, registration or similar taxes or duties are payable in the Czech Republic in connection with the issuance, delivery or execution of the Notes.

Inheritance or gift taxes with respect to the Notes would, in principle, arise under Czech law depending on, in the case of inheritance tax, the legal status of the deceased, and in the case of gift tax, whether the place of the gift was in the Czech Republic as well as the legal status of the donor or beneficiary. In certain cases a bilateral tax treaty may apply.

DANISH TAXATION

The following is a general description of the taxation in Denmark of Notes according to the Danish tax laws in force at the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following general description does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment, holding and disposal of Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.

Taxation at source

Under existing Danish tax laws no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in The Danish Corporation Tax Act (in Danish "*Selskabsskatteloven*") of 14 November 2012 (as amended). This will not have any impact on Noteholders who are not in a relationship whereby they control, or are controlled by, the Issuer, or where the Noteholders and the Issuer are not controlled by the same group of shareholders.

Moreover, Danish withholding tax on payments of interest or principal or other amounts due on the Notes will not apply where the payment does not have a Danish source.

Resident Noteholders

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes through their permanent establishment in Denmark are liable to pay tax on such interest.

Capital gains are taxable to individuals and corporate entities in accordance with the Danish Capital and Exchange Gains Act (in Danish "*Kursgevinstloven*") of 14 November 2012 (as amended) (the "**Act**"). Gains and losses on Notes held by corporate entities are generally taxed in accordance with a mark-to-market principle (in Danish "*lagerprincippet*"), i.e. on an unrealised basis. Gains and losses on Notes held by individuals are generally taxed on a realised basis and if the annual gains or losses do not exceed DKK 2,000, the gains or losses will be exempt from taxation.

A variety of features regarding interest and principal may apply to the Notes. The applicable taxation of capital gains to corporate entities or individuals will depend on the features applicable to the Notes in question.

Structured notes can be designed in many ways and with many different underlying assets or in a way that the yield will depend on various index or currency flows. When structured notes are issued the following tax rules apply to the Notes.

Gains and losses on structured notes are generally treated as gains and losses on financial instruments in accordance with section 29(3) of the Act. However, there are exceptions – for example, notes which are adjusted in relation to developments in the consumer prices index (as computed by Statistics Denmark (in Danish "*Danmarks Statistik*")), the net consumer-price index or a similar index within the European Union or any of its member states. The gains and losses are calculated irrespective of the rules applying to the underlying asset.

Gains and losses on structured notes issued to both corporate entities and individuals are predominantly treated as taxable income in accordance with a mark-to-market principle (in Danish "*lagerprincippet*"), i.e. on an unrealised basis.

Corporate entities are generally able to deduct losses on structured notes, but individuals may only deduct losses on structured notes against gains on other financial instruments. However, in both cases, certain restrictions or exceptions apply.

Pension funds and other entities governed by the Danish Act on Taxation of Pension Yield (in Danish "*Pensionsafkastbeskatningsloven*") of 22 February 2011 (as amended) would, irrespective of realisation, be taxed on annual value increase or decrease of the Notes according to a mark-to-market principle (in Danish "*lagerprincippet*") as specifically laid down in the act.

Non-Resident Noteholders

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholders are not subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under "*Taxation at source*" above. Thus, no Danish withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under "*Taxation at source*" above.

This tax treatment applies solely to Noteholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

FINNISH TAXATION

The following is a general description of certain tax considerations relating to Notes. The following description relates only to payments by the relevant Issuer or Guarantor to beneficial owners of the Notes and may not apply to certain classes of persons such as Dealers. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Finland or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, including changes with retroactive effect.

For the purpose of the Finnish tax consequences described herein, it is assumed that the relevant Issuer or Guarantor is neither a resident nor deemed to be a resident of Finland for Finnish tax purposes.

GENERAL

Finnish residents and non-residents are treated differently for tax purposes in Finland. Finnish residents are subject to taxation in Finland on their worldwide income. Non-residents who are not generally liable to tax in Finland are subject to taxation in Finland solely in respect of their Finnish source income.

Generally, an individual is deemed to be a Finnish resident if such an individual continuously resides in Finland for more than six months or if the permanent home and dwelling of such an individual is in Finland. A citizen of Finland who has moved abroad is regarded as resident for Finnish tax purposes until three years have passed after the end of the year of emigration, even though the individual does not reside in Finland over six months or the permanent home and dwelling is not located in Finland, if such an individual cannot prove that he/she has not had any essential relationship to Finland in the tax year in question.

Legal entities established under the laws of Finland are regarded as residents of Finland in accordance with domestic tax law.

Double tax treaties may restrict the authority of the Finnish state to tax the foreign source income of an individual or entity deemed as resident of Finland pursuant to Finnish domestic tax law.

RESIDENT HOLDERS OF NOTES

Under present Finnish domestic tax law, holders of Notes who are resident in Finland for tax purposes, are as a general rule subject to Finnish tax on interest payments received under the Notes and on gains realized on the sale, exchange, redemption or other disposition of the Notes.

Individuals and estates

Interest and any similar income (e.g. interest compensation, FI: *jälkimarkkinahyvitys* and index compensation, FI: *indeksihyvitys*) received by individuals and estates as holders of Notes and capital gain accrued on the Notes is generally taxed as capital income unless the Notes are considered to belong to the business activity of an individual or estate. Capital income is taxed at a flat rate of 30 per cent to the extent the annual capital income of the individual or estate does not exceed EUR 50,000. If the capital income exceeds EUR 50,000 the tax rate is 32 per cent.

Losses realized on the sale or redemption of Notes should be deductible against capital gains. The losses are only deductible against capital gains arising in the same year and the following five years.

Income and gains from Notes considered to belong to the business activity of an individual or estate for Finnish tax purposes are included in the total business income of such individual or estate. The business income will be divided, according to the Finnish Income Tax Act, to be taxed as capital income (taxed at the rate of 30 or 32 per cent) and earned income (taxed at a progressive tax rate).

Corporates

Interest and any similar income (e.g. interest compensation, FI: *jälkimarkkinahyvitys* and index compensation, FI: *indeksihyvitys*) received by corporate holders of Notes and capital gain accrued on the

Notes is generally taxed as business income or other income, taxed at the corporate income tax rate of 24.5 %. Where the Notes are considered business assets, losses realized should be deductible against business income. Where the Notes are considered to belong to the other income source, losses realized should be deductible against capital gains in the other income source arising in the same year and the following five years.

Tax exemptions may apply with respect to certain categories of corporate holders of Notes, such as tax exempt investment institutions, pension funds or other entities that are exempt from Finnish corporate income tax.

NON-RESIDENT HOLDERS OF NOTES

Holders of Notes who are not resident in Finland for tax purposes and who do not conduct business through a permanent establishment in Finland will not be subject to Finnish taxes either on payments in respect of the Notes or gains realized on the sale, exchange, redemption or other disposition of the Notes. Where the income under the Notes is attributable to a permanent establishment of a Non-resident holder of the Notes, the taxation would generally follow the taxation of resident holders of the Notes (see *Corporates* above).

WITHHOLDING

The relevant Issuer or Guarantor is not under an obligation to perform any withholding or deduction for or on account of any income tax imposed, levied, withheld, or assessed by Finland or any political subdivision or taxing authority thereof or therein in respect of any payments under the Notes. Further, such payments may be made free of any withholding when the recipient of the payment is not resident in Finland for tax purposes, or is a corporate resident in Finland for tax purposes.

An agent or intermediary (such as a financial institution) resident in Finland for tax purposes, when effecting a payment to an individual or estate resident in Finland, is generally under the obligation to withhold advance income tax at the rate of 30 per cent from any interest, interest compensation (FI: *jälkimarkkinahyvitys*) or index compensation, (FI: *indeksihyvitys*) paid to an individual residing in Finland, where such payment is made through the agent or intermediary, or a Finnish permanent establishment of such agent or intermediary. Payments classified as capital gain for purposes of Finnish tax laws are generally not subject to such withholding.

TRANSFER TAXATION

A transfer of the Notes is not subject to Finnish transfer taxation.

FRENCH TAXATION

The following is a general description of certain French withholding tax considerations relating to the Notes. It does not purport to be a description of general French tax considerations relating to the Notes. Prospective investors are advised to consult their own professional advisors to obtain information about the tax consequences of transactions involving the Notes, including any purchase or disposal of, or other dealings in, the Notes. Only personal advisors are in a position to adequately take into account special tax aspects of the particular Notes in question as well as the investor's personal circumstances and any special tax treatment applicable to the investor. This summary is based on French law as in force when drawing up this Base Prospectus. The laws and their interpretation by the tax authorities may change and such changes may have retroactive effect.

Payments of interest and principal by the Issuer (acting out of its head offices or one of its non-French branch) under the Notes will not be subject to withholding tax in France, in accordance with the applicable French law.

By exception, pursuant to Article 9 of 2013 Finance Law (*loi n°2012-1509 du 29 décembre 2012 de finances pour 2013*), and subject to certain limited exceptions, interest and other similar revenues received from 1 January 2013 by French tax resident individuals are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG of 8.2%, the *prélèvement social* of 4.5%, its *contribution additionnelle au prélèvement social* of 0.3%, the *prélèvement de solidarité sur les revenus du patrimoine et produits de placement* de 2% and the CRDS of 0.5%) are also levied by way of withholding tax at an aggregate rate of 15.5% on interest and other similar revenues paid to French tax resident individuals.

Prospective purchasers of Notes who are French resident for tax purposes or who would hold such Notes through a permanent establishment or fixed base in France should be aware that transactions involving the Notes, including any purchase or disposal of, or other dealings in, the Notes, may have French tax consequences. The tax consequences regarding interest, premium on redemption and capital gains in particular may depend, amongst other things, upon the status of the prospective purchaser (i.e. legal entities or individuals). Prospective purchasers of Notes should consult their own advisers about the tax implications of holding Notes and of any transactions involving Notes.

GERMAN TAXATION

The following is a general discussion of certain German tax consequences of the acquisition, ownership and disposal of the Notes. As each Tranche of the Notes may be subject to a different tax treatment due to the specific terms of each Tranche, the following section shall only be regarded as generic description with regard to the possible tax treatment in Germany. It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This general description is based on the laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents.

To the extent the following information describes the taxation in the case of a disposal of the Notes, such description applies accordingly to cases of a call, exercise, assignment or redemption of the Notes as well as a transfer of Notes into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*).

