

FOURTH SUPPLEMENTAL OFFERING CIRCULAR

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)*

MORGAN STANLEY FINANCE LLC

*as issuer*  
*(formed under the laws of the State of Delaware in the United States of America)*

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

Morgan Stanley (“Morgan Stanley”), Morgan Stanley & Co. International plc (“MSI plc”), Morgan Stanley B.V. (“MSBV”) and Morgan Stanley Finance LLC, a wholly-owned finance subsidiary of Morgan Stanley (“MSFL”, together with Morgan Stanley, MSI plc and MSBV, the “Issuers”), and Morgan Stanley, in its capacity as guarantor (in such capacity, the “Guarantor”) have prepared this supplemental offering circular (the “Fourth Supplemental Offering Circular”) to supplement and be read in conjunction with the offering circular dated 17 August 2015 (the “Offering Circular”), as supplemented by the first supplemental offering circular dated 30 November 2015 (the “First Supplemental Offering Circular”), as supplemented by the second supplemental offering circular dated 23 December 2015 (the “Second Supplemental Offering Circular”), as supplemented by the third supplemental offering circular dated 14 April 2016 (the “Third Supplemental Offering Circular”) in relation to the Issuer’s Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates.

This Fourth Supplemental Offering Circular has been approved by:

- (i) the Irish Stock Exchange as supplementary listing particulars, pursuant to the listing and admission to trading rules of the Irish Stock Exchange, for the purpose of providing information with regard to the Issuers and the Guarantor for the purposes of admitting Program Securities to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market. The Global Exchange Market is the exchange regulated market of the Irish Stock Exchange and is not a regulated market for the purposes of Directive 2004/39/EC;
- (ii) the SIX Swiss Exchange pursuant to points 12 et seq. of the directive of the SIX Swiss Exchange on the listing of notes for the purpose of giving certain information with regard to the Issuers and the Guarantor; and
- (iii) the Luxembourg Stock Exchange pursuant the rules and regulations of the Luxembourg Stock Exchange for the purpose of providing information with regard to the Issuers and the Guarantor for the purpose of listing Program Securities on the Official List and to trading on the Euro MTF market of the Luxembourg Stock Exchange. The Euro MTF market is the exchange regulated market of the Luxembourg Stock Exchange and is not a regulated market for the purposes of Directive 2004/39/EC.



Kevin Sheehan  
Assistant Treasurer

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TMF Management B.V.  
Managing Director

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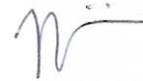
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Nikko Tippins  
Vice President

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**Warning:** This Fourth Supplemental Offering Circular does not constitute a “supplement” for the purposes of Directive 2003/71/EC (as amended by Directive 2010/73/EU, the “**Prospectus Directive**”), and this Fourth Supplemental Offering Circular and the Offering Circular has been prepared on the basis that no prospectus shall be required under the Prospectus Directive for any Program Securities to be offered and sold under the Offering Circular. Neither the Offering Circular nor this Fourth Supplemental Offering have been approved or reviewed by any regulator which is a competent authority under the Prospectus Directive in the European Economic Area (the “**EEA**”).

Terms defined in the Offering Circular shall have the same meaning when used in this Fourth Supplemental Offering Circular. To the extent that there is any inconsistency between any statement in this Fourth Supplemental Offering Circular and any other statement in, or incorporated by reference in to, the Offering Circular, the statements in this Fourth Supplemental Offering Circular will prevail.

MSFL acceded to the Program as an issuer of Registered Notes governed by English Law only pursuant to an Accession Agreement dated 29 April 2016 and any issuance of Registered Notes by MSFL under this Program shall be fully and unconditionally guaranteed by Morgan Stanley, all as described in this Fourth Supplemental Offering Circular. The purpose of this Fourth Supplemental Offering Circular is to make certain changes to the Offering Circular as a result of the accession of MSFL to the Program.

Morgan Stanley & Co. International plc accepts responsibility for the accuracy of the information contained in this Fourth Supplemental Offering Circular to the extent that the information relates to Morgan Stanley & Co. International plc, Morgan Stanley B.V. accepts responsibility for the accuracy of the information contained in this Fourth Supplemental Offering Circular to the extent that the information relates to Morgan Stanley B.V., Morgan Stanley Finance LLC accepts responsibility for the accuracy of the information contained in this Fourth Supplemental Offering Circular to the extent that the information relates to Morgan Stanley Finance LLC and Morgan Stanley (together with Morgan Stanley & Co. International plc, Morgan Stanley B.V. and Morgan Stanley Finance LLC the “**Responsible Persons**”) also accepts responsibility for the accuracy of the information contained in this Fourth Supplemental Offering Circular to the extent that the information does not relate to Morgan Stanley & Co. International plc, Morgan Stanley B.V. or Morgan Stanley Finance LLC.

To the best of the knowledge and belief of the Responsible Persons (each having taken all reasonable care to ensure that such is the case), the information contained in this Fourth Supplemental Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Responsible Persons confirms that save as disclosed in this Fourth Supplemental Offering Circular, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular (as supplemented by the First Supplemental Offering Circular, the Second Supplemental Offering Circular and the Third Supplemental Offering Circular) has arisen since the publication of the Offering Circular (as supplemented by the First Supplemental Offering Circular, the Second Supplemental Offering Circular and the Third Supplemental Offering Circular).

This Fourth Supplemental Offering Circular is available for viewing, and copies may be obtained from, the offices of the Issuers and the Paying Agents and are also available at (i) [www.morganstanleyiq.eu](http://www.morganstanleyiq.eu); and (ii) [www.bourse.lu](http://www.bourse.lu).

**29 April 2016**

**MORGAN STANLEY**

**MORGAN STANLEY & CO. INTERNATIONAL PLC**

**MORGAN STANLEY B.V.**

**MORGAN STANLEY FINANCE LLC**

## AMENDMENTS TO THE OFFERING CIRCULAR

The Offering Circular is amended to reflect the accession of MSFL as issuer of Registered Notes governed by English Law only under the program as set out in the following provisions and the Annexes hereto.

All page numbers and cross references in the Offering Circular and the Contents page set out in the Offering Circular shall be deemed to be updated accordingly.

### 1. General

- 1.1 The front page of the Offering Circular shall be amended by the insertion of the following after “*as issuer (incorporated with limited liability in The Netherlands)*”:

**“MORGAN STANLEY FINANCE LLC**

*as issuer*

*(formed under the laws of the State of Delaware in the United States of America)*”.

- 1.2 The first paragraph on the front page of the Offering Circular beginning ‘Morgan Stanley (“**Morgan Stanley**”)’ shall be deleted in its entirety and replaced with the following:

“Under the Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates (the "**Program**") described in this Offering Circular (the "**Offering Circular**"), Morgan Stanley ("**Morgan Stanley**"), Morgan Stanley & Co. International plc ("**MSI plc**" or "**MSIP**"), Morgan Stanley B.V. ("**MSBV**") and Morgan Stanley Finance LLC ("**MSFL**") or any of Morgan Stanley's subsidiaries that accedes to the Program (each, an "**Additional Issuer**" and, together with Morgan Stanley, MSI plc, MSBV and MSFL, the "**Issuers**" and each, an "**Issuer**") may offer from time to time Series A Notes and Series B Notes (together, the "**Notes**") and (with the exception of MSFL), Warrants (the "**Warrants**") and Certificates (the "**Certificates**"). The Notes, Warrants and Certificates which are being offered under this Offering Circular (including, in the case of English Law Notes, as issued under the Issue and Paying Agency Agreement and, in the case of Warrants and Certificates, as issued under the Securities Agency Agreement (in each case, as defined below)) shall be referred to collectively as "**Program Securities**" in this Offering Circular.”

- 1.3 The third paragraph on the front page of the Offering Circular beginning ‘The payment of all amounts due’ shall be deleted in its entirety and replaced with the following:

“The payment of all amounts due in respect of Program Securities issued by MSBV, MSFL or an Additional Issuer will, unless specified otherwise in the appropriate Pricing Supplement or, in the case of an Additional Issuer, in the accession agreement pursuant to which such Additional Issuer accedes to the Program, be unconditionally and irrevocably guaranteed by Morgan Stanley (in such capacity, the "**Guarantor**") pursuant to a guarantee dated as of 29 April 2016 (as supplemented and/or amended and/or restated and/or replaced from time to time). Payment of amounts due in respect of Notes, Warrants and Certificates issued by MSI plc is not guaranteed by Morgan Stanley.”

### 2. Important Notices

#### 2.1 **Governing Law**

- (A) In the section headed ‘*Governing Law*’ on page iii of the Offering Circular subparagraph (i) shall be deleted in its entirety and replaced with the following:

“(i) The Notes will be governed by either the laws of the State of New York ("**New York Law Notes**") or the laws of England and Wales ("**English Law Notes**"), as specified in the applicable Pricing Supplement. MSI plc,

MSBV, MSFL and each Additional Issuer may issue English Law Notes, but shall not issue New York Law Notes.”

- (B) In the section headed ‘*Governing Law*’ on page iv of the Offering Circular subparagraph (ii) shall be deleted in its entirety and replaced with the following:

“(ii) The Warrants and Certificates will be governed by the laws of England and Wales. Morgan Stanley, MSI plc and MSBV may issue Warrants and Certificates. MSFL may not issue Warrants and Certificates”

## 2.2 Important U.S. notices

- (A) In the section headed ‘*Important U.S. notices*’, the 4<sup>th</sup> and 5<sup>th</sup> paragraphs on page v of the Offering Circular shall be deleted in their entirety and replaced with the following:

### “Payments by Morgan Stanley and MSFL and United States withholding taxes

**Payments in respect of a Program Security by Morgan Stanley and MSFL may be subject to U.S. withholding tax of 30 per cent. if the beneficial owner of the Program Security does not meet the criteria for being exempt from this withholding tax. These criteria include the requirement that the beneficial owner (or a financial institution holding the Program Security on behalf of the beneficial owner) comply with certain tax identification and certification rules, generally by furnishing the appropriate U.S. Internal Revenue Service Form W-8BEN or W-8BEN-E on which the beneficial owner certifies under penalties of perjury that it is not a United States person. If withholding is so required, none of the Issuers or any intermediary will be required to pay any additional amounts with respect to the amounts so withheld.”**

- (B) In the section headed ‘*Important U.S. notices*’, the 9th paragraph on page v of the Offering Circular shall be deleted in its entirety and replaced with the following:

“No person has been authorised by any of Morgan Stanley, MSI plc, MSBV or MSFL to give any information or to make any representation not contained or incorporated by reference in this Offering Circular, and, if given or made, that information or representation should not be relied upon as having been authorised by Morgan Stanley, MSI plc, MSBV or MSFL.”