German tax residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

Notes held as private assets

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

Income

The Notes should qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Interest paid regarding the Notes should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised upon disposal of the Notes, computed as the difference between acquisition cost and sales proceeds reduced by expenses directly and factually related to the sale, should qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition cost will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated 22 December 2009, as amended on 16 November 2010 and 9 October 2012, a sale shall be disregarded where the transaction costs exceed the sales proceeds, which means that losses suffered from such "sale" shall not be tax-deductible. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the relevant Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. However, the Issuers take the view that losses suffered for other reasons (e.g. because the Notes are linked to a reference value (e.g. Index-Linked Notes) and such reference value decreases in value) should be tax-deductible, subject to the ring-fencing rules described

above and subject to the following paragraph. Investors should note that such view of the Issuers must not be understood as a guarantee that the German tax authorities and/or courts will follow such view.

Further, pursuant to said tax decree, where full risk certificates (*Vollrisikozertifikate*) provide for instalment payments, such instalment payments shall always qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) in the sense of section 20 para 1 no 7 ITA, unless the terms and conditions of the certificates provide explicit information regarding redemption or partial redemption during the term of the certificates and the contractual parties comply with these terms and conditions. It is further stated in the tax decree that, if, in the case of certificates with instalment payments, there is no final payment at maturity, the expiry of such certificates shall not qualify as a sale-like transaction, which means that any remaining acquisition costs could not be deducted for tax purposes. Similarly, any remaining acquisition costs of certificates with instalment payments shall not be tax-deductible if the certificates do not provide for a final payment or are terminated early without a redemption payment because the respective underlying has left the defined corridor or has broken certain barriers (e.g. in knock-out structures). Although this tax decree only refers to full risk certificates with instalment payments, it cannot be excluded that the tax authorities apply the above principles also to other kinds of full risk instruments such as notes.

If the Notes provide for a physical delivery of bonds, shares, interests in funds, shares in exchange-traded-funds ("**ETF-shares**") or other interests, the Notes may qualify as convertible, exchangeable or similar instruments, subject to the relevant Final Terms (e. g. whether the Issuers or the investor has the right to opt for a physical delivery). In such a case, the sales proceeds from the Notes and the acquisition costs of the received securities may be deemed to be equal to the initial acquisition costs of the Notes (section 20 para 4a sentence 3 ITA) so that no taxable capital gains would be realised due to the conversion. However, capital gains realised upon an on-sale of the received securities generally qualify as taxable income.

If the relevant Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the new debtor. Such a substitution could result in the recognition of a taxable gain or loss for the respective investors.

German withholding tax (Kapitalertragsteuer)

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings. If the Notes are not held in a custodial account, German withholding tax will nevertheless be levied if the Notes are issued as definitive securities and the savings earnings are paid by a German Disbursing Agent against presentation of the Notes or interest coupons (so-called over-the-counter transaction – *Tafelgeschäft*).

The tax base is, in principle, equal to the taxable gross income as set out above (i.e. prior to withholding). However, in the case of capital gains, if the custodial account has changed since the time of acquisition of the Notes (e.g. if the Notes are transferred from a non-EU custodial account) and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law or in the case of over-the-counter transactions, withholding tax is applied to 30% of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

German withholding tax will be levied at a flat withholding tax rate of 26.375% (including solidarity surcharge) plus, if applicable, church tax.

Individuals who are subject to church tax may apply in writing for this tax to be withheld as a surcharge to the withholding tax. Individuals subject to church tax but declining the application have to include their savings income in their tax return and will then be assessed to church tax. For German credit institutions an electronic information system as regards church withholding tax will presumably apply in respect of interest received after 31 December 2013, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the relevant investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent.

The Issuers are, in general, not obliged to levy German withholding tax in respect of payments on the Notes.

Tax assessment

The taxation of savings income shall take place mainly by way of levying withholding tax (please see above). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. If the investor is subject to church tax and has not applied in writing for this tax to be withheld as a surcharge to the withholding tax or, after 31 December 2013, has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), the investor is also obliged to include the savings income in the tax return for church tax purposes.

However, also in the assessment procedure, savings income is principally taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*) being identical to the withholding tax rate (26.375% - including solidarity surcharge (*Solidaritätszuschlag*) plus, if applicable, church tax). In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such application can only be filed consistently for all savings income within the assessment period. In case of jointly assessed husband and wife the application can only be filed for savings income of both spouses.

When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife) will be deducted. The deduction of the actual income related expenses, if any, is excluded.

Notes held as business assets

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15% or income tax at a rate of up to 45%, as the case may be, (in each case plus 5.5% solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located (rates vary between 7 and approx. 17%). Further, in the case of individuals, church tax may be levied. Business expenses that are connected with the Notes are tax-deductible. In the case of losses, such losses may be subject to ring-fencing rules and, if so, may only be offset against other derivative income. In case the income of the investor is determined based on accrual accounting, interest and capital gains may be taxable before actual payments are received.

If instead of a cash-settlement at maturity of the Notes, a physical delivery of bonds, shares, interests in funds or ETF-shares takes place, such delivery would be regarded as a taxable sale of the Notes and the corresponding capital gain will be taxable.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out above for private investors. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a company satisfying the requirements of section 43 para 2 sentence 3 no 1 ITA or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see above).

Taxation if the Notes qualify as equity or equity-like

If the Notes qualify as equity or equity-like from a German tax perspective, in addition to the rules set out above, income and deemed income may be subject to income taxation, trade tax.

Further, capital gains achieved by an investor holding the Notes as private assets might be re-qualified as business income and, thus, taxable at the investor's personal income tax rate. Capital gains and dividend income might also be partly tax-exempt according to section 8b German Corporate Income Tax Act (*Körperschaftsteuergesetz*) and section 3 no 40 ITA respectively.

Inheritance and Gift Tax

Inheritance or gift taxes with respect to any Note will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Note is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed. In addition, certain German expatriates will be subject to inheritance and gift tax.

The few existing double taxation treaties regarding inheritance and gift tax may lead to different results. Special rules apply to certain German citizens that are residing in a foreign country and German expatriates.

Other Taxes

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net asset tax (*Vermögensteuer*) is not levied in Germany. It is intended to introduce a financial transaction tax, but not before 2014.

EU Savings Tax Directive

Concerning the EC Council Directive 2003/48/EC on the taxation of savings income, refer to the chapter on the European Union Savings Directive on page 430.

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 German withholding tax (*Kapitalertragsteuer*)

Purchasers of the Notes should note that in accordance with the terms and conditions of the Notes, unless specified in the applicable Final Terms, the Issuer, in principle, will neither assume any liability for German withholding taxes (*Kapitalertragsteuer*) withheld from payments under the Notes, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply in case a withholding tax is imposed.

IRISH TAXATION

The following description outlines certain aspects of Irish tax law and practice regarding the ownership and disposition of Notes. This description deals only with Notes held beneficially as capital assets and does not address special classes of Noteholders such as dealers in securities or those holding the Notes as part of a trade. This summary is not exhaustive and Noteholders are advised to consult their own tax advisors with respect of the taxation consequences of their ownership or disposition. The comments are made on the assumption that the Issuers are not resident in Ireland for Irish tax purposes and do not carry on a trade in Ireland through a branch or agency. The description is based on current Irish taxation legislation and practice of the Irish Revenue Commissioners.

Irish Withholding Tax

Under Irish tax law there is no obligation on the Issuers to operate any withholding tax on payments of interest on the Notes except where the interest has an Irish source. The interest could be considered to have an Irish source, where, for example, interest is paid out of funds maintained in Ireland or where the Notes are secured on Irish situate assets. The mere offering of the Notes to Irish investors will not cause the interest to have an Irish source.

In certain circumstances, collection agents and other persons receiving interest on the Notes in Ireland on behalf of a Noteholder, will be obliged to operate a withholding tax.

Taxation of interest

Unless exempted, an Irish resident or ordinarily resident Noteholder will be liable to Irish taxes, universal social charge and social insurance contributions on the amount of the interest received from the Issuers. Credit against Irish tax on the interest received may be available in respect of foreign withholding tax deducted by the Issuers.

Taxation of capital gains

Irish resident or ordinarily resident Noteholders will be liable to Irish tax on capital gains on any gains arising on a disposal of Notes. Reliefs and allowances may be available in computing the Noteholder's liability.

Stamp Duty

Transfers of Notes should not be subject to Irish stamp duty, provided the transfers do not relate to Irish land or buildings or shares in or securities of an Irish registered company.

Capital acquisitions tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situated in Ireland. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or required to be maintained.

Provision of Information

Noteholders should be aware that where any interest or other payment on Notes is paid to them by or through an Irish paying agent or collection agent then the relevant person may be required to supply the Irish Revenue Commissioners with details of the payment and certain details relating to the Noteholder. Where the Noteholder is not Irish resident, the details provided to the Irish Revenue Commissioners may, in certain cases, be passed by them to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

ITALIAN TAXATION⁹⁶

The following is a general description of current Italian law and practise relating to the direct taxation of the Notes. The statements herein regarding direct taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following general description 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 Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective investors are advised to consult their own tax advisors concerning the overall tax consequences of their interest in the Notes.

Tax treatment of the Notes

The Notes may be subject to different tax regimes depending on whether:

- (a) they represent derivative financial instruments or bundles of derivative financial instruments, through which the Noteholders purchase indirectly underlying financial instruments; or
- (b) they represent a debt instrument implying a "use of capital" (*impiego di capitale*), through which the Noteholders transfer to the Issuer a certain amount of capital, for the economic exploitation of the same, subject to the right to obtain a (partial or entire) reimbursement of such amount at maturity.

Notes representing derivative financial instruments or bundles of derivative financial instruments**Italian resident Noteholders**

Where the Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes 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, payments in respect of Notes qualifying as securitised derivative financial instruments as well as capital gains realised on any sale or transfer for consideration or exercise or redemption thereof are subject to a 20% 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 standard regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all payments in respect of Notes and all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding the Notes not in connection with an entrepreneurial activity pursuant to all disposals of the Notes carried out during any given tax year. Italian resident individuals holding the Notes 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. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains realised from 1 January 2012 for an overall amount of 62.5 per cent. of the relevant capital losses.
- (2) As an alternative to the tax declaration regime, Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on payments received in respect of Notes and capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes 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 Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes

⁹⁶ NTD - To be updated.

(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 Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains realised from 1 January 2012 for an overall amount of 62.5 per cent. of the relevant capital losses. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

- (3) Any payments received and any capital gains accrued by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, 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 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Depreciation of the managed assets accrued before 1 January 2012 may be carried forward to be offset against subsequent increase in value of the managed assets accrued from 1 January 2012 for an overall amount of 62.5 per cent. of the depreciations. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

In case the Notes entitling the holder to purchase shares, the capital gains realised on the redemption or the transfer or sale of the Notes are not subject to imposta sostitutiva but a portion equal to 49.72% of the capital gains must be included in the relevant Noteholder's income tax return (and subjected to the ordinary income tax) if the underlying of such Notes transferred or redeemed within any 12-month period represent a participation representing more than 2% of the voting rights or 5% of the capital of the issuing company (in the case of unlisted companies, the above thresholds are 20% and 25% respectively).

Notes representing debt instruments implying a "use of capital"; Notes having 100 per cent. capital protection guaranteed by the Issuer

Taxation of interest

Italian resident Noteholders

Legislative Decree 1st April 1996, No. 239 (Decree No. 239) regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as Interest) from Notes issued, *inter alia*, by non-Italian resident entities. The provisions of Decree No. 239 only apply to those Notes which qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Presidential Decree 22nd December, 1986, No. 917 (Decree No. 917). In accordance with Article 44 of Decree No. 917, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds), they must (i) incorporate an unconditional obligation to pay at maturity an amount not less than that indicated therein, and (ii) attribute to the holders no direct or indirect right to control or participate to the management of the Issuer.

Where the Italian resident Noteholder is an individual holding Notes otherwise than in connection with entrepreneurial activity, (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the *risparmio gestito* tax regime (see above)), Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). Such investors are qualified as "net recipients".

Payments of Interest in respect of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the *imposta sostitutiva* if made to beneficial owners who are Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial intermediary and have opted for the *risparmio gestito* regime. Such investors are qualified as gross recipients.

Notes not having 100 per cent. capital protection guaranteed by the Issuer

In case Notes representing debt instruments implying a "use of capital" do not guarantee the total reimbursement of the principal, under Italian tax law they should qualify as "atypical securities" and payments in respect of such Notes received by Italian resident individual Noteholders would be subject to a 20 per cent. final withholding tax.

Capital gains tax

Italian resident Noteholders

Pursuant to Legislative Decree 21st November, 1997, No. 461, capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, on any sale or transfer for consideration of the Notes or redemption thereof are subject to a 20% capital gain tax, which applies under the "tax declaration regime", the Risparmio Amministrato tax regime or the Risparmio Gestito tax regime according to the same rules described above under the caption "*Notes representing derivative financial instruments or bundles of derivative financial instruments – Italian resident Noteholders*".

In case the Notes entitling the holder to purchase shares, the capital gains realised on the redemption or the transfer or sale of the Notes are not subject to imposta sostitutiva but a portion equal to 49.72% of the capital gains must be included in the relevant Noteholder's income tax return (and subjected to the ordinary income tax) if the underlying of such Notes transferred or redeemed within any 12-month period represent a participation representing more than 2% of the voting rights or 5% of the capital of the issuing company (in the case of unlisted companies, the above thresholds are 20% and 25% respectively).

LIECHTENSTEIN TAXATION

This section on taxation contains a general and brief description of the Liechtenstein taxation. It is based on the Liechtenstein laws and practice in force as of today and on no other laws than the laws of the Principality of Liechtenstein. Accordingly we express no legal opinion herein based upon any laws other than those of the Principality of Liechtenstein. The following general description does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. As the Liechtenstein law may be amended from time to time some amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described below. Thus, it is under all circumstances strongly recommended that potential purchasers of the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or disposing of the Notes.

I. Taxation of individuals and legal entities

(a) Individuals with domicile or habitual abode in Liechtenstein

Individuals having their domicile or habitual abode in Liechtenstein are subject to unrestricted tax liability which encompasses their entire wealth (wealth tax) and entire income (personal income tax) (Clause 6 para 1 Tax Act).

The wealth tax includes all movable and immovable assets (Clause 9 para 1 Tax Act) whereby the market value of the assets at the beginning of the year or at the beginning of the period of tax liability is used in order to determine the taxable wealth. For example, securities with a quotation are valued according to the quotation (Clause 12 para 1 c) Tax Act) and, in general, securities without quotation as well as non-securitized rights and claims, including privileges whose value can be determined, shall be assessed according to market value, which generally shall not be set lower than nominal value, unless the taxpayer demonstrates that the nominal value does not correspond to the market value (Clause 12 para 1 d) Tax Act).

The object of the personal income tax consists of all income in money and money's worth (Clause 14 para 1 Tax Act).

However, the following are not subject to personal income tax (*inter alia*):

- income arising from wealth for which the taxpayer pays wealth tax (Clause 15 para 1 a) Tax Act);
- capital gains from the sale of components of movable and immovable private wealth (Clause 15 para 2 m) Tax Act);
- dividends arising from participations in domestic or foreign legal entities (Clause 15 para 2 n) Tax Act);
- capital gains arising from the sale or liquidation of participations in domestic or foreign legal persons (Clause 15 para 2 o) Tax Act).

(b) Individuals without domicile and habitual abode in Liechtenstein

Individuals whose domicile and habitual abode is not in Liechtenstein are subject to restricted tax liability with respect to their domestic wealth and domestic income (Clause 6 para 2 Tax Act). Domestic wealth encompasses real estate and permanent establishments situated in Liechtenstein (Clause 6 para 4 Tax Act).

(c) Tax based on expenditure:

In the case of persons who,

- for the first time or after at least ten years away from Liechtenstein, take up residence or habitual abode in Liechtenstein,
- are not Liechtenstein citizens,
- do not work in Liechtenstein and
- live off the income from their wealth and other receipts from abroad,

a tax based on expenditure may, upon application, be levied instead of wealth and personal income taxes (Clause 30 Tax Act). The tax based on expenditure is determined in accordance with the total expenditure of the taxpayer (Clause 32 Tax Act) and amounts to 25% thereof (Clause 33 Tax Act).

(d) Legal entities

Legal entities domiciled in Liechtenstein or having their actual place of management in Liechtenstein, along with their entire corporate income, are subject to unrestricted tax liability (Clause 44 para 1 Tax Act).

Legal entities who neither have their domicile nor their actual place of management in Liechtenstein are subject to restricted tax liability with regard to their domestic corporate income (Clause 44 para 2 Tax Act).

Corporate income tax is determined according to the taxable net corporate income which consists of the totality of corporate income reduced by commercially justified expenses (Clause 47 para 1 and 3 Tax Act). Capital gains are treated as ordinary income (and losses are deductible) regardless of how long the assets have been held **provided that** no tax exemption applies (see below).

However, amongst other explicitly tax-exempt types of income (Clause 48 Tax Act),

- dividends arising from participations in domestic or foreign legal entities and
- capital gains from the sale or liquidation of participations in domestic or foreign legal entities (there is no minimum holding requirement)

are not included in the taxable net corporate income. The wording "dividends" include ordinary dividends, profit shares, extraordinary dividends, bonus payouts and irregular distributions of profits and distributions of reserves.

Legal entities that are taxable in Liechtenstein because of their domicile or place of actual management are, under normal taxation rules, subject to ordinary corporate income tax on all their net income at a standard rate of 12.5 percent per year whereby the minimum tax amounts to CHF 1,200.00 (in cases of small businesses the minimum tax is not levied).

There is no withholding tax on dividends or interest distributions.

(e) Private Asset Structure (PAS)

Legal entities that are only engaged in asset management and do not perform any commercial activity may be assigned the status of a Private Asset Structure (PAS) if the following requirements are met (Clause 64 Tax Act):

- no commercial activity (i.e. the main feature of PAS),
- no public issuance of own shares and no trading on a stock exchange,
- no advertising to shareholders / investors,

- no receipt of compensations or reimbursements by shareholders / investors or third parties (no asset management fees),
- articles of the company contain the restrictions applicable to PAS,
- no persons other than the following are shareholders / beneficiaries: (i) natural persons acting within the context of management of their private wealth, (ii) asset structures acting solely in the interest of the private wealth of natural persons or (iii) intermediary persons acting for the account of persons referred to in (i) or (ii).

The Tax Authority decides upon application on the status of a legal entity as PAS.

Legal entities being granted the status of a PAS are subject to the minimum corporate tax in the amount of CHF 1,200.00 per year only and the regular 12.5% corporate income flat tax does not apply. PAS do not have to file tax returns.

(f) Specific asset endowments without personality

Specific asset endowments without personality (for example trusts) whose domicile or actual management is located in Liechtenstein are only subject to the minimum corporate income tax in the amount of CHF 1,200.00 per year and must not be assessed (Clause 65 para 1 Tax Act).

(g) Taxation of dedication (*Widmungssteuer*)

Generally, in case of a transfer of wealth to a legal entity or a specific asset endowment (not exempted from tax liability) which causes that the transferred wealth is no longer subject to wealth tax and privileges or shares do not become liable to the wealth tax a tax in the amount of 2.5 percent of the transferred wealth-tax value is imposed (Clause 13 para 1 Tax Act).

II. Withholding tax

The current tax law does not foresee any withholding taxes on disbursements of dividends and capital gains.

III. Inheritance tax, gift tax

Under the revised Tax Act, which entered into force on 1 January 2011, inheritance and gift taxes were abolished. However, gifts, inheritances and bequests exceeding the amount of CHF 10,000.00 must be declared in the annual tax returns (Clause 96 para 1 Tax Act, Clause 43 Tax Ordinance).

IV. International agreements

(a) DTAs and TIEAs

So far, Liechtenstein has entered into eight double taxation agreements (DTAs), namely with Austria, Switzerland, Luxembourg, San Marino, Hong Kong, and, most recently, Uruguay, Germany and the UK.

Beyond that, Liechtenstein has built up a network of tax information exchange agreements (TIEAs).

Furthermore, Liechtenstein and the UK have created a special disclosure facility (Liechtenstein Disclosure Facility).