- (C) In the section headed ‘*Important U.S. notices*’, the 1st paragraph on page vi of the Offering Circular shall be deleted in its entirety and replaced with the following:

“Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Program Securities will, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial situation of any of Morgan Stanley, MSI plc, MSBV or MSFL since the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which have been incorporated into this Offering Circular by way of a supplement to this Offering Circular, 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, MSBV and/or MSFL (as applicable) when evaluating any Program Securities or an investment therein (such financial statements shall not form a part of this Offering Circular unless they have been expressly incorporated herein, including by way of a supplement to this Offering Circular).”

### 2.3 **General restriction on distribution of this Offering Circular**

In the section headed '*General restriction on distribution of this Offering Circular*' on page vi of the Offering Circular, the paragraph beginning 'The distribution of this Offering Circular' shall be deleted in its entirety and replaced with the following:

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

### 2.4 **Read and construe with each supplement and document incorporated by reference**

In the section headed '*Read and construe with each supplement and document incorporated by reference*' on page vi of the Offering Circular, the paragraph beginning 'This Offering Circular does not constitute an offer' shall be deleted in its entirety and replaced with the following:

"This Offering Circular does not constitute an offer of or an invitation to subscribe for or purchase any Program Securities and should not be considered as a recommendation by any of Morgan Stanley, MSI plc, MSBV or MSFL that any recipient of this Offering Circular should subscribe for or purchase any Program Securities. Each recipient of this Offering Circular will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of Morgan Stanley, MSI plc, MSBV or MSFL (as applicable) and of the particular terms of any offered Program Securities."

## 3. **Summary**

### 3.1 **The Issuer and the Guarantor**

#### (A) **Legal name and commercial name of the Issuers:**

In the section headed '*Legal name and commercial name of the Issuers*' on page 1 of the Offering Circular, the following shall be inserted under 'Morgan Stanley B.V. ("MSBV")':

"Morgan Stanley Finance LLC ("MSFL")"

#### (B) **Domicile and legal form of the Issuers, the legislation under which the Issuers operate and its country of incorporation:**

In the section headed '*Domicile and legal form of the Issuers, the legislation under which the Issuers operate and its country of incorporation*' on page 1 of the Offering Circular, the following shall be added after the final paragraph of this section:

"MSFL is a wholly-owned finance subsidiary of Morgan Stanley and a limited liability company formed pursuant to the Delaware Limited Liability Company Act on 27 March 2002 for an unlimited duration under the name of Morgan Stanley Tower LLC. On 8 January 2016 Morgan Stanley Tower LLC changed its name to Morgan Stanley Finance, LLC. On 12 January 2016 Morgan Stanley Finance, LLC changed its name to Morgan Stanley Finance LLC. MSFL'S registered address is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. MSFL's principal place of business is 1585 Broadway, New York, NY 10036. MSFL is formed under, and subject to, the laws of the state of Delaware, United States."

(C) **The group and the Issuers' position within the group:**

In the section headed '*The group and the Issuers' position within the group*' on page 1 of the Offering Circular the following shall be added after the final paragraph of this section:

"MSFL has no subsidiaries. It is a wholly-owned finance subsidiary of Morgan Stanley."

(D) **Selected Historical Key Financial Information:**

In the section headed '*Selected Historical Key Financial Information*' of the Offering Circular the following shall be added after the final paragraph of this section on page 3 of the Offering Circular:

**"Selected key financial information relating to MSFL:**

	<b>31 December 2014</b>	<b>31 December 2015</b>
<b>Net Income</b>	114,986,489	110,072,000
<b>Total Assets</b>	6,797,385,100	6,942,318,599
<b>Total Liabilities</b>	1,678,238,333	1,713,099,832"

(E) **Key Risks Specific to the Issuers and the Guarantor:**

(1) In the section headed '*Key Risks Specific to the Issuers and the Guarantor*' on page 3 of the Offering Circular the first sentence shall be deleted in its entirety and replaced with the following:

"The following key risks affect Morgan Stanley and, since Morgan Stanley is the ultimate holding company of MSI plc, MSBV and MSFL, also impact MSI plc, MSBV and MSFL:"

3.2 **Program Securities**

(A) **Type**

In the section headed '*Type*' on page 5 of the Offering Circular the whole paragraph shall be deleted in its entirety and replaced with the following:

"*Type*: Each Issuer (with the exception of MSFL) may offer from time to time Program Securities in the form of Notes, Warrants and Certificates. MSFL may offer from time to time Registered Notes governed by English Law only."

(B) **Status**

Page 5 of the Offering Circular shall be amended by the insertion of the following after the section headed '*No registration*':

"*Structural subordination; Morgan Stanley's access to assets held by subsidiaries may be restricted*: The securities issued by Morgan Stanley, including the guarantees of the MSBV Program Securities and the MSFL Notes, are Morgan Stanley's unsecured senior obligations, but Morgan Stanley's assets consist primarily of equity in, and receivables from, its subsidiaries. As a result, Morgan Stanley's ability (i) to make payments on its Notes, Warrants and Certificates, (ii) to make payments with respect to its guarantee of Program Securities issued by MSBV and MSFL and (iii) to

pay dividends on its preferred stock and common stock, in each case depends upon its receipt of dividends, loan payments and other funds from its subsidiaries. In addition, the direct creditors of any subsidiary will have a prior claim on the subsidiary's assets, if any, and Morgan Stanley's rights and the rights of its creditors, including your rights as an owner of Morgan Stanley's Notes, Warrants and Certificates or your rights under its guarantees of MSBV and MSFL Program Securities, will be subject to that prior claim, except to the extent that any claims Morgan Stanley may have as a creditor of that subsidiary are paid. This subordination of parent company creditors to prior claims of creditors of subsidiaries over the subsidiaries' assets is referred to as structural subordination.

In addition, various statutes and regulations restrict some of Morgan Stanley's subsidiaries from paying dividends or making loans or advances to Morgan Stanley. These restrictions could prevent those subsidiaries from paying the cash to Morgan Stanley that it needs in order to pay you. These restrictions include:

- the net capital requirements under the Exchange Act, and the rules of some exchanges and other regulatory bodies, which apply to some of Morgan Stanley's principal subsidiaries, such as Morgan Stanley & Co. LLC and Morgan Stanley & Co. International plc, and
- banking regulations, which apply to Morgan Stanley Bank, N.A., a national bank, Morgan Stanley Private Bank, National Association (formerly Morgan Stanley Trust FSB), a national bank, and other bank subsidiaries of Morgan Stanley.

*Status of the MSI plc Program Securities; relationship with Morgan Stanley securities:* The Program Securities issued by MSI plc are its unsecured obligations and holders of these Program Securities are direct creditors of MSI plc.

*Status of the MSBV Program Securities; relationship with Morgan Stanley securities:* The Program Securities issued by MSBV are its unsecured obligations and holders of these Program Securities are direct creditors of MSBV, as well as direct creditors of Morgan Stanley under the related guarantee. That Morgan Stanley guarantee will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of Morgan Stanley, present and future, but, in the event of insolvency, only to the extent permitted by laws affecting creditors' rights.

*Status of the MSFL Notes; relationship with Morgan Stanley securities:* The Notes issued by MSFL are its unsecured obligations and holders of these Notes are direct creditors of MSFL, as well as direct creditors of Morgan Stanley under the related guarantee. As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and is expected to have no independent assets available for distributions to holders of MSFL Notes if they make claims in respect of the securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of Morgan Stanley, present and future, but, in the event of insolvency, only to the extent permitted by laws affecting creditors' rights. Holders of Notes issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.”

(C) **Guarantee**

In the section headed ‘*Guarantee*’ on page 5 of the Offering Circular the whole paragraph shall be deleted in its entirety and replaced with the following:

*“Guarantee: Payment of all amounts due in respect of Program Securities issued by (i) MSBV will, unless specified otherwise in the applicable Pricing Supplement, and (ii) MSFL will be guaranteed by Morgan Stanley. Payment of all amounts due in respect of Program Securities issued by MSI plc will not be guaranteed by Morgan Stanley, or by any other guarantor.”*

(D) **U.S. withholding requirement**

In the section headed ‘*U.S. withholding requirement*’ on page 5 of the Offering Circular the whole paragraph shall be deleted in its entirety and replaced with the following:

*“U.S. withholding requirement: In order to avoid U.S. withholding taxes on payments by Morgan Stanley and MSFL on a Program Security, a beneficial owner that is not a United States person is required to comply with certain tax identification and certification rules generally by furnishing the appropriate IRS Form W-8BEN or W-8BEN-E certifying that it not a United States person.”*

(E) **Where to obtain documents**

In the section headed ‘*Where to obtain documents*’ on page 6 of the Offering Circular the whole paragraph shall be deleted in its entirety and replaced with the following:

*“Where to obtain documents: Certain documents relating to the Program Securities will be available 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 MSIP, MSBV and MSFL.”*

4. **Risk Factors relating to Program Securities**

4.1 The following risk factor set out on page 8 of the Offering Circular shall be deleted in its entirety:

**“An insolvency of Morgan Stanley, as Guarantor of Program Securities, will not constitute an Event of Default in relation to such Program Securities**

In relation to the Program Securities guaranteed by Morgan Stanley, the insolvency, appointment of an administrator or liquidator, or actions in connection with the winding up, liquidation or dissolution (or other similar events) of Morgan Stanley, will not entitle holders of such Program Securities to declare an Event of Default thereunder and, for the avoidance of doubt, the Program Securities will not become immediately due and repayable nor will there be any other acceleration of payment. Instead, holders will need to wait until the earlier of (i) a default on the terms of the Program Securities by the Issuer itself or (ii) the final maturity of the Program Securities. As a result, holders of such Program Securities may suffer loss or realise a lower return on such Program Securities without the ability to declare an Event of Default in the event of insolvency of the Guarantor.”