(b) Agreement on Taxation of Savings Income

Under the Agreement on Taxation of Savings Income (*Zinsbesteuerungsabkommen*) between the European Union and Liechtenstein of 7 December 2004 Liechtenstein applies measures equivalent to those set out in the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. According to the Act on Taxation of Savings Income (*Zinsbesteuerungsgesetz*, ZBStG) which implements the Agreement mentioned above interest payments made by a paying agent established in the territory of Liechtenstein to beneficial owners who are residents of a Member State of the EU (or in certain dependent or

associated territories) are subject to a withholding tax of 35 % if no exception from such withholding applies.

The beneficial owner has the right to avoid the retention of the withholding tax by means of a voluntary disclosure, i.e. by expressly authorising their Liechtenstein paying agent to report the interest payments to the competent authority of the respective state (Clause 7 ZBSStG).

(c) Tax Cooperation Agreement between Liechtenstein and Austria

The Tax Cooperation Agreement between Liechtenstein and Austria was signed on 29 January 2013 and will most likely enter into force on 1 January 2014. Based on a similar agreement between Austria and Switzerland it has a significantly broader scope and aims at the taxation of previously untaxed assets and future taxation of investment income and capital gains.

The scope of application of the agreement encompasses not only individuals resident in Austria who directly hold assets at a Liechtenstein paying agent but also those who indirectly hold assets at a Liechtenstein paying agent, for example by way of a foundation or a trust in which they are beneficial owners. Furthermore, the tax agreement covers not only assets held with banks in Liechtenstein but also assets administered through Liechtenstein wealth management structures held with banks in third states.

In particular, the agreement provides for the following:

- regularisation of the past by levying an anonymous one-off payment or by disclosure to the competent Austrian authority;
- taxation of future investment income and capital gains by levying a final withholding tax of 25 % to be forwarded to Austria or disclosure to the competent Austrian authority;
- taxation of contributions into non-transparent foundations and of distributions of such foundations to beneficiaries.

(d) Customs Union Agreement between Liechtenstein and Switzerland

Based on the Customs Union Agreement of 29 March 1923 between Liechtenstein and Switzerland, Liechtenstein is considered part of Switzerland for stamp tax purposes. As a result, the Swiss stamp duty of 1% is levied on contributions to the equity of a Liechtenstein company, whether in cash or in kind. A CHF 1 million exemption applies to the issuance of shares. Where the Swiss issuance stamp tax does not apply due to different private law regulations, a Liechtenstein specific issuance stamp tax is levied. This taxes ranges from 1% for the first CHF 5 million to 0.5 % for contributions exceeding CHF 5 million and 0.3 % for contributions exceeding CHF 10 million. The exemption threshold of CHF 1 million is applicable.

Based on the Customs Union Agreement of 29 March 1923 between Liechtenstein and Switzerland, the Swiss securities transfer tax is applicable to securities dealers resident in Liechtenstein. The transfer of securities by securities dealers is subject to a 0.5 % tax on Swiss and Liechtenstein securities and a 0.3 % rate on foreign securities.

LUXEMBOURG TAXATION

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. The following is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

A Note holder may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding Tax

All payments of interest (including accrued but unpaid interest) or and principal by the relevant Issuer in the context of the holding, disposal, redemption or repurchase of the Notes, which are not profit sharing, can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

(i) the application of the Luxembourg laws of 21 June 2005, as amended, implementing the European Union Savings Directive (see section "**European Union Savings Directive**" below) and ratifying several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax of 35 per cent. on payments of interest or similar income made or ascribed to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities" within the meaning of Article 4.2 of the EU Savings Directive) in the event of the relevant Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section "**European Union Savings Directive**" below) or agreements unless the beneficiary of such payment opts for one of the two information exchange procedures available. Luxembourg government officially announced on 10 April 2013 that it will no longer apply the withholding tax system as from 1 January 2015 and will provide with details of payment of interest (or similar income).

(ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as amended, which has introduced a 10 per cent. withholding tax on savings income (i. e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive).

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. levy on interest payments made or ascribed by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive on the taxation of savings income.

The 10 per cent. withholding tax as described above or the 10 per cent. levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of these laws and not by the relevant Issuer.

European Union Savings Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a directive regarding the taxation of savings income in the form of interest payment (the "**EU Savings Directive**") effective from 1 July 2005. Under the directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a paying agent within the meaning of the EU Savings Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of Article 4.2. of the EU Savings Directive (the "**Residuals Entities**"), established in that other Member State (or certain dependent or associated territories). According to Article 10 of the EU Savings Directive for a transitional period, however, Austria and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The tax rate of the withholding is 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependent and associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, former Netherlands Antilles, Aruba, Anguilla, Turks and Caicos Islands and Cayman Islands) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with of those dependent or associated territories in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the EU Savings Directive, which included a number of suggested changes. The proposal has been approved by the European Parliament and is under discussion by the European Council. If implemented, the changes may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

NORWEGIAN TAXATION

The following is a description of certain Norwegian tax consequences for holders of Notes who are resident in Norway for tax purposes. The description below for Notes is based on the assumption that the Notes are considered as debt for tax purposes. The description is based on legislation as at the date of this document and is intended to provide general information only. The tax treatment of each holder partly depends on the holder's specific situation, and the specific instrument issued to the holder. Each investor should consult a tax adviser as to the tax consequences relating to their particular circumstances resulting from holding Notes.

Any changes to applicable tax laws may have a retrospective effect.

Taxation of Noteholders Resident in Norway

The Notes that can be issued according to the Base Prospectus will most likely be classified as debt instruments with regards to Norwegian taxation, with the following main tax consequences.

Taxation of return on the Notes prior to disposal

Any kind of return received on the Notes prior to the disposal is taxable as "ordinary income" subject to the flat rate of 28%. Return on the Notes is taxed on accruals basis (i.e. regardless of when the return is actually paid).

Taxation upon disposal or redemption of the Notes

Redemption at the end of the term as well as prior disposal is treated as realization of the Notes and will trigger a capital gain or loss. Capital gains will be taxable as "ordinary income", subject to the flat rate of 28%. Losses will be deductible in the Noteholder's "ordinary income", taxed at the same tax rate.

Any capital gain or loss is computed as the difference between the amount received by the Noteholder on realization and the cost price of the Notes. The cost price is equal to the price for which the Noteholder acquired the Notes. Costs incurred in connection with the acquisition and realization of the Notes may be deducted from the Noteholder's taxable income in the year of the realization.

Norwegian withholding tax

Payments on the Notes will not be subject to Norwegian withholding tax.

Net wealth taxation

The value of the Notes at the end of each income year will be included in the computation of the Noteholder's taxable net wealth for municipal and state net wealth tax purposes. Listed bonds are valued at their quoted value on 1 January in the assessment year, while non-listed bonds are valued at their estimated market value on 1 January in the assessment year. The marginal tax rate is currently 1.1%.

Limited companies and similar entities are not subject to net wealth taxation.

PORTUGUESE TAXATION

The following is a general description of current law and practice in Portugal as in effect on the date of this Base Prospectus in relation to certain current relevant aspects to Portuguese taxation of the Notes and is subject to changes in such laws, including changes that could have a retroactive effect. The following description is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any holder of Notes. It does not take into account or discuss the tax laws of any country other than Portugal and relates only to the position of persons who are absolute beneficial owners of the Notes. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences of the purchase, ownership and disposal of Notes.

The reference to "**interest**", "**other investment income**" and "**capital gains**" in the paragraphs below means "interest", "other investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "interest", "other investment income" or "capital gains" which may prevail under any other law or which may be created by the "Terms and Conditions" of the Notes or any related documentation.

Income generated by the holding (distributions) and disposal of Notes should be generally subject to the Portuguese tax regime for debt securities ("*obrigações*").

Interest and other investment income obtained by Portuguese resident individuals on the Notes as well as the remuneration received on the exercise of Certificates that entitle the security holder to receive from the relevant Issuer a predetermined amount higher than the subscription value is subject to individual income tax. If the payment of interest or other investment income on the Notes as well as the remuneration received on the exercise of Certificates that entitle the security holder to receive a predetermined amount higher than the subscription value is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax applies currently at 28% which, if such income is not earned as business or professional income, is the final tax on that income unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 48%. A surcharge of 3.5% applies in 2013. An additional surcharge at 2.5% applies on income in excess than € 80,000 up to € 250,000 and at 5% on income in excess of € 250,000 in 2013.. In this case, the tax withheld is deemed a payment on account of the final tax due. If the interest on the Notes or the remuneration received on the exercise of Certificates that entitle the security holder to receive from the relevant Issuer a predetermined amount higher than the subscription value is not received through an entity located in Portugal it is not subject to Portuguese withholding tax, but an autonomous taxation currently of 28% will apply, which is the final tax on that income unless the individual elects to include it in his/her taxable income, subject to tax at the progressive rates mentioned above.

Interest and other investment income paid or made available ("*colocado à disposição*") on the Notes as well as the remuneration on the exercise of Certificates that entitle the security holder to receive from the relevant Issuer a predetermined amount higher than the subscription value, received through entities that are a Portuguese resident entity or a Portuguese branch of a non-resident entity to Portuguese resident individuals due by non-resident entities without a permanent establishment in the Portuguese territory and that are domiciled in a country included in the "tax havens" list (currently Order no. 292/2011 of 8 November) are subject to a final withholding tax rate at 35%. If the interest on the Notes and the remuneration on those Certificates is not received through an entity located in Portugal, it is not subject to Portuguese withholding tax, but an autonomous taxation currently of 35% will apply, which is the final tax on that income.

Interest, other investment income and the remuneration on the exercise of Certificates that entitle the security holder to receive from the relevant Issuer a predetermined amount higher than the subscription value paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at 35%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Gains obtained on the disposal of Notes that entitle the security holder to receive the value of a certain underlying asset with the exception of the remuneration arising from Certificates that guarantee the holder the right to receive a minimum value in excess of the subscription value by an individual resident in Portugal for tax purposes are subject to Portuguese capital gains taxation, whereby the positive difference between such gains and gains on other securities and losses in securities is subject to tax currently at 28%,

which, if such income is not earned as business or professional income, is the final tax on that income unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 48%. A surcharge of 3.5% applies in 2013. An additional surcharge at 2.5% applies on income in excess than € 80,000 up to € 250,000 and at 5% on income in excess of € 250,000 in 2013.. Accrued interest qualifies as interest for tax purposes.

Financial income and capital gains derived from the Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to corporate tax at 25% applicable on taxable income, to which may be added a municipal surcharge ("*derrama*") of up to 1.5% of its taxable profit. A state surcharge ("*derrama estadual*") rate currently of 3% will be due on the part of taxable profits between €150,000 up to € 7,500,000 and a rate of 5% on the part of the taxable profits exceeding € 7,500,000.

No Stamp tax applies to the acquisition through gift or inheritance of Notes by an individual.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment is subject to corporate tax at 25% applicable on taxable income, to which may be added a municipal surcharge ("*derrama*") of up to 1.5% of its taxable profit. A state surcharge ("*derrama estadual*") rate currently of 3% will be due on the part of taxable profits between €150,000 up to € 7,500,000 and a rate of 5% on the part of the taxable profits exceeding € 7,500,000.

There is neither wealth nor estate tax in Portugal.

Payments made by the Issuer of interest, other investment income or principal on Notes issued by it to an individual or legal person non-resident in Portugal for tax purposes without a Portuguese permanent establishment to which income may be attributable are not subject to Portuguese tax.

Capital gains realised on Notes by a holder who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese tax.

EU Savings Directive

Portugal has implemented EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into Portuguese law through Decree-Law no 62/2005, of 11 March 2005, as amended by Law no 39-A/2005, of 29 July 2005.

SPANISH TAXATION

The information provided below does not purport to be a complete description of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect. Furthermore, it is not a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not describe the tax consequences for certain categories of taxpayers including, but not limited to entities falling under the attribution of the income regime, financial institutions, Collective Investment Institutions or Cooperatives, which may be subject to specific rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisors.

The description set out below is based upon Spanish state law in force and is subject to any changes in the laws of Spain that may take effect after such date. This description does not take into account any regional or local legislation that could be of application.

This information has been prepared in accordance with the following Spanish tax legislation:

- (i) for individuals resident for tax purposes in Spain which are subject to Personal Income Tax, Law 35/2006, of 28 November 2006, on Personal Income Tax and partial amendment of Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law; Royal Decree 439/2007, of 30 March 2007 promulgating the Personal Income Tax Regulations; Law 19/1991, of 6 June 1991 on Net Wealth Tax and Law 29/1987, of 18 December 1987, on Inheritance and Gift Tax.
- (ii) for legal entities resident for tax purposes in Spain which are subject to Corporate Income Tax, Royal Legislative Decree 4/2004, of 5 March 2004, promulgating the Consolidated Text of the Corporate Income Tax Law and Royal Decree 1777/2004, of 30 July 2004, promulgating the Corporate Income Tax Regulations
- (iii) for individuals and entities who are not resident in Spain, Royal Legislative Decree 5/2004, of 5 March 2004, promulgating the Consolidated Text of the Non-Residents Income Tax Law; Royal Decree 1776/2004, of 30 July 2004, promulgating the Non-Residents Income Tax Regulations, Law 19/1991, of 6 June 1991 on Net Wealth Tax and Law 29/1987, of 18 December 1987, on Inheritance and Gift Tax.

I. Taxes on Income and Capital Gains

- (i) ***Individuals with tax residency in Spain subject to Personal Income Tax (Impuesto sobre la Renta de las Personas Físicas)***

Interest from the Notes obtained by individuals subject to Spanish Personal Income Tax, and also income from the transfer, reimbursement, redemption, exchange or conversion of the Notes would be considered a return on investment obtained from the transfer of funds to third parties according to Article 25.2 of Law 35/2006, of 28 November, on the Personal Income Tax. Such income would be included in the savings taxable base and subject to the rules foreseen in that respect in the Personal Income Tax legislation.

Income included in the savings taxable base will be taxed (i) at a rate of 21 per cent up to the first 6,000 Euros, (ii) at a rate of 25 per cent on the following 18,000 Euros and, (iii) at a rate of 27 per cent on any excess.

Any income derived from the Notes would be subject to withholding tax at the rate of 21 per cent on account of the Personal Income Tax of the holder.

On the basis that the Issuers are not resident in Spain for tax purposes and do not operate in Spain through a permanent establishment, branch or agency, all payments of principal and interest in respect of the Notes can be made free of any withholding or deduction for or on account of any taxes in Spain

Under certain conditions, withholding taxes may apply if the Notes are deposited with a Spanish resident entity acting as depositary or custodian or such Spanish resident entity is in charge of the

collection of the income from the Notes, or in charge of the redemption of the securities, or receives from the holder the order to transfer the security, as the case may be.

(ii) ***Legal Entities with tax residency in Spain subject to Corporate Income Tax (Impuesto sobre Sociedades)***

The tax regime for Spanish-resident entity holders of Notes is included in the Royal Legislative Decree 4/2004, of 5 March, that approves the Consolidated Text of the Corporate Income Tax Law ("**Royal Legislative Decree 4/2004**") and the Royal Decree 1777/2004, of 30 July, that approves the Corporate Income Tax Regulations ("**Royal Decree 1777/2004**").

According to article 10.3 of the Royal Legislative Decree 4/2004, the taxable income derived from the interest generated under the Notes and also from the transfer, reimbursement, redemption, exchange or conversion of the Notes will be calculated in accordance with the accounting treatment of such income by the relevant entity and taxed at the standard rate of 30% following the applicable rules for this tax.

Any income derived from the Notes would be subject to withholding tax of 21 per cent. on account of the Corporate Income Tax of the holder.

As mentioned above, if the Issuers are not resident in Spain for tax purposes and do not operate in Spain through a permanent establishment, branch or agency, all payments of principal and interest in respect of the Notes can be made free of any withholding or deduction for or on account of any taxes in Spain

Under certain conditions, withholding taxes may apply if the Notes are deposited with a Spanish resident entity acting as depositary or custodian or such Spanish resident entity is in charge of the collection of the income from the Notes, or in charge of the redemption of the securities, or receives from the holder the order to transfer the security, as the case may be.

In any case, income derived from the Notes obtained by Corporate Income Tax taxpayers will not be subject to withholding tax on account of Corporate Income Tax, in accordance with the provisions of Article 59.s) of Royal Decree 1777/2004 **provided that** the Notes are listed on an organised market of an OECD country.

(iii) ***Individuals and Legal Entities not resident in Spain and subject to Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes)***

Interest generated by the Notes or from the transfer, reimbursement, redemption, exchange or conversion of the Notes obtained by individuals and legal entities not resident for tax purposes in Spain will be taxed pursuant to the Consolidated Text of the Non-Residents Income Tax Law, passed by Royal Legislative Decree 5/2004, of 5 March ("**Non-Residents Income Tax Law**").

Income obtained through a permanent establishment

If the Notes form part of the assets of a permanent establishment in Spain of a non-Spanish resident person or entity, income from the Notes will be taxed under the same rules as those previously set out for legal entities subject to Corporate Income Tax.

Income obtained without a permanent establishment

Income obtained by individuals or entities who are not resident in Spain from tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain would not be considered as Spanish-source income and, therefore, would not be subject to taxation and withholding tax in Spain under the Non-Residents Income Tax Law.

II. **Wealth Tax (Impuesto sobre el Patrimonio)**

Only individuals holders of Notes would be subject to Wealth Tax. Legal entities are not taxable persons under Spanish Wealth Tax.

(i) ***Individuals with Tax Residency in Spain***

Individuals with tax residency in Spain are subject to Wealth Tax on 2013 to the extent that their net worth exceeds Euros 700,000 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Notes which they hold as at 31 December 2013, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

As from 1 January 2014, Law 16/2012, of 27 December 2012 grants Spanish resident individual taxpayers, a tax allowance equivalent to 100% of the Wealth Tax due, and eliminates the obligation to file any tax form with the Spanish tax authorities in connection with such tax.

(ii) ***Individuals with no Tax Residency in Spain***

Non-Spanish residents would not be subject to the Wealth Tax on the holding of the Notes, **provided that** the Notes are not located in Spain and the rights deriving from them cannot be exercised within the Spanish territory.

III. **Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)**

(i) ***Individuals with Tax Residency in Spain***

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable effective tax rates range between 7.65% and 81.6%, depending on several factors. However, it is necessary to take into account that the Spanish Inheritance and Gift Tax (including certain tax benefits) has been transferred to the Spanish regions. Therefore, an analysis must be made in each specific case to determine to what extent any regional legislation might be applicable, since there might be differences in respect of the final taxation under Spanish Inheritance and Gift Tax depending on the region in which an investor resides that could even eliminate the taxation.

(ii) ***Legal Entities with Tax Residency in Spain***

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift, income obtained will be subject to the Corporate Income Tax.

(iii) ***Individuals and Legal Entities not resident in Spain***

Non-Spanish resident Individuals and non-Spanish legal entities without a permanent establishment in Spain that acquire ownership or other rights over the Notes by inheritance, gift or legacy, will not be subject to Inheritance and Gift Tax **provided that** the Notes are not located in Spain and the rights deriving from them cannot be exercised within the Spanish territory.

Non-Resident entities with a permanent establishment within the Spanish territory which acquire the ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift, but income obtained will be subject to the Non-resident Income Tax, subject to the application of any relevant double taxation treaty.

IV. **Value Added Tax, Transfer Tax and Stamp Duty**

The issuance, acquisition and transfer of Securities is not taxable under Transfer Tax and Stamp Duty Tax, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24th September, nor will it be taxable under the Value Added Tax, in accordance with Law 37/1992, of 28th December, regulating such tax.

SWEDISH TAXATION

There is no Swedish withholding tax at source (*källskatt*) applicable on payments made by the Issuer in respect of the Notes. Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Notes a preliminary tax of 30 per cent. will be deducted from all payments of interest (including any compensation deemed to constitute interest for tax purposes) in respect of the Notes made to any individuals or estates that are resident in Sweden for tax purposes, provided the paying entity is subject to reporting obligations. Depending on the relevant holder's overall tax liability for the relevant fiscal year, the preliminary tax may contribute towards, equal or exceed the holder's overall tax liability with any balance subsequently to be paid by or to the relevant holder, as applicable.

SWISS TAXATION

The following summary does not purport to be a comprehensive description of all Swiss tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and, in particular, does not consider specific facts or circumstances that may apply to a particular purchaser. It is for general information only and does not discuss all tax consequences of an investment in Notes under the tax laws of Switzerland. This summary is based on the tax laws of Switzerland currently in force and as applied on the date of this Offering Circular which are subject to changes (or changes in interpretation) which may have retroactive effect. Prospective purchasers are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes in the light of their particular circumstances.