4.2 The following shall be inserted on page 8 of the Offering Circular immediately before the paragraph commencing ‘The value of the Program Securities linked to the Relevant Underlying or Relevant Factor, as applicable may be influenced by unpredictable factors’:

**“Risk Factors relating to MSFL Notes**

**As a finance subsidiary, MSFL has no independent operations and is expected to have no independent assets**

The principal risks with respect to Morgan Stanley described in the Registration Document will also represent the principal risks with respect to MSFL, either as an individual entity or as part of the Morgan Stanley Group.

MSFL has no independent operations beyond the issuance and administration of its securities and is expected to have no independent assets available for distributions to holders of MSFL Notes if they make claims in respect of the Notes in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related Guarantee by Morgan Stanley and that Guarantee will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of Morgan Stanley present and future, but, in the event of insolvency, only to the extent permitted by laws affecting creditors' rights. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the Guarantee. Holders of Notes issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

### **Risk Factors relating to MSBV Notes and MSFL Notes**

**Notes issued by MSBV and MSFL will not have the benefit of any cross-default or cross-acceleration with other indebtedness of MSBV, MSFL or Morgan Stanley; A Morgan Stanley covenant default or bankruptcy, insolvency or reorganization event does not constitute an Event of Default with respect to MSBV Notes or MSFL Notes**

Unless otherwise stated in the applicable Pricing Supplement, the notes issued by MSBV and MSFL will not have the benefit of any cross-default or cross-acceleration with other indebtedness of MBSV, MSFL or Morgan Stanley (as applicable). In addition, a covenant default by Morgan Stanley, as guarantor, or an event of bankruptcy, insolvency or reorganization of Morgan Stanley, as guarantor, does not constitute an event of default with respect to any notes issued by MSBV or MSFL.”

- 4.3 The first sentence of the risk factor headed ‘*Credit risk*’ on page 10 of the Offering Circular shall be deleted and replaced with the following:

“Holders of Program Securities issued by Morgan Stanley or MSI plc bear the credit risk of the relevant Issuer, that is the risk that the relevant Issuer is not able to meet its obligations under such Program Securities, irrespective of whether such Program Securities are referred to as capital or principal protected or how any principal, interest or other payments under such Program Securities are to be calculated. Holders of Program Securities issued by MSBV or MSFL bear the credit risk of the relevant Issuer and/or the Guarantor, that is the risk that the relevant Issuer and/or the Guarantor is not able to meet its obligations under such Program Securities, irrespective of whether such Program Securities are referred to as capital or principal protected or how any principal, interest or other payments under such Program Securities are to be calculated.”

- 4.4 The first sentence of the risk factor ‘*General Risks relating to Notes linked to preference shares*’ on page 12 of the Offering Circular shall be amended by the insertion of ‘and MSFL’ after ‘Morgan Stanley and MSBV’.

- 4.5 The third sentence of the risk factor headed ‘*No affiliation with underlying companies*’ on page 17 of the Offering Circular shall be amended by the replacement of ‘or MSBV’ with ‘, MSBV or MSFL’.

- 4.6 The paragraph commencing ‘The Issuer has the right to close the offering’ on page 23 of the Offering Circular’ shall be deleted in its entirety and replaced with the following:

“The Issuer has the right to close the offering of the Program Securities prior to the end of the subscription period in its sole discretion.”

### 5. **Incorporation by reference**

- 5.1 The following shall be inserted after paragraph 10(g) on page 37 of the Offering Circular and the numbering of the subsequent sections shall be updated accordingly:

**“Morgan Stanley Finance LLC**

11.	Financial Statements as of and for the year ended December 31, 2015 and Independent Auditors’ Report.	Statement of Financial Condition	3
		Statement of Income	4
		Statement of Cash Flows	5
		Statement of Changes in Member’s Equity	6
		Notes to Financial Statements	7-9
12.	Financial Statements as of and for the year ended December 31, 2014 and Independent Auditors’ Report.	Statement of Financial Condition	3
		Statement of Income	4
		Statement of Cash Flows	5
		Statement of Changes in Shareholder’s Equity	6
		Notes to Financial Statements	7-9

5.2 The sentence which reads ‘The information about Morgan Stanley, MSI and MSBV incorporated by reference in this Offering Circular (the “**Incorporated Information**”) is considered to be part of this Offering Circular.’ on page 38 of the Offering Circular shall be deleted and replaced with the following:

“The information about Morgan Stanley, MSI, MSBV and MSFL incorporated by reference in this Offering Circular (the “**Incorporated Information**”) is considered to be part of this Offering Circular.”

6. **Key Features of English Law Notes**

The section entitled ‘*Key Features of English Law Notes*’ on pages 39 - 47 of the Offering Circular shall be deleted in its entirety and replaced by the wording set out in Annex 1 to this Fourth Supplemental Offering Circular.

7. **Terms and Conditions of English Law Notes**

The section entitled ‘*Terms and Conditions of English Law Notes*’ on pages 79 - 178 of the Offering Circular shall be deleted in its entirety and replaced by the wording set out in Annex 2 to this Fourth Supplemental Offering Circular.

8. **Pro Forma Pricing Supplement for English Law Notes**

The section entitled ‘*Pro Forma Pricing Supplement for English Law Notes*’ on pages 186 - 223 of the Offering Circular shall be deleted in its entirety and replaced by the wording set out in Annex 3 to this Fourth Supplemental Offering Circular.

9. **Form of Notes**

- 9.1 The first paragraph of the section headed ‘*Form of Notes*’ on page 224 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“Morgan Stanley, MSI plc, MSBV and MSFL may issue Notes in registered form (“**Registered Notes**”). In addition MSBV and MSI plc may also issue (i) Notes in dematerialised and uncertificated book-entry form with a Nordic central securities depository (“**Nordic Notes**”), and (ii) 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 UK Companies Act 2006 as are applicable to the Euroclear Registrar (“**Uncertificated Notes**”).”

10. **Summary of Provisions relating to the English Law Notes While in Global Form**

- 10.1 The paragraph beginning ‘*then at 5.00 p.m.(London time)*’ in the section headed ‘*Summary of Provisions relating to the English Law Notes While in Global Form*’ on page 226 of the Offering Circular shall be amended by the replacement of ‘*the MSI plc Deed of Covenant and the MSBV Deed of Covenant (the “Deed of Covenants”)*’ with ‘the MSI plc Deed of Covenant, the MSBV Deed of Covenant and the MSFL Deed of Covenant (the “**Deeds of Covenant**”)’.

- 10.2 The final paragraph in the section headed ‘*Summary of Provisions relating to the English Law Notes While in Global Form*’ on page 228 of the Offering Circular beginning ‘In the case of payments by Morgan Stanley’ shall be deleted in its entirety and replaced with the following:

“Payments in respect of a Program Security by Morgan Stanley and MSFL may be subject to U.S. withholding tax of 30 per cent. if the beneficial owner of the Program Security does not meet the criteria for being exempt from this withholding tax. These criteria include the requirement that the beneficial owner (or a financial institution holding the Program Security on behalf of the beneficial owner) comply with certain tax identification and certification rules, generally by furnishing the appropriate U.S. Internal Revenue Service Form W-8BEN or W-8BEN-E on which the beneficial owner certifies under penalties of perjury that it is not a United States person. If withholding is so required, none of the Issuers or any intermediary will be required to pay any additional amounts with respect to the amounts so withheld.”

11. **Description of Morgan Stanley Finance LLC**

The following section shall be inserted on a new page after the section headed ‘*Benefit Plan Investors*’ on page 346 of the Offering Circular:

**“DESCRIPTION OF MORGAN STANLEY FINANCE LLC**

**1. INFORMATION ABOUT MORGAN STANLEY FINANCE LLC**

**History and Development**

Morgan Stanley Finance LLC (“**MSFL**”) was originally formed as a limited liability company pursuant to the Delaware Limited Liability Company Act on 27 March 2002 for an unlimited duration under the name of Morgan Stanley Tower LLC. On 8 January 2016 Morgan Stanley Tower LLC changed its name to Morgan Stanley Finance, LLC. On 12 January 2016 Morgan Stanley Finance, LLC changed its name to Morgan Stanley Finance LLC.

**Registered office**

MSFL’s registered address is at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. MSFL’s principal place of business is 1585 Broadway, New York, NY 10036. Its phone number is 212-761-4000.

**Legal and commercial name**

MSFL's legal and commercial name is Morgan Stanley Finance LLC.

### **Legislation**

MSFL was formed under, and subject to, the laws of the state of Delaware, United States.

## **2. OVERVIEW OF ACTIVITIES**

### **Principal Activities**

MSFL's principal activity is the issuance of securities.

### **Principal Markets**

MSFL primarily conducts its business from the United States.

## **ORGANIZATIONAL STRUCTURE**

MSFL has no subsidiaries. It is a directly owned subsidiary of Morgan Stanley.