Swiss Income Tax

Swiss Resident Noteholders

Interest Payments or Redemption of Notes

Swiss residents receiving periodic interest payments during the investment or at redemption as one-time-interest generally must include these interest payments in their financial statements and/or in their income tax returns and owe individual income tax or corporate income tax on the relevant amounts.

Notes which are not straight debt instruments but have components of debt instruments and derivatives intertwined generally qualify as combined instruments. The tax treatment of such Notes depends on whether the Notes are considered as transparent or not for Swiss income tax purposes.

If the Note is considered as not transparent for Swiss income tax purposes, any amount received by the Noteholder (upon sale, laps, exercise or redemption) in excess of the amount invested (at issue or upon purchase) is treated as taxable income in the hands of the Noteholder if the Note qualifies as a note with predominant one-time interest payment. If the Note does not qualify as a note with predominant one-time interest payment, the Noteholder is subject to tax on the periodic interest payments and (at redemption) on the difference between initial issuance price and the redemption price. For the purpose of determining whether the Note is a note with predominant one-time interest payment the difference between initial issuance price and the redemption price is treated as one-time interest.

If the Note is considered as transparent for Swiss income tax purposes, it will be split notionally in a debt instrument and a derivative instrument component. Gains or losses on the derivative instrument component are treated as capital gains or losses (see below). Interest payments received during the investment, at laps or exercise or at redemption as one-time interest related to the debt instrument component are treated as taxable income in the hands of the Noteholder. Such a treatment is also applicable for the purpose of determining whether the Note is a note with predominant one-time interest payment.

The Note is generally considered as transparent if the debt and the derivative components are traded separately or if the different elements of the Note (such as the guaranteed redemption amount, the issuance price of the debt component, the interest rates determining the issuance price of the debt component) are separately stated in the sales documentation as well as in the offering prospectus and if each one of such components is separately evaluated. Such evaluation has to be performed through calculations of financial mathematics determining the intrinsic value of the debt instrument and the derivative instrument components contained in the Note. In particular, the calculations have to determine the notional issuance price of the debt instrument, based on the interest rate taken into account by the issuer which has to be at market value. The Swiss Federal Tax Administration has to approve such calculations. Such calculations have to be reviewed on a quarterly basis in order take into account the evolution of the interest rates. If the tax authorities are not provided with sufficient information the Notes can be treated as not transparent. Products with prevalent structures but for which the issuer does not provide the information allowing to distinguish the different elements of a product as described above are made transparent in retrospect by the tax authorities, banks or other channels of distribution if the following requirements are fulfilled: (a) the issuer of the product must have at least a single-A-rating; and (b) the product at hand has to be admitted to official quotation at the commercial exchange market or, at least, a market maker has to insure liquid trading of the product at hand.

Liquid trading by a market maker is a condition that the key data of the product can be used as credible basis of calculation.

Notes which are linked to underlying assets, such as bonds, shares, or baskets of such assets may also be treated, under certain circumstances, as direct investments in bonds, shares or in an investment fund. Notes linked to a basket of investment funds may be treated as an investment in an investment fund.

Notes in the form of reverse convertibles linked to shares, precious metals and commodities with no guaranteed payments and a duration of less than or equal to one year may be treated as straight derivatives.

Capital Gains

Swiss Resident Private Noteholders

Swiss resident Noteholders who do not qualify as so-called professional securities dealer for income tax purposes ("gewerbsmässiger Wertschriftenhändler") and who hold the Notes as part of their private (as opposed to business) assets are hereby defined as Swiss Resident Private Noteholders.

Swiss Resident Private Noteholders realise a tax free capital gain upon the disposal of Notes which do not qualify as notes with predominant one-time interest payment and realise taxable income if the Notes qualify as notes with one-time predominant interest payment.

The tax treatment of capital gains on Notes which qualify as combined instruments (see above) depends on whether the Note qualifies as tax transparent or not. Notes which are not transparent for Swiss income tax purposes (see above) generally qualify as notes with predominant one-time interest payment and are treated as such. Notes which qualify as tax transparent are notionally split into a debt instrument and a derivative instrument component. The debt instrument component follows the usual tax treatment either as note with predominant one-time interest payment or as note with no predominant one-time interest payment as applicable. Capital gains arising from the derivative instrument component of transparent Notes are generally not subject to income tax in the hands of Swiss Resident Private Noteholders.

With respect to capital gains arising from Notes linked to underlying assets, such as investment funds, bonds, shares or baskets of any of them see above under "Interest Payments or Redemption of Notes".

Swiss Resident Business Noteholders

Gains realised on the sale of Notes, by Swiss resident individual Noteholders holding the Notes as part of their business assets as well as by Swiss resident legal entity Noteholders, are part of their business profit subject to individual income tax or corporate income taxes, respectively. The same applies to Swiss Resident Private Noteholders who qualify as so-called professional securities dealer ("gewerbsmässiger Wertschriftenhändler").

Non-Swiss Resident Noteholders

Under present Swiss tax law, a Noteholder who is a non-resident of Switzerland and who, during the taxable year has not engaged in trade or business through a permanent establishment or a fixed place of business within Switzerland and who is not subject to taxation in Switzerland for any other reason, will not be subject to any Swiss federal, cantonal or municipal income tax on interest or gains realised on sale or redemption of the Notes.

Swiss Stamp Duties

Swiss Issuance Stamp Duty

The issuance of the Notes by a non-Swiss resident Issuer is not subject to Swiss issuance stamp duty.

Swiss Transfer Stamp Duty

The sale or transfer of the Notes with a duration of more than one year may be subject to Swiss transfer stamp duty at the current rate of 0.3 per cent. if such sale or transfer is made by or through the intermediary of a Swiss bank or other securities dealer as defined in the Swiss Stamp Tax Act and no

exemption applies. The same applies in case of physical delivery of the underlying being a taxable security in the meaning of the Swiss Stamp Tax Act at redemption.

Notes qualified as units in a foreign investment fund may be subject to the Swiss transfer stamp duty of up to 0.3 per cent. at issue.

Swiss Withholding Tax

All payments in respect of the Notes by a non-Swiss resident Issuer are currently not subject to the Swiss withholding tax ("Verrechnungssteuer").

On 24 August 2011, however, the Swiss Federal Council issued draft legislation, which, if enacted, includes the principle to have a person other than the issuer withhold or deduct tax, in particular, without limitation, any paying agent. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from a payment, neither the Issuer nor the paying agent nor any other person would pursuant to Condition 19 of the Terms and Conditions be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

Swiss EU Tax Retention

Switzerland has introduced a tax retention on interest payments or similar income paid by a Swiss paying agent as defined in Articles 1 and 6 of the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "Agreement") to the beneficial owner who is an individual and resident in the EU as of 1 July 2005, unless the interest payments are made on debt-claims issued by debtors who are residents of Switzerland or pertaining to permanent establishments of non-residents located in Switzerland. The tax retention may be withheld at the rate of 35 per cent. The beneficial owner of the interest payments may be entitled to a credit for or a refund of the tax retention if certain conditions are met. The Swiss paying agent may be explicitly authorised by the beneficial owner of the interest payment to report interest payments to the Swiss Federal Tax Administration. Such report will then substitute the tax retention.

Individual Noteholders should note that the Issuer will not pay additional amounts under the Terms and Conditions of the Notes in respect of any Swiss EU tax retention.

Notes issued by the Issuer may be subject to EU savings tax. The qualification regarding "in scope" or "out of scope" of the EU Savings Tax is depending on certain product features and on the underlying. In general derivatives with equity underlying are not subject to EU Savings Tax (out of scope), derivatives with interest underlying are subject to EU Savings Tax (in scope). Depending on the product features there are certain exemptions for instruments with interest underlying or fund underlying which qualify as "in scope".

Final withholding tax on certain capital gains and income items

Switzerland recently signed treaties with the United Kingdom and Austria providing, *inter alia*, for a final withholding tax (*Abgeltungssteuer*). The treaties entered into force on 1 January 2013 and might be followed by similar treaties with other European countries.

According to the treaties, a Swiss paying agent may levy a final withholding tax on certain capital gains and income items deriving, *inter alia*, from the Notes. The final withholding tax will substitute the ordinary income tax due by an individual resident of a contracting state on such gains and income items. In lieu of the final withholding, the relevant persons may opt for a voluntary disclosure of the relevant capital gains and income items to the tax authorities of their state of residency.

As regards the regularization of specific assets defined in the treaties and held by individuals of a contracting state with a Swiss paying agent prior to the entry into force of the treaties, such relevant individuals may opt either for a one-off payment substituting the tax liability in the state of residency with regard to such assets or for the voluntary disclosure of such assets to the tax authorities of the state of residency.

EUROPEAN UNION SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

PROPOSED FINANCIAL TRANSACTION TAX

On 14 February 2013, the European Commission produced a proposal for a council directive on a common system of financial transaction tax ("**FTT**") to be implemented under enhanced co-operation by 11 Member States, namely Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**FTT Member States**"). The original proposal is that all FTT Member States should agree implementing legislation by 30 September 2013, and that the FTT should apply in the FTT Member States from 1 January 2014. The proposal is not yet in final form (and the European Parliament has suggested some changes). Moreover, the UK has mounted a legal challenge at the Court of Justice of the European Union against certain aspects of the current proposal. It is currently unclear when, and if so in what form, the FTT would be adopted.

If adopted in the form proposed on 14 February 2013 then, subject to certain exemptions, the FTT will apply to Financial Transactions as defined below:

- (a) purchases or sales of a wide range of "financial instruments" which is very broadly defined and includes shares, bonds, money-market instruments and many other instruments; and
- (b) the conclusion or transfer of derivative contracts

(each a "**Financial Transaction**")

FTT will be chargeable at rates to be determined by each participating member state, but that rate must be set at least equal to:

- (a) 0.1% of the price paid or, if higher, the market value of the financial instruments under (a) above; and
- (b) 0.01% of the notional value of the derivative contract under (b) above.

In order for FTT to apply to a particular Financial Transaction, at least one party must be a financial institution and either:

- (a) at least one party must be "established" in an FTT Member State; or
- (b) the underlying financial instrument must be issued by an entity established in an FTT Member State.

The FTT will thus primarily be a tax levied on financial institutions (such as banks, credit institutions and pension funds) in the secondary market. However, such financial institutions may choose to transfer the FTT cost on to the holders of Securities, who may consequently suffer additional transaction costs. In addition, the FTT could increase the costs that an Issuer and/or its Affiliates incur(s) in entering hedging or other transactions and that could reduce the returns payable to the holders of Securities.

SUBSCRIPTION AND SALE

Each Issuer is offering the Notes on a continuing basis through Morgan Stanley & Co. International plc of 25 Cabot Square, Canary Wharf, London E14 4QA (the "**Distribution Agent**"), who has agreed to use reasonable efforts to solicit offers to purchase the Notes. Each Issuer will have the sole right to accept offers to purchase Notes and may reject any offer in whole or in part. The Distribution Agent will have the right to reject any offer to purchase Notes solicited by it in whole or in part. Each Issuer may pay the Distribution Agent, in connection with sales of the Notes resulting from a solicitation the Distribution Agent made or an offer to purchase received by the Distribution Agent, a commission, which may be in the form of a discount from the purchase price if the Distribution Agent is purchasing the Notes for its own account.

Each Issuer may also sell Notes to the Distribution Agent as principal for its own account at a price to be agreed upon at the time of sale. The Distribution Agent may resell any Notes it purchases as principal at prevailing market prices, or at other prices, as the Distribution Agent determines.

The arrangements for the offer and sale of the Notes from time to time are set out in the Regulation S Distribution Agreement dated on or about 17 July 2013 (as modified and restated from time to time, the "**Distribution Agreement**") among Morgan Stanley, MSI plc, MSBV and the Distribution Agent. Pursuant to the Distribution Agreement, Morgan Stanley, MSI plc, MSBV and the Distribution Agent have agreed to indemnify each other against certain liabilities, or to contribute payments made in respect thereof. Morgan Stanley, MSI plc and MSBV have also agreed to reimburse the Distribution Agent for certain expenses. The Distribution Agreement makes provision for the appointment of additional Distribution Agents who may agree to become bound by its terms (either in relation to the Notes generally or in relation to a particular Series of Notes) in an accession letter provided by each such additional Distribution Agent to the Issuers.

In order to facilitate the offering of the Notes, the Distribution Agent may engage in transactions that stabilise, maintain or otherwise affect the price of the Notes or any other securities the prices of which may be used to determine payments on those Notes. Specifically, the Distribution Agent may over allot in connection with any offering of the Notes, creating a short position in the Notes for their own accounts. In addition, to cover overallocments or to stabilise the price of the Notes or of any other securities, the Distribution Agent may bid for, and purchase, Notes or any other securities in the open market. Finally, in any offering of the Notes through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the Notes in the offering if the syndicate repurchases previously distributed Notes in transactions to cover syndicate short positions, in stabilisation transactions or otherwise. Any of these activities may stabilise or maintain the market price of the Notes above independent market levels. The Distribution Agent is not required to engage in these activities and may end any of these activities at any time.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered, *at any time*, within the United States or to, or for the account or benefit of, U.S. Persons. The Distribution Agent (1) has acknowledged that the Notes have not been and will not be registered under the Securities Act, or any securities laws of any state in the United States, are subject to U.S. tax law requirements, and the Notes are not being offered or sold and may not be offered, sold or delivered at any time, directly or indirectly, within the United States or to or for the account or benefit of U.S. Persons (as defined in Regulation S under the Securities Act); (2) has represented, as a condition to acquiring any interest in the Notes, that neither it nor any persons for whose account or benefit the Notes are being acquired is a U.S. Person, is located in the United States, or was solicited to purchase Notes while present in the United States; (3) has agreed not to offer, sell or deliver any of the Notes, directly or indirectly, in the United States to any U.S. Person; and (4) has agreed that, at or prior to confirmation of sale of any Notes (whether upon original issuance or in any secondary transaction), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it a written notice containing language substantially the same as the foregoing. As used herein, "**United States**" means the United States of America (including the states and the District of Columbia), its territories and possessions.

In addition, the Distribution Agent has represented and agreed that it has not offered or sold Notes and will not offer or sell Notes *at any time* except in accordance with Rule 903 of Regulation S under the

Securities Act. Accordingly, the Distribution Agent has represented and agreed that neither it, its affiliates (if any) nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

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**"), the Distribution Agent has represented and agreed, and each further Distribution Agent appointed under the Distribution Agreement will be required to represent and agree, in relation to each Tranche of Notes, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Distribution Agent nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

In relation to each Tranche of Notes, the Distribution Agent has represented and agreed, subscribing for or purchasing such Notes, and each further Distribution Agent appointed under the Distribution Agreement will be required to represent and agree, with, the relevant Issuer and, if the Notes are issued by MSBV, the Guarantor that:

- (a) **Notes with maturities of less than one year:** in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor, if applicable; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Ireland

In relation to each Tranche of Notes, each Distribution Agent subscribing for or purchasing such Notes has represented to, warranted and agreed with, or will represent to, warrant and agree with, the Issuer and the Guarantor that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (MiFID Regulations), including, without limitation, Parts 6, 7, and 12 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2011 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1998;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended), the Irish Companies Act 1963-2012 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland;
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland; and
- (e) any issue of the Notes with a legal maturity of less than one year will be carried out in strict compliance with the Central Bank of Ireland's implementation notice for credit institutions BSD C 01/02 of 12 November 2002 (as may be amended, replaced or up-dated) and issued pursuant to Section 8(2) of the Irish Central Bank Act, 1971 (as amended).

Spain

Neither the Notes nor this Base Prospectus have been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Notes may not be offered, sold or re-sold in Spain except in circumstances which do not constitute a public offering of securities in Spain within the meaning of Article 30-bis of the Spanish Securities Market Law 24/1988, of 28 July (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) as amended and restated (the "**Spanish Securities Market Law**") and Royal Decree 1310/2005, of 4 November (*Real Decreto 1310/2005, de 4 de noviembre*) as amended and restated, and supplemental rules enacted thereunder or in substitution thereof from time to time, and in compliance with the

requirements of the Spanish Securities Market Law as amended and restated and any regulations developing it or in substitution thereof which may be in force from time to time.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, the Distribution Agent has represented and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, the Distribution Agent has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

- (1) to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Articles 34-ter, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- (2) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Directive 2003/71/EC of 4 November 2003 (the "**Prospectus Directive**") and the Directive 2010/73/EU of 24 November 2010 (the "**Amending Directive**"), as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; or
- (3) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

The Netherlands

For selling restrictions in respect of The Netherlands, see "*European Economic Area*" above and in addition:

Specific Dutch selling restriction for exempt offers: The Distribution Agent has represented and agreed and each further Distribution Agent appointed under the Distribution Agreement will be required to represent and agree that it will not make an offer of Notes which are the subject of the offering

contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- such offer is made exclusively to persons or legal entities which are qualified investors (as defined in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht, the "FMSA") and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
- standard exemption logo and wording are disclosed as required by article 5:20(5) of the FMSA; or
- such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA is not applicable,

provided that no such offer of Notes shall require any Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands; and (ii) "**Prospectus Directive**", have the meaning given to them above in the paragraph headed "European Economic Area".

Regulatory capacity to offer Notes in The Netherlands: The Distribution Agent, and each further Distribution Agent appointed under the Distribution Agreement, which did and does not have the requisite Dutch regulatory capacity to make offers or sales of financial instruments in The Netherlands has represented and agreed respectively will be required to represent and agree with the Issuers that it has not offered or sold and will not offer or sell any of the Notes of the relevant Issuer in The Netherlands, other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

Norway

The Distribution Agent represents and agrees that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell Norwegian Krone-denominated Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Norway or to Norwegian residents except in compliance with Norwegian laws and regulations.

Switzerland

The Notes shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and neither this Base Prospectus as completed by the final terms nor any other solicitation for investments in the Notes may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (the "**CO**") or of Article 3 of the Swiss Federal Act on Collective Investment Schemes (the "**CISA**") unless the legal and regulatory conditions imposed on a public offering under the CO or CISA are satisfied. This Base Prospectus as completed by the final terms does not constitute a public offering within the meaning of Articles 652a, respectively 1156, of the CO and of Article 5 of the CISA and may not comply with the information standards required thereunder, and in particular with the guidelines on informing investors about structured products as published in July 2007 by the Swiss Bankers Association, as applicable

The Notes do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Notes do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of the relevant Issuer and/or the Guarantor.

Portugal

The Distribution Agent has represented and agreed, and each and any additional distribution agent appointed under the Distribution Agreement will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal or under circumstances which are deemed to be a public offer under the Portuguese Securities Code ("*Código dos Valores Mobiliários*") enacted by Decree-Law no. 486/99 of 13 November, 1999, as amended, unless the requirements and provisions applicable to the public offerings in Portugal are met and registration, filing, approval or recognition

procedure with the Portuguese Securities Exchange Commission ("*Comissão do Mercado de Valores Mobiliários*", "CMVM") is made. In particular, the offer of new securities might be made through a private placement ("*oferta particular*"), in accordance with the relevant provisions of the Portuguese Securities Code, exclusively to qualified investors ("*investidores qualificados*") within the meaning of Article 30 of the Portuguese Securities Code, and/or to 149 or fewer non-qualified investors. In addition, the Distribution Agent has represented and agreed, and each and any additional distribution agent appointed under the Distribution Agreement will be required to represent and agree, that (i) no action has been or will be taken as to directly or indirectly offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, and (ii) no action has been or will be taken as to distribute, make available or cause to be distributed the Base Prospectus or any other offering material relating to the Notes to the public in Portugal, other than in compliance with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive (Commission Regulation (EC) 809/2004, as amended), any applicable CMVM regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including the rules and regulations that require the publication of a prospectus, when applicable, and that any placement of the Notes shall only be authorized and performed to the extent that there is full compliance with such laws and regulations.

France

The Distribution Agent has represented and agreed that, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

Austria

In addition to the provisions of the selling restriction for European Economic Area Member States (including Austria) above, the Notes may be offered to the public in Austria only:

(a) if the following conditions have been satisfied:

- (i) the Base Prospectus, including any supplements but excluding any Final Terms, which has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) (the "FMA") or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive, has been published at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public;
- (ii) the applicable Final Terms for the Notes have been published and filed with the FMA on or prior to the date of commencement of the relevant offer of the Notes to the public; and
- (iii) a notification with the Oesterreichische Kontrollbank Aktiengesellschaft, all as prescribed by the Capital Market Act 1991 (*Kapitalmarktgesetz 1991*), as amended (the "CMA"), has been filed at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public; or

(b) otherwise in compliance with the CMA.