## **3. MANAGEMENT OF MSF**

The current managers of MSFL, their offices, if any, within MSFL and their principal outside activity, if any, are listed below. The business address of each manager is 1585 Broadway, New York, NY 10036

<u>Name</u>	<u>Title</u>	<u>Principal Outside Activity</u>
Kevin Woodruff	Manager	None
Nikki Tippins	Manager	None
Joshua Schanzer	Manager	None

There are no potential conflicts of interests between any duties to MSFL of its managers and their private interests and/or other duties.

## **4. BOARD PRACTICE**

MSFL considers itself to be in compliance with all Delaware laws relating to corporate governance that are applicable to it.

## **5. MAJOR SHAREHOLDERS**

MSFL is fully and directly owned by Morgan Stanley.

## **6. LEGAL PROCEEDINGS**

There are no governmental, legal or arbitration proceedings involving MSFL (including any such proceedings which are pending or threatened of which MSFL is aware) during the 12-month period before the date of the Fourth Supplement to the Offering Circular which may have, or have had in the recent past, a significant effect on the financial position or profitability of MSFL.

## 7. **ADDITIONAL INFORMATION**

### **Auditors**

Deloitte & Touche LLP, 30 Rockefeller Plaza, New York, NY 10112, United States have audited the financial statements of MSFL for the years ended 31 December 2014 and 31 December 2015.

This document does not contain any other information that has been audited by Deloitte & Touche LLP.

### **Trend Information**

MSFL intends to continue issuing securities. There has been no material adverse change in the prospects of MSFL since 31 December 2015.

### **Capitalisation:**

The Company is authorised to issue a single class of limited liability company interests. The capital of MSFL is USD 1,000.

### **Limited Liability Company Agreement**

MSFL's purpose is set out in Article 1.2 of its Limited Liability Company Agreement dated 27 March 2002 (as amended) and includes any activity for which limited liability companies may be organised in the State of Delaware. Such activities include the issuance of securities.

The Limited Liability Company Agreement was last amended on 21 January 2016.

## 8. **SELECTED FINANCIAL INFORMATION OF MORGAN STANLEY FINANCE LLC**

The net income for the years ended 2014 and 2015 was USD 114,986, 489 and USD 110,072,000 respectively.

The total assets of MSFL increased from USD 6,797,385,100 at 31 December 2014 to USD 6,942,318,599 at 31 December 2015 with total liabilities increasing from USD 1,678,238,333 at 31 December 2014 to USD 1,713,099,832 at 31 December 2015.

The financial information in respect of MSFL has been prepared in accordance with US GAAP.”

## 12. **United States Federal Taxation**

The section entitled ‘*United States Federal Taxation*’ on pages 348 – 352 of the Offering Circular shall be deleted in its entirety and replaced by the wording set out in Annex 4 to this Fourth Supplemental Offering Circular.

## 13. **Subscription and Sale**

### 13.1 The third paragraph of the section entitled ‘*Subscription and Sale*’ on page 397 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“The arrangements for the offer and sale of the Program Securities from time to time are set out in the Distribution Agreement dated on or about 17 August 2015 (as modified and/or amended and/or restated and/or replaced from time to time, the "**Distribution Agreement**") among Morgan Stanley, MSI plc, MSBV, MSFL and the Distribution Agents (and any Additional Issuer that accedes to the Program). Pursuant to the Distribution Agreement, Morgan Stanley, MSI plc, MSBV, MSFL and the Distribution Agents have agreed (and any Additional Issuer that accedes to the Program shall agree) to indemnify each other against

certain liabilities, or to contribute payments made in respect thereof. Morgan Stanley, MSI plc and MSBV have also agreed (and any Additional Issuer that accedes to the Program shall agree) to reimburse the Distribution Agents 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 Program generally or in relation to a particular Series of Program Securities) in an accession letter provided by such additional Distribution Agent to the Issuers. MSFL acceded to the Distribution Agreement by way of an Accession Agreement dated 29 April 2016.”

- 13.2 The first paragraph of the Section entitled ‘United Kingdom’ on page 399 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“In relation to each Tranche of Program Securities, each Distribution Agent has represented and agreed, subscribing for or purchasing such Program Securities, and each further Distribution Agent appointed under the Program will be required to represent and agree with the Issuers and, if the Program Securities are issued by MSBV or MSFL, the Guarantor that:”

Paragraph (c) of the section entitled ‘Jersey’ on page 406 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“(c) it has not and will not circulate in Jersey any offer for subscription, sale or exchange of any securities of a non-Jersey issuer (including, without limitation, MSI plc, MSBV and MSFL).”

14. **Form of Guarantee**

The Form of Guarantee set out on pages 409 – 410 of the Offering Circular shall be deleted in its entirety and replaced with the Form of Guarantee set out in Annex 5 to this Fourth Supplemental Offering Circular.

15. **General Information**

15.1 **No material adverse change in prospects**

The section entitled ‘*No material adverse change in prospects*’ on page 411 of the Offering Circular shall be amended by (i) the deletion of ‘and’ at the end of paragraph (b); (ii) the deletion of ‘.’ at the end of paragraph (c) and (iii) the insertion of the following immediately after paragraph (c):

“(d) MSFL since 31 December 2015, the date of the latest published annual audited accounts of MSFL.”

15.2 **No significant change in the financial or trading position**

The section entitled ‘*No significant change in the financial or trading position*’ on page 411 of the Offering Circular shall be amended by (i) the deletion of ‘and’ at the end of paragraph (b); (ii) the deletion of ‘.’ at the end of paragraph (c) and (iii) the insertion of the following immediately after paragraph (c):

“; and

(d) MSFL since 31 December 2015, the date of the latest published annual audited accounts of MSFL.”

15.3 **Legal and arbitration proceedings**

The section entitled ‘*Legal and arbitration proceedings*’ on pages 411-412 of the Offering Circular shall be amended by (i) the deletion of ‘and’ at the end of paragraph (b); (ii) the deletion of ‘.’ at the end of paragraph (c) and (iii) the insertion of the following immediately after paragraph (c):

“; and

(d) Save as disclosed in the in this Offering Circular, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MSFL is aware) during the 12-month period before the date of the Fourth Supplement to the Offering Circular, which may have, or have had in the recent past, significant effects on MSFL’s financial position or profitability.”

15.4 Paragraph 4 on pages 412-413 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“The Program Securities have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg. The appropriate code for each issue allocated by Euroclear and Clearstream, Luxembourg will be contained in the applicable Pricing Supplement. Transactions will normally be effected for settlement not earlier than two business days after the date of the transaction.

For so long as this Offering Circular remains in effect or any securities issued by Morgan Stanley, MSI plc, MSBV or MSFL 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 (a) the specified office of the Fiscal Agent at The Bank of New York Mellon, One Canada Square, London E14 5AL, (b) the specified office of the Registrar, at The Bank of New York Mellon (Luxembourg) S.A., Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, (c) the specified office of the Principal Securities Agent, at The Bank of New York Mellon, One Canada Square, London E14 5AL and (d) at the principal executive offices of Morgan Stanley and the registered offices of MSI plc, MSBV and MSFL:

- (i) copies of the Distribution Agreement, the Issue and Paying Agency Agreement, the Securities Agency Agreement, the Euroclear Agreement, the Indenture, 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 accession agreement dated as of 29 April 2016 relating to MSFL, the Deeds of Covenant; the Guarantee; the last two years’ of MSI plc, MSBV and MSFL’s published financial statements and the last two years’ of Morgan Stanley’s future Annual, Quarterly and Current Reports. Morgan Stanley’s Annual Report on Form 10-K contains an audited annual financial statement. Morgan Stanley’s Quarterly Reports on Form 10-Q contain unaudited quarterly financial statements;
- (ii) the Certificate of Incorporation and Amended and Restated By-laws of Morgan Stanley;
- (iii) the Certificate of Incorporation and the Articles of Association of MSI plc (these shall not be available at the registered office of Morgan Stanley, MSBV or MSFL);
- (iv) the Deed of Incorporation and Articles of Association of MSBV (this shall not be available at the registered office of MSI plc or MSFL);
- (v) the Limited Liability Company Agreement of Morgan Stanley Finance LLC dated 27 March 2002 (as amended and restated from time to time) (this shall not be available at the registered office of Morgan Stanley, MSBV or MSI plc);
- (vi) a copy of this Offering Circular and any document incorporated by reference herein (save that the annual reports of MSI plc shall not be available at the registered office of MSBV or MSFL, the annual reports of MSBV shall not be available at the registered office of MSI plc and the annual reports of MSFL shall not be available at the registered office of MSI plc or MSBV);
- (vii) any supplement to this Offering Circular;

- (viii) any Pricing Supplement (save that any Pricing Supplement relating to a Program Security which is not listed will only be available for inspection by a holder of such Program Security and such holder must provide evidence satisfactory to the Issuer as to the identity of such holder); and
- (ix) 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;

Copies of the documents specified in paragraphs (ii) and (vi) shall also be available free-of-charge upon request.

The Pricing Supplements for Program Securities admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market will be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)); and

In addition, a copy of this Offering Circular, each Pricing Supplement relating to the Securities which are admitted to trading on the Luxembourg Stock Exchange's Euro MTF and the documents incorporated by reference herein will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).”

#### 15.5 **Share capital**

The section entitled ‘*Share capital*’ on page 413 of the Offering Circular shall be amended by (i) the deletion of ‘and’ at the end of paragraph (b); (ii) the deletion of ‘.’ at the end of paragraph (c) and (iii) the insertion of the following immediately after paragraph (c):

“; and

(d) MSFL is disclosed in the section entitled "Description of Morgan Stanley Finance LLC" set out in this Offering Circular.”

#### 15.6 A new paragraph 9 shall be inserted immediately after ‘MSBV published annual and half-yearly financial statements.’ on page 413 of the Offering Circular as follows:

“9. **MSFL**

Deloitte & Touche LLP, 30 Rockefeller Plaza, New York, NY 10112-0015, U.S.A. have audited the financial statements of MSFL for the years ended 31 December 2014 and 31 December 2015 and an unqualified opinion has been reported thereon.

The financial information in respect of MSFL has been prepared in accordance with U.S. Generally Accepted Accounting Principles.

The role of MSFL as issuer under the Program was authorised by resolutions of the Board of Managers of MSFL passed on 5 February 2016.

MSFL publishes annual and half-yearly financial statements.”

## Annex 1

### KEY FEATURES OF THE ENGLISH LAW NOTES

*The following summary describes the key features of the English Law Notes that each Issuer is offering under the Program in general terms only. Investors should read the summary together with the more detailed information that is contained in this Offering Circular and in the applicable Pricing Supplement.*

<b>Issuers:</b>	Morgan Stanley, MSI plc, MSBV, MSFL and any Additional Issuer.
<b>Guarantor:</b>	In the case of Notes issued by MSBV, MSFL or an Additional Issuer, unless specified otherwise in the applicable Pricing Supplement or, in the case of an Additional Issuer, the accession agreement pursuant to which such Additional Issuer accedes to the Program, Morgan Stanley.
<b>Distribution Agents:</b>	Morgan Stanley & Co. International plc and Morgan Stanley & Co. LLC.
<b>Fiscal Agent:</b>	The Bank of New York Mellon.
<b>Registrar and Transfer Agent:</b>	The Bank of New York Mellon (Luxembourg) S.A.
<b>Euroclear Registrar:</b>	Computershare Investor Services (Guernsey) Limited
<b>Issuance in Series:</b>	Notes will be issued in series (each, a " <b>Series</b> "). Each Series may comprise one or more tranches (" <b>Tranches</b> " and each, a " <b>Tranche</b> ") 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.
<b>Form of Notes:</b>	<p>Morgan Stanley, MSI plc, MSBV, and MSFL may issue Notes in registered form ("<b>Registered Notes</b>"). In addition MSBV and MSI plc may also issue (i) Notes in dematerialised and uncertificated book-entry form with a Nordic central securities depository ("<b>Nordic Notes</b>"), and (ii) 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 UK Companies Act 2006 as are applicable to the Euroclear Registrar ("<b>Uncertificated Notes</b>").</p> <p>(i) <i>Registered Notes</i></p> <p>Registered Notes will be in the form of either global registered notes or, individual note certificates, in each case as specified in the applicable Pricing Supplement. Each global registered note will either be registered in the name of a common depository for the Relevant Clearing System and will be deposited on or about the issue date with the common depository or a custodian for the nominee.</p> <p>(ii) <i>Uncertificated Notes</i></p> <p>Uncertificated Notes will be held in uncertificated form in accordance with the Uncertificated Securities Regulations 2001,</p>

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:**

A Pricing Supplement will be prepared in respect of each Tranche of Notes (each, a "**Pricing Supplement**"). The terms and conditions applicable to each Tranche will be those set out herein under the heading "*Terms and Conditions of the English Law Notes*", as supplemented, modified or replaced, in each case, by the applicable Pricing Supplement.

If an Additional Issuer accedes to the Program, a supplement to the Offering Circular containing a full description of the Additional Issuer shall be prepared. The terms and conditions applicable to each Tranche issued by an Additional Issuer will be those set out in the relevant supplemental Offering Circular, as supplemented, modified or replaced by the applicable Pricing Supplement.

Any Issuer may issue Notes that are Equity-Linked Notes, Commodity-Linked Notes, Currency-Linked Notes, Inflation-Linked Notes Credit-Linked Notes, Property-Linked Notes and Fund-Linked Notes and/ or any combination thereof (each as defined in Condition 6.5 (*Equity-Linked, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-Linked and Fund-Linked Interest Note Provisions*) of "*Terms and Conditions of the English Law Notes*").

**Specified Currency:**

Notes may be denominated or payable in any currency as set out in the applicable Pricing Supplement, 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, MSFL or an Additional Issuer will, unless specified otherwise in the applicable Pricing Supplement or, in the case of an Additional Issuer, in the accession agreement pursuant to which such Additional Issuer accedes to the Program, be unconditionally and irrevocably guaranteed by Morgan Stanley pursuant to a guarantee dated as of 29 April 2016 (as supplemented and/or amended and/or restated and/or replaced from time to time). 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 Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements.

**Maturities:**

Notes will have maturities as specified in the applicable Pricing

Supplement, subject to compliance with all applicable legal and regulatory requirements.

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.

**Redemption:** Notes may be redeemed at par or at such other redemption amount (detailed in a formula or otherwise) or by delivery of securities of an issuer that is not affiliated with Morgan Stanley, as may be specified in the applicable Pricing Supplement.

**Early Redemption:** Early redemption will be permitted for taxation reasons as mentioned in Condition 21 (*Redemption and Purchase*) of "*Terms and Conditions of the English Law Notes*" but will otherwise be permitted only to the extent specified in the applicable Pricing Supplement.

**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, or at a rate which varies during the lifetime of the relevant Series.

**Denominations:** Notes will be issued in such denominations as may be specified in the applicable Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements.

**Taxation:** Unless otherwise provided in the applicable Pricing Supplement, 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 or pursuant to FATCA. In the case of payments by Morgan Stanley or MSFL in respect of Notes, the beneficial owner of a Note that is not a United States person (or a financial institution holding a Note on behalf of the beneficial owner that is not a United States person) is required under current applicable law to comply with certain tax identification and certification rules generally by furnishing the appropriate U.S. Internal Revenue Service Form W-8BEN or W-8BEN-E on which the beneficial owner certifies under penalties of perjury that it is not a United States person. In the event that any Issuer or the Guarantor determines that withholding or deduction of taxes is required by the United States, or any representative political

subdivision thereof or any authority or agency therein having power to tax, on any payment on any Notes, such Issuer or Guarantor will (subject to customary exceptions) pay those Additional Amounts (as defined herein) as will result in those Noteholders who are U.S. Aliens (as defined herein) receiving such amounts as they would have received in respect of the Notes had no withholding or deduction been required, but only if so specified in the applicable Pricing Supplement.

**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 by Morgan Stanley, MSI plc and MSBV 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.

Unless specified otherwise in the applicable Pricing Supplement, MSFL intends to lend the net proceeds from the sale of the Notes it offers to Morgan Stanley. Unless specified otherwise in the applicable Pricing Supplement, Morgan Stanley intends to use the proceeds from such loans for general corporate purposes.

**Listing:**

Applications have been made to admit the Series A Notes issued by Morgan Stanley to:

- (i) be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market;
- (ii) be admitted to listing of the SIX Swiss Exchange and to trading on the main segment of the SIX Swiss Exchange; and
- (iii) be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market.

The applicable Pricing Supplement will specify whether an issue of Series A Notes will be:

- (i) admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market;
- (ii) admitted to listing on the SIX Swiss Exchange and trading on the main segment of the SIX Swiss Exchange;
- (iii) admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market; or
- (iv) admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system,

as Morgan Stanley and any Distribution Agent may agree.

The 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 Pricing Supplement.

**Governing Law:** 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:

- (i) English Law 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 August 2015 (as supplemented and/or amended and/or restated and/or replaced from time to time, the "**Morgan Stanley Deed of Covenant**");
- (ii) Notes issued by MSI plc in (i) global form and (ii) dematerialised form, individual holders' rights will be governed by a deed of covenant entered into by MSI plc dated 17 August 2015 (as supplemented and/or amended and/or restated and/or replaced from time to time, the "**MSI plc Deed of Covenant**");
- (iii) Notes issued by MSBV in (i) global form, and (ii) dematerialised form, individual holders' rights will be governed by a deed of covenant entered into by MSI plc dated 17 August 2015 (as supplemented and/or amended and/or restated and/or replaced from time to time, the "**MSBV Deed of Covenant**"); and
- (iv) English Law Notes issued by MSFL in global form, individual holders' rights will be governed by a deed of covenant entered into by MSFL dated 29 April 2016 (as supplemented and/or amended and/or restated and/or replaced from time to time, the "**MSFL Deed of Covenant**"),

copies of which, in each case, will be available for inspection at the specified office of the Fiscal Agent.

In the case of Notes issued by an Additional Issuer in global form, individual holders' rights will be governed by a deed of covenant to be executed by such Additional Issuer on or around the date on which such Additional Issuer accedes to the Program, a copy of which will be available for inspection at the specified office of the Fiscal Agent.

**Selling Restrictions:** **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 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 "*Subscription and Sale*" and "*No Ownership by U.S. Persons*".

## ANNEX 2

### TERMS AND CONDITIONS OF THE ENGLISH LAW NOTES

*The following is the text of the terms and conditions which, as supplemented, modified and/or replaced by the applicable Pricing Supplement, will be endorsed on each Note issued in individual registered form issued under the Program specified as being governed by English law. The terms and conditions applicable to any Note issued in the registered form will differ from those terms and conditions which would apply to the Note were it in individual registered form to the extent described under "Summary of Provisions relating to the English Law Notes while in Global Form" below.*

#### 1. Introduction

##### 1.1 Program

Morgan Stanley ("**Morgan Stanley**"), Morgan Stanley & Co. International plc ("**MSI plc**"), Morgan Stanley B.V. ("**MSBV**") and Morgan Stanley Finance LLC ("**MSFL**") 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**" or the "**English Law 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, (iii) if the Notes to which these terms and conditions apply are issued by MSBV, MSBV or (iv) if the Notes to which these terms and conditions apply are issued by MSFL, MSFL. The payment obligations of MSBV and MSFL in respect of Notes issued by each of MSBV and MSFL (respectively) under the Program and which are issued under the Issue and Paying Agency Agreement (as defined below) are (unless otherwise specified in the applicable Pricing Supplement) guaranteed by Morgan Stanley (in its capacity as Guarantor (the "**Guarantor**")) under the terms of a guarantee dated as of 29 April 2016 (as supplemented and/or amended and/or restated and/or replaced from time to time the "**Guarantee**").

##### 1.2 Pricing Supplement

Notes issued under the Program which are Relevant Securities 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 Pricing Supplement (each, a "**Pricing Supplement**") which supplement, modify and/or replace these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented by the applicable Pricing Supplement. In the event of any inconsistency between these Conditions and the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail.

##### 1.3 Issue and Paying Agency Agreement:

The Notes are the subject of an issue and paying agency agreement dated 30 November 2000 (such issue and paying agency agreement as modified and restated on 4 December 2001, 14 June 2005, 11 July 2006, 22 June 2007, 19 June 2008, 17 June 2009, 15 June 2010, 11 May 2011, 10 June 2011, 7 June 2012, 27 June 2013, 18 August 2014 and 17 August 2015 and as from time to time further modified and/or restated and/or replaced, the "**Issue and Paying Agency Agreement**") between Morgan Stanley, MSI plc, MSBV, MSFL, 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 and Citibank N.A., Zurich Branch acting as Paying Agent in connection with

Notes listed on the SIX Swiss Exchange). 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. MSFL acceded to the Issue and Paying Agency Agreement by way of an Accession Agreement dated 29 April 2016.

1.4 *SEB Issuing and Paying Agent Agreement:*

The Swedish Notes are the subject of an issuing and paying agent agreement (the "**SEB Issuing and Paying Agent Agreement**") dated 15 July 2008 between MSI plc and Skandinaviska Enskilda Banken AB (Publ) and Skandinaviska Enskilda Banken AB (publ) (Transaction Banking) as Swedish programme agent (the "**Swedish Issuing and Paying Agent**") as amended by the letter agreement dated 15 July 2008 and as further amended from time to time.

1.5 *Euroclear Agreement*

In relation to issues of Uncertificated Notes (as defined below), MSBV, MSI plc and the Guarantor have entered into an agreement dated 18 August 2014 (such agreement as modified and restated on 17 August 2015 and as from time to time further amended and/or supplemented and/or restated and/or replaced, 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).

1.6 *Deeds of Covenant*

English Law Notes issued by Morgan Stanley in global form are constituted by a deed of covenant entered into by Morgan Stanley dated 17 August 2015 (as supplemented and/or amended and/or restated and/or replaced from time to time the "**Morgan Stanley Deed of Covenant**"). Notes issued by MSI plc in (i) global form and (ii) dematerialised form are constituted by a deed of covenant entered into by MSI plc dated 17 August 2015 (as supplemented and/or amended and/or restated and/or replaced from time to time the "**MSI plc Deed of Covenant**"). Notes issued by MSBV in (i) global form and (ii) dematerialised form are constituted by a deed of covenant entered into by MSBV dated 17 August 2015 (as supplemented and/or amended and/or restated and/or replaced from time to time the "**MSBV Deed of Covenant**"). English Law Notes issued by MSFL in global form are constituted by a deed of covenant entered into by MSFL dated 29 April 2016 (as supplemented and/or amended and/or restated and/or replaced from time to them, the "**MSFL Deed of Covenant**", together with the Morgan Stanley Deed of Covenant and the MSI plc Deed of Covenant, the "**Deeds of Covenant**").

1.7 *The Notes*

All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the applicable Pricing Supplement. Copies of the applicable Pricing Supplement 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.

1.8 *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:

"**Accrual Yield**" has the meaning given in the applicable Pricing Supplement;

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

"**Additional Financial Centre(s)**" means the city or cities specified as such in the applicable Pricing Supplement;

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

"**Broken Amount**" means each amount specified as such in the applicable Pricing Supplement;

"**Business Day**" means any day, other than a Saturday or Sunday that, for Notes denominated in:

- (a) a Specified Currency other than euro, is neither a legal holiday nor a day on which banking institutions are authorised or required by law or regulation to close in the principal financial centre of the country of the Specified Currency and in each (if any) Additional Business Centre; and
- (b) euro, 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, has the meaning given in the applicable Pricing Supplement and, if so specified in the applicable Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) "**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;
- (c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) "**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 Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) 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;
  - (ii) 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

- (iii) 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

(e) **"No Adjustment"** 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 Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or, such other amount(s) as may be specified as being calculated by the Calculation Agent in the Conditions or the applicable Pricing Supplement;

**"Calculation Amount"** means the Specified Denomination unless otherwise specified in the applicable Pricing Supplement;

**"Cash Settlement Notes"** means Notes specified as being Notes to which Cash Settlement applies in the applicable Pricing Supplement or Notes specified as being Notes to which either Physical Settlement or Cash Settlement applies in the applicable Pricing Supplement and in respect of which the Noteholder or the Issuer, as the case may be, has not elected for Physical Settlement to apply;

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

**"Day Count Fraction"** means, 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 Pricing Supplement and:

- (a) if **"1/1"** is so specified, means 1;
- (b) if **"30/360"** or **"30/360 (ICMA)"**, is so specified, means 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;
- (c) if **"30/360 (ISDA)"**, **"360/360"** or **"Bond Basis"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (iv) 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:

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (v) 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:

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" 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 D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the 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 D<sub>2</sub> will be 30;

- (f) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

- (g) if "**Actual/365L**" is so specified, the actual number of days in the Calculation Period divided by 365 (or, if the last day of the Calculation Period falls in a leap year, 366);

- (h) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**" 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);
- (j) if "**Actual/Actual (Bond)**" is so specified, the actual number of days in the relevant period divided by the product of (i) the number of days in the Regular Period in which the relevant period falls and (ii) the number of Regular Periods in any period of one year; and
- (k) if "**Actual/Actual (ICMA)**" is so specified, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws and recommendations of the International Capital Markets Association (the "ICMA Rule Book"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non-U.S. dollar denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period in respect of which payment is being made;

*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 the entity specified as such in the applicable Pricing Supplement;

**"Early Redemption Amount"** means, in respect of any Note:

- (a) in the case of Zero Coupon Notes, such amount as may be specified in the applicable Pricing Supplement or, if applicable, determined in accordance with Condition 21.8 (*Early Redemption of Zero Coupon Notes*); and
- (b) in the case of any other Notes, such amount as may be specified in the applicable Pricing Supplement or, if no other amount is specified,
  - (i) if "**Accrued Value**" is specified as being applicable in respect of such Note in the applicable Pricing Supplement, an amount equal to the sum of:
    - (A) the product of (a) the Calculation Amount of such Note and (b) the percentage produced by the following formula:

$$\text{Reference Price} \times (1 + \text{Accrual Yield})^n$$

where "n" means the number of years 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 and the calculation shall be made on the basis of such Day Count Fraction as may be specified in the applicable Pricing Supplement or, if none is so specified, a Day Count Fraction of 30/360; and

- (B) accrued interest (if any).
- (ii) if "**Par Redemption**" is specified as being applicable in respect of such Note in the applicable Pricing Supplement, the principal amount of such Note, together with accrued interest (if any); or

- (iii) if "**Qualified Financial Institution Determination**" is specified as being applicable in respect of such Note in the applicable Pricing Supplement, 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 Note) to be the amount that a Qualified Financial Institution would charge to assume all of the Issuer's payment and other obligations with respect to such Note 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 such Note; or
- (iv) if "**Theoretical Value**" is specified as being applicable in respect of such Note in the applicable Pricing Supplement, an amount equal to the fair value of such Note on the day that is two Business Days prior to the date of redemption of the Note, as determined by the Determination Agent, acting in good faith and in a commercially reasonable manner, by reference to factors that the Determination Agent considers relevant, including without limitation, the then (a) interest rates and, (b) the value of each embedded derivative but (c) if the relevant Early Redemption Event is an Event of Default, disregarding any change in the creditworthiness of the Issuer since the Issue Date;

"**Equity-Linked Notes**" has the meaning given to it in Condition 10;

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

"**Euroclear Registrar**" has the meaning given to it in Condition 1.4 (*Euroclear Agreement*);

"**Euro**", "**euro**", "**€**" and "**EUR**" each means the lawful single currency of the member states of the European Union that 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);

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

"**Fallback FX Spot Rate**" has the meaning given in the applicable Pricing Supplement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

"**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 Issuing and Paying Agent**" means a duly authorised issuing agent under the relevant NCSD Rules and designated as such by the Issuer in the applicable Pricing Supplement;

"**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 applicable Pricing Supplement;

"**Fixed Coupon Amount**" has the meaning given in the applicable Pricing Supplement;

"**Implementation of Financial Transaction Tax**" 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) realise, 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;

**"Individual Note Certificate"** means an individual Registered Note certificate representing a Noteholder's holding of a Registered Note;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of each Calculation Amount 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 Pricing Supplement;

**"Interest Determination Date"** has the meaning given in the applicable Pricing Supplement;

**"Interest Payment Date"** means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Pricing Supplement and, if a Business Day Convention is specified in the applicable Pricing Supplement:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) 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 Pricing Supplement 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 or the applicable Pricing Supplement, 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, provided that if "Unadjusted" is specified in the applicable Pricing Supplement, no adjustment will be made to the Interest Period, notwithstanding the adjustment to the relevant Interest Payment Date following the application of the relevant Business Day Convention and any other adjustment under the terms of the Notes;

**"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 Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.;

**"Issue Date"** has the meaning given in the applicable Pricing Supplement;

**"Japanese Yen"** and "¥" are to the lawful currency of Japan;

**"Margin"** has the meaning given in the applicable Pricing Supplement;

**"Maturity Date"** has the meaning given in the applicable Pricing Supplement;

**"Maximum Call Notice Number of Day(s)"** means the number of calendar days or Business Days specified as such in the applicable Pricing Supplement;

**"Maximum Put Notice Number of Day(s)"** means the number of calendar days or Business Days specified as such in the applicable Pricing Supplement;

**"Minimum Call Notice Number of Day(s)"** means the number of calendar days or Business Days specified as such in the applicable Pricing Supplement;

**"Minimum Put Notice Number of Day(s)"** means the number of calendar days or Business Days specified as such in the applicable Pricing Supplement;

**"Morgan Stanley Notes"** means Notes issued by Morgan Stanley;

**"MSBV Notes"** means Notes issued by MSBV;

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

**"MSFL Notes"** means Notes issued by MSFL;

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

**"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));

**"Nordic Issuing and Paying Agent"** means the Finnish Issuing and Paying Agent or the Swedish Issuing and Paying Agent, as applicable;

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

**"Operator"** has the meaning given to it in Condition 3.4 (*Uncertificated Notes*);

**"Optional Redemption Amount (Call)"** means, in respect of any Cash Settlement Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement and, in respect of any Physical Settlement Note, the Physical Delivery Amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

**"Optional Redemption Amount (Put)"** means, in respect of any Cash Settlement Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement and, in respect of any Physical Settlement Note, the Physical Delivery Amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

**"Optional Redemption Date (Call)"** has the meaning given in the applicable Pricing Supplement;

**"Optional Redemption Date (Put)"** has the meaning given in the applicable Pricing Supplement;

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

**"Payment Business Day"** means;

- (a) 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 Financial Centre; or

- (b) 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 Financial Centre;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, 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 Pricing Supplement and in respect of which the Noteholder or the Issuer, as the case may be, has not elected for Cash Settlement to apply;

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

**"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 organised 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:

- (a) A2 or higher by Standard & Poor's Ratings Services or any successor, or any other comparable rating then used by that rating agency; or
- (b) 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 organised 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 specified in applicable Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Pricing Supplement;

**"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 or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Pricing Supplement;

**"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"** has the meaning given in the applicable Pricing Supplement or, if none, 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 Pricing Supplement;

**"Reference Rate"** has the meaning given in the applicable Pricing Supplement;

**"Register"** has the meaning given to it in the Issue and Paying Agency Agreement;

**"Registered Note"** has the meaning given to it in Condition 3 (*Form, Denomination and Title*);

**"Regulation S"** means Regulation S under the Securities Act;

**"Relevant Clearing System"** means, as appropriate, Euroclear and/or Clearstream, Luxembourg 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 Pricing Supplement;

**"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"** has the meaning given in the applicable Pricing Supplement;

**"Relevant Jurisdiction"** has the meaning given in the applicable Pricing Supplement;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the applicable Pricing Supplement, 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 Securities"** means, in relation to Notes, Notes (other than Uncertificated Notes) issued (or to be issued) under the Issue and Paying Agency Agreement and Uncertificated Notes issued (or to be issued) under the Euroclear Agreement;

**"Relevant Time"** has the meaning given in the applicable Pricing Supplement;

**"Renminbi"**, **"RMB"** and **"CNY"** are to the lawful currency of the People's Republic of China ("**PRC**") which, for the purpose of this Offering Circular, shall exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

**"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;

**"Securities Act"** means the United States Securities Act of 1933, as amended;

**"Specified Currency"** has the meaning given in the applicable Pricing Supplement;

**"Specified Denomination(s)"** has the meaning given in the applicable Pricing Supplement;

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

**"Specified Period"** has the meaning given in the applicable Pricing Supplement;

**"Sterling"**, **"GBP"** and **"£"** are to the lawful currency of the United Kingdom;

**"Strike Date"** means the date as specified in the applicable Pricing Supplement;

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

- (a) 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
- (b) 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 Issuing and Paying Agent"** means Skandinaviska Enskilda Banken AB (Publ) or a duly authorised issuing agent under the relevant NCSD Rules and designated as such by the Issuer, as specified in the applicable Pricing Supplement;

**"Swedish Notes"** means any Tranche of Notes issued by MSBV or, as applicable, MSI plc and designated by the Issuer as "Swedish Notes" in the applicable Pricing Supplement;

**"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 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 Pricing Supplement;

**"Transfer Documentation"** means, for each Series of Notes, such documentation as is generally acceptable for settlement of transfer of Shares on the relevant Exchange or through the Relevant Clearing System;

**"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 applicable Pricing Supplement, and **"Underlying Security"** shall be construed accordingly;

**"U.S. dollars"**, **"U.S.\$"** and **"\$"** are to the lawful currency of the United States of America; and

**"Zero Coupon Note"** means a Note specified as such in the applicable Pricing Supplement.

## 2.2 *Interpretation:*

In these Conditions:

- (a) 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 25 (*Taxation*), any

premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

- (b) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 25 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (c) references to Notes being "outstanding" shall be construed in accordance with the Issue and Paying Agency Agreement; and
- (d) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the applicable Pricing Supplement, but the applicable Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes.

### 3. **Form, Denomination and Title**

#### 3.1 *Form*

Morgan Stanley, MSI plc, MSBV and MSFL may issue Notes in registered form ("**Registered Notes**"). In addition MSBV and MSI plc may also issue (i) Notes in dematerialised and uncertificated book-entry form with a Nordic central securities depository ("**Nordic Notes**"), and (ii) 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 UK Companies Act 2006 as are applicable to the Euroclear Registrar ("**Uncertificated Notes**").

#### 3.2 *Registered Notes*

- (a) *Form*: Registered Notes may be in either global registered form or in individual registered form. Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the applicable Pricing Supplement and higher integral multiples of a smaller amount specified in the applicable Pricing Supplement.
- (b) *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, an "**Individual Note Certificate**") will be issued to each holder of Registered Notes in respect of its registered holding. Each Individual Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. A "**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.
- (c) *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 Individual 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.
- (d) *Transfers*: Subject to Conditions 3.2(g) (*Closed Periods*) and 3.2(h) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Individual 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 Individual Note Certificate are the subject of the transfer, a new Individual Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

- (e) *Registration and Delivery:* Within five business days of the surrender of an Individual Note Certificate in accordance with Condition 3.2(d) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Individual 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 3.2(e), "**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.
- (f) *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.
- (g) *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.
- (h) *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. The relevant Issuer shall have the right to refuse to honor the transfer of any Notes to a person who is a U.S. Person (as defined in Regulation S) or is in the United States.

### 3.3 *Nordic Notes*

Notes designated as "**Finnish Notes**" or "**Swedish Notes**" in the applicable Pricing Supplement 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.

### 3.4 *Uncertificated Notes*

- (a) *Form and 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 UK 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 "**holder**" 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 Pricing Supplement 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 Pricing Supplement, 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 Pricing Supplement 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 33 (*Notices*).

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

- (b) *Title Transfer*: 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 and MSFL (other than Notes the Pricing Supplement relating to which specifies that such Notes are not guaranteed by Morgan Stanley) constitute direct, unconditional and unsecured obligations of the Guarantor which rank without preference among themselves and *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 affecting creditors' rights.

5. **Fixed Rate Note Provisions**

5.1 *Application*

This Condition 0 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the applicable Pricing Supplement 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 22 (*Payments – Registered Notes*) and Condition 23 (*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 0 (*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 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, provided that if a Broken Amount is specified in the applicable Pricing Supplement in respect of an Interest Payment Date in respect of each Calculation Amount, the Interest Amount payable on such Interest Payment Date in respect of such Note per Calculation Amount shall be the Broken Amount.

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:

- (a) the Notes shall for the purposes of this Condition 0 (*Fixed Rate Note Provisions*) be "**Regular Interest Period Notes**";
- (b) the day and month (but not the year) on which any Interest Payment Date falls shall, for the purposes of this Condition 0 (*Fixed Rate Note Provisions*), be a "**Regular Date**"; and
- (c) 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 0 (*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:

- (a) the interval between the Issue Date and the first Interest Payment Date; and
- (b) 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 *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 Pricing Supplement.

5.8 *Interest on Swedish Notes*

For the purposes of calculation of any amount of interest on Swedish Notes, the provisions of this Condition 0 (*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, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-Linked and Fund-Linked Interest Note Provisions**

6.1 *Application*

This Condition 6 (*Floating Rate Note, Equity-Linked, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-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, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-Linked or Fund-Linked Interest Provisions are specified in the applicable Pricing Supplement 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 22 (*Payments - Registered Notes*) and Condition 23 (*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, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-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 Pricing Supplement, be zero.

6.3 *Screen Rate Determination*

If Screen Rate Determination is specified in the applicable Pricing Supplement 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 Determination Agent on the following basis:

- (a) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Determination Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (b) in any other case, the Determination 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;

- (c) if, in the case of Condition 6.3(a) (*Screen Rate Determination*) above, such rate does not appear on that page or, in the case of Condition 6.3(b) (*Screen Rate Determination*) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Determination Agent will:
- (i) 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
  - (ii) determine the arithmetic mean of such quotations; and
- (d) if fewer than two such quotations are provided as requested, the Determination Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Determination Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Determination 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 Determination 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 Pricing Supplement 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 Determination Agent under an interest rate swap transaction if the Determination Agent were acting as Determination Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Pricing Supplement;
- (b) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Pricing Supplement; and
- (c) the relevant Reset Date (as defined in the ISDA Definitions) is either (i) 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 (ii) in any other case, as specified in the applicable Pricing Supplement.

#### 6.5 *Equity-Linked, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-Linked and Fund-Linked Interest Note Provisions*

If one or more of the Equity-Linked, Commodity-Linked, Currency-Linked, Inflation-Linked or Fund-Linked Interest Provisions are specified in the applicable Pricing Supplement as being applicable, the interest payable in respect of the Notes for each Interest Period will be determined in the manner specified in the applicable Pricing Supplement.

6.6 *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Pricing Supplement, 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 Determination 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 *Calculation of other amounts*

If the applicable Pricing Supplement specifies that any other amount is to be calculated by the Determination Agent, the Determination Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Determination Agent in the manner specified in the applicable Pricing Supplement.

6.9 *Publication*

The Determination 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 Determination 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 Determination 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.

6.10 *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, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-Linked and Fund-Linked Interest Note Provisions*) by the Determination 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 Determination Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

6.11 *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, Commodity-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 Pricing Supplement 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 in respect of each Note shall thereafter be an amount equal to the product of (a) the Calculation Amount of such Note and (b) the percentage produced by the following formula:

$$\text{Reference Price} \times (1 + \text{Accrual Yield})^n$$

where "n" means the number of years 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) and the calculation shall be made on the basis of such Day Count Fraction as may be specified in the applicable Pricing Supplement or, if none is so specified, a Day Count Fraction of 30/360.

### 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(a) and 7.2(b).

## 8. **Dual Currency-Linked Note Provisions**

### 8.1 *Application*

This Condition 8 (*Dual Currency-Linked Note Provisions*) is applicable to the Notes only if the "Dual Currency Redemption Provisions" and/or "Dual Currency-Linked Note Interest Provisions" are specified in the applicable Pricing Supplement as being applicable.

### 8.2 *Rate of Interest*

If the rate or amount of interest fails to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

## 9. **Equity-Linked, Commodity-Linked, Currency-Linked, Inflation-Linked, Property-Linked, Fund-Linked and Credit-Linked Notes**

### 9.1 *Morgan Stanley, MSI plc, MSBV or MSFL may issue Notes*

- (a) the payment of principal of which and/or interest on which are linked to the shares of an entity or a basket of shares of entities not affiliated with the Issuer and/or to a single index or indices of shares and/or interests in a single exchange traded fund or basket of exchange traded funds (respectively, "**Single Share Notes**", "**Share Basket Notes**", "**Single Index Notes**", "**Index Basket Notes**", "**Single ETF Notes**" and "**ETF Basket Notes**", and together, "**Equity-Linked Notes**");
- (b) the payment of principal of which and/or interest on which are to be determined by reference to one or more commodity prices ("**Commodity-Linked Notes**");

- (c) the payment of principal of which and/or interest on which are to be determined by reference to one or more currencies as compared to the value of one or more other currencies ("**Currency-Linked Notes**");
- (d) the payment of principal of which and/or interest on which are linked to one or more inflation indices ("**Inflation-Linked Notes**");
- (e) the payment of principal of which and/or interest on which are linked to the credit of one or more specified entities ("**Credit-Linked Notes**");
- (f) the payment of principal of which and/or interest on which are linked to one or more property indices ("**Property-Linked Notes**");
- (g) the payment of principal of which or/interest on which are linked to interests in a fund or basket of funds (respectively "**Single Fund Notes**" and "**Fund Basket Notes**", together "**Fund-Linked Notes**"); or
- (h) on any other terms and conditions,

in each case, in accordance with the Conditions herein which are specified as applicable to Equity-Linked Notes, Commodity-Linked Notes, Currency-Linked Notes, Inflation-Linked Notes, Credit-Linked Notes, Property-Linked Notes or Fund-Linked Notes, as the case may be, and the detailed terms and conditions set out in the applicable Pricing Supplement.

#### 10. **Provisions relating to Equity-Linked Notes**

This Condition 10 (*Provisions relating to Equity-Linked Notes*) is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Single Share Notes, Share Basket Notes, Single Index Notes, Index Basket Notes, Single ETF Notes or ETF Basket Notes ("**Equity-Linked Notes**").

##### 10.1 *Valuation, Market Disruption and Averaging Dates*

- (a) "**Valuation Date**" means each date specified as such in the applicable Pricing Supplement or each date specified as an Observation Date, Averaging Date, Strike Date or a Determination Date in the applicable Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 10.1(c)(*Averaging*). If any Valuation Date is a Disrupted Day, then:
  - (i) 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:
    - (A) 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
    - (B) in respect of a Single Share Note or a Single ETF Note, its good faith estimate of the value for the Share or the ETF Interest (as the case may be) as of the Determination Time on that eighth Scheduled Trading Day;

- (ii) 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 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, (i) 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 (ii) 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
  - (iii) in the case of a Share Basket Note and an ETF Basket Note, the Valuation Date for each 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 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 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 Share or ETF Interest (as the case may be). In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Share or ETF Interest (as the case may be), notwithstanding the fact that such day is a Disrupted Day, and (ii) the Determination Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Share or ETF Interest (as the case may be) as of the Determination Time on that eighth Scheduled Trading Day;
- (b) 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.
- (c) If Averaging Dates are specified in the applicable Pricing Supplement as being applicable, then, notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index, Share, ETF Interest, Basket of Indices, Basket of Shares or Basket of ETF Interests in relation to a Valuation Date:
- (i) **"Averaging Date"** means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
  - (ii) For purposes of determining the Settlement Price in relation to a Valuation Date, the Settlement Price will be:
    - (A) in respect of a Single Index Note, a Single Share Note, a Single ETF Note, the arithmetic mean of the Relevant Prices of the Index, the Shares or the ETF Interest (as the case may be) on each Averaging Date;
    - (B) in respect of an Index Basket Note, the arithmetic mean of the amounts for the Basket of Indices determined by the Determination Agent in its sole and absolute discretion as provided in the applicable Pricing Supplement as of the relevant Determination Time(s) on each Averaging Date or, if no means for determining the Settlement Price are so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in the Basket (weighted or

adjusted in relation to each Index as provided in the applicable Pricing Supplement);

- (C) in respect of a Share Basket Note, the arithmetic mean of the amounts for the Basket of Shares determined by the Determination Agent in its sole and absolute discretion as provided in the applicable Pricing Supplement as of the relevant Determination Time(s) on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the values calculated for the Shares of each Share Issuer as the product of (1) the Relevant Price of such Share and (2) the number of such Shares comprised in the Basket; and
  - (D) in respect of an ETF Basket Note, the arithmetic mean of the amounts for the Basket of ETF Interests determined by the Determination Agent in its sole and absolute discretion as provided in the applicable Pricing Supplement as of the relevant Determination Times(s) on each Averaging Date or, if no means for determining the Settlement Price is provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the values calculated for the ETF Interests as the product of (1) the Relevant Price of such ETF Interest and (2) the number of such ETF Interests comprised in the Basket.
- (d) If an Averaging Date is a Disrupted Day, then if, in relation to "**Averaging Date Disruption**", the consequence specified in the applicable Pricing Supplement is:
- (i) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 10.1(a) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day;
  - (ii) "**Postponement**", then Condition 10.1(a) will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes; or
  - (iii) "**Modified Postponement**", then:
    - (A) 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 level or price for that Averaging Date in accordance with (x) in the case of a Single Index Note, Condition 10.1(a)(i)(A) and (y) in the case of a Single Share Note or a Single ETF Note, Condition 10.1(a)(i)(B);
    - (B) in the case of an Index Basket Note, a Share Basket Note or an ETF Basket Note, the Averaging Date for each Index, 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 Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date, and the Averaging Date for an Index,

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, Share or ETF Interest (as the case may be). If the first succeeding Valid Date in relation to such Index, 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, Share or ETF Interest (as the case may be), and (B) the Determination Agent shall determine, in its sole and absolute discretion, the relevant level or amount for that Averaging Date in accordance with (x) in the case of an Index Basket Note, Condition 10.1(a)(ii) and (y) in the case of a Share Basket Note or an ETF Basket Note, Condition 10.1(a)(iii); and

(C) "**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 Valuation Date does not, or is not deemed to, occur.

- (e) If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Maturity 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 Valuation Date.

#### 10.2 *Adjustments to Indices and Additional Disruption Events*

This Condition 10.2 (*Adjustments to Indices*) is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Single Index Notes or Index Basket Notes.

- (a) *Successor Index*: If a relevant Index is (i) not calculated and announced by the Index Sponsor, but is calculated and announced by a successor sponsor acceptable to the Determination Agent in its sole and absolute discretion or (ii) 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.
- (b) *Index Adjustment Events*: If (i) on or prior to any Valuation Date, or any 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, or any Averaging Date, the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" (provided that the Determination 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), 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 Settlement Price using, in lieu of a published level for that Index, the level for that Index as at that Valuation 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 for the Final Redemption Amount or the Settlement Price set out in the applicable Pricing Supplement 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.

- (c) *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 as may be specified in the applicable Pricing Supplement (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the 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 of the Notes accordingly.
- (d) *Additional Disruption Events:* If Additional Disruption Events are specified as applicable in the applicable Pricing Supplement, then, if an Additional Disruption Event occurs in respect of an Index or Indices:
  - (i) the Determination Agent will determine, in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Conditions relating to the calculation of Interest, Final Redemption Amount and/or any other amounts applicable to the Notes set out in the applicable Pricing Supplement and/or remove and/or substitute the affected Index, to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) by giving notice to Noteholders in accordance with Condition 33 (Notices), the Issuer, in its sole and absolute discretion, may redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice, as soon as practicable, to the Noteholders in accordance with Condition 33 (Notices) stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action to be taken.

- (e) *Notice:* Upon the occurrence of an Index Adjustment Event, the Determination Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 33 (Notices) giving details of the action proposed to be taken in relation thereto.

### 10.3 *Adjustments affecting Shares and ETF Interests*

This Condition 10.3 (*Adjustments affecting Shares and ETF Interests*) is applicable only in relation to Single Share Notes, Single ETF Notes, Share Basket Notes and ETF Basket Notes.

- (a) *Adjustments for Potential Adjustment Events:* Following the declaration by the Share 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 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 for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares or ETF Interests to which each Note relates, the number of 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, 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).

- (b) *Correction of 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 applicable Pricing Supplement (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the Expiration 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.

#### 10.4 *Extraordinary Events*

This Condition 10.4 (*Extraordinary Events*) is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Single Share Notes, Single ETF Notes, Share Basket Notes or ETF Basket Notes.

- (a) *Merger Event or Tender Offer:*
- (i) 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.
  - (ii) 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 for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares or ETF Interests to which each Note relates, the number of 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 the 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.
  - (iii) 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).
  - (iv) 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 Shares or ETF Interests, as determined by the Determination Agent, acting in a commercially reasonable manner, any: (i) reclassification or change of such Shares or ETF Interests that results in a transfer of or an irrevocable