For the purposes of this Austrian selling restriction, the expression "**an offer of the Notes to the public**" means the communication to the public in any form and by any means of sufficient information on the

terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

NO OWNERSHIP BY U.S. PERSONS

The Notes may not be legally or beneficially owned by U.S. Persons at any time. Each holder and each beneficial owner of a Note hereby represents, as a condition to purchasing or owning the Note or any beneficial interest therein, that neither it nor any person for whose account or benefit the Notes are being purchased is located in the United States, is a U.S. Person or was solicited to purchase the Notes while present in the United States. Each holder and each beneficial owner of a Note hereby agrees not to offer, sell or deliver any of the Notes, at any time, directly or indirectly in the U.S. or to any U.S. Person. The term "U.S. Person" will have the meaning ascribed to it in Regulation S under the Securities Act.

FORM OF GUARANTEE

THIS GUARANTEE is made on 17 July 2013 by MORGAN STANLEY, a corporation incorporated under the laws of the State of Delaware (the "**Guarantor**" or "**Morgan Stanley**").

WHEREAS:

- (A) The Guarantor, Morgan Stanley & Co. International plc ("**MSI plc**") and Morgan Stanley B.V. ("**MSBV**") have established a Regulation S Program (the "**Program**") for the Issuance of Notes, Series A and Series B ("**Notes issued under the Program**"), Warrants ("**Warrants**") and Certificates ("**Certificates**", together with the Notes issued under the Program and Certificates, the "**Program Securities**").
- (B) Notes issued under the Program may be issued: (i) under the issue and paying agency agreement dated 17 July 2013 (as from time to time further modified and/or restated, the "**Issue and Paying Agency Agreement**") between (amongst others) MSBV, MSI plc, the Guarantor and The Bank of New York Mellon (ii) as notes in dematerialised and uncertificated book-entry form with a Nordic central securities depository ("**Nordic Notes**") and with the benefit of either a deed of covenant dated 17 July 2013 entered into by MSBV or a deed of covenant dated 17 July 2013 entered into by MSI plc, as applicable or (iii) under the euroclear agreement dated 17 July 2013 (as from time to time further modified and/or restated, the "**Euroclear Agreement**") between (amongst others) MSBV, MSI plc, the Guarantor and Computershare Investor Services (Guernsey) Limited.
- (C) Notes issued under the Program as are issued by MSBV (the "**Issuer**") under the Issue and Paying Agency Agreement or the Euroclear Agreement (together the "**Relevant Securities**") will have the benefit of this Guarantee (subject as provided below). For the avoidance of doubt, Program Securities which are not Relevant Securities will not have the benefit of this Guarantee.

THE GUARANTOR HEREBY guarantees unconditionally and irrevocably the payment obligations under the terms of the Relevant Securities issued by MSBV on or after the date hereof.

If the Relevant Securities are held by a common depository or common safekeeper for Euroclear Bank S.A./N.V. as Operator of the Euroclear System (the "**Euroclear Operator**"), Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or such other clearing system as specified in the applicable Final Terms (or, if applicable, any relevant drawdown prospectus ("**Drawdown Prospectus**")) with respect to any series of Relevant Securities, the Guarantor covenants to each person who is for the time being shown in the records of the relevant clearing system or registrar as the holder of a principal amount of the Relevant Securities (the "**Accountholders**") that it shall make such payments under this Guarantee and acknowledges that the Accountholders may take proceedings to enforce this Guarantee directly against the Guarantor. The holders of the Relevant Securities from time to time and the Accountholders are referred to herein as the Holders. References to the Euroclear Operator, Clearstream or any other clearing system shall include their respective successors and assigns.

The Guarantor hereby agrees that it shall not be necessary, as a condition to enforce this guarantee, that suit be first instituted against the applicable Issuer or that any rights or remedies against such Issuer be first exhausted. Rather, it is understood and agreed that the liability of the Guarantor hereunder shall be primary, direct, and in all respects, unconditional. The obligations of the Guarantor under this Guarantee constitute direct, unconditional and unsecured obligations of the Guarantor and rank without preference among themselves and, subject as aforesaid, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

The Guarantor shall be fully liable as if it were the principal debtor under the Relevant Securities whether any time has been granted to the applicable Issuer, whether the obligations of the Issuer under the Relevant Securities have ceased to exist pursuant to bankruptcy, corporate reorganization or other similar event, whether the applicable Issuer has been dissolved or liquidated or consolidated or has changed or lost its corporate identity and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defense to a guarantor.

If any moneys shall become payable by the Guarantor under this Guarantee, the Guarantor shall not for so long as the same remain unpaid in respect of any amount paid by it under this Guarantee exercise any right or subrogation in relation to the applicable Issuer or any other right or remedy which may accrue to it in respect of or as a result of any such payment.

All payments pursuant to this Guarantee will be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied collected, withheld or assessed by the United States of America, or any political subdivision or any authority thereof having power to tax unless such withholding or deduction is required by law. The Guarantor shall not be required to make any additional payments on account of such withholding or deduction (except with respect to any additional payments required to be made by any Issuer under the Program). If the Guarantor becomes subject at any time to any taxing jurisdiction other than the United States of America, references in the Guarantee to the United States shall be construed as references to such other jurisdiction.

This guarantee shall be governed and construed in accordance with New York law, without regard to the conflict of laws principles.

This guarantee shall expire and is no longer effective once all amounts payable on or in respect of the Relevant Securities has been paid in full.

Dated as of 17 July 2013

MORGAN STANLEY

By:

Name: [●]

Title: [●]

GENERAL INFORMATION

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate code for each issue allocated by Euroclear and Clearstream, Luxembourg will be contained in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than two business days after the date of the transaction.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and any Distribution Agent at the time of the issue in accordance with prevailing market conditions.

In respect of any Fixed Rate Notes, the yield is calculated at the Issue Date on the basis of the Issue Price for such Notes and will be specified in the relevant Final Terms. It is not an indication of future yield.

This Base Prospectus and any supplement thereto will be published on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) and (b) MSI plc and MSBV (www.morganstanleyiq.eu).

For so long as this Base Prospectus remains in effect or any Notes issued by Morgan Stanley, MSI plc or MSBV remain outstanding, the following documents will be available from the date hereof in physical or electronic form, during usual business hours on any weekday, for inspection at The Bank of New York Mellon, One Canada Square, London E14 5AL and also at the principal executive offices of Morgan Stanley and the registered offices of MSI plc and MSBV (subject as mentioned below):

- (a) copies of the Distribution Agreement, the Issue and Paying Agency Agreement, the accession agreement dated as of 16 April 2004 relating to MSBV, the accession agreement dated as of 15 June 2010 relating to MSI plc, the Deeds of Covenant, the Guarantee, all of MSI plc's and MSBV's future published financial statements and all of Morgan Stanley's future Annual, Quarterly and Current Reports;
- (b) the Certificate of Incorporation and Amended and Restated By-laws of Morgan Stanley (these shall not be available at the registered office of MSI plc);
- (c) the Certificate of Incorporation and the Articles of Association of MSI plc (these shall not be available at the registered office of Morgan Stanley or MSBV);
- (d) the Deed of Incorporation of MSBV (this shall not be available at the registered office of MSI plc);
- (e) all reports, letters and other documents, historical financial information, valuations and statements by any expert any part of which is included or referred to herein;
- (f) Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2012 including any amendments thereto, which contains the audited consolidated financial statements of Morgan Stanley for the years ended 31 December 2011 and 31 December 2012;
- (g) the Annual Reports of MSI plc for the financial years ended 31 December 2011 and 31 December 2012 (these shall not be available at the registered office of Morgan Stanley or MSBV);
- (h) the Annual Reports of MSBV for the financial years ended 31 December 2011 and 31 December 2012 (these shall not be available at the registered office of MSI plc);
- (i) a copy of this Base Prospectus and any document incorporated by reference herein;
- (j) any supplement to this Base Prospectus; and
- (k) any Final Terms (save that any Final Terms relating to a Note which is not listed will only be available for inspection by a holder of such Note and such holder must provide evidence satisfactory to the Issuer as to the identity of such holder).

Any statement contained in this Base Prospectus or in a document incorporated or deemed to be incorporated by reference in this Base Prospectus will be deemed to be modified or superseded for purposes of this Base Prospectus, to the extent that a statement contained in this Base Prospectus or in any

subsequently filed document that also is or is deemed to be incorporated by reference in this Base Prospectus and in respect of which a supplement to this Base Prospectus has been prepared modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

Investors should consult Morgan Stanley, MSI plc or MSBV should they require a copy of the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) which are referred to in the Conditions of the Notes.

MORGAN STANLEY

The Program was authorised by Morgan Stanley pursuant to resolutions adopted at a meeting of the Board of Directors of Morgan Stanley held on 17 June 2003, as amended and updated pursuant to resolutions adopted at a meeting of the Board of Directors of Morgan Stanley held on 14 December 2004, 20 September 2005, 12 December 2006, 19 June 2007, 17 September 2007 and 16 June 2008.

MSI PLC

The role of MSI plc as issuer under the Program was authorised by resolutions of the Board of Directors of MSI plc on 14 June 2010, 10 June 2011 and 23 May 2012.

Deloitte LLP, Chartered Accountants and Registered Auditors (members of the Institute of Chartered Accountants of England and Wales) of 2 New Street Square, London EC4A 3BZ have audited the financial statements of MSI plc for the years ended 2011 and 2012 and unqualified opinions have been reported thereon.

MSBV

Deloitte Accountants B.V., independent auditors and certified public accountants of Orlyplein 10, 1043 DP Amsterdam, P.O. Box 58110, 1040 HC Amsterdam, The Netherlands have audited the financial statements of MSBV for the years ended 31 December 2011 and 31 December 2012 and an unqualified opinion has been reported thereon.

This document does not contain any other information that has been audited by Deloitte Accountants B.V.

The financial information in respect of MSBV has been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002.

The role of MSBV as issuer under the Program was authorised by resolutions of the Board of Directors of MSBV passed on 16 April 2004, 20 June 2007, 17 June 2008, 16 June 2009, 14 June 2010, 9 June 2011, 23 May 2012 and 17 July 2013 .

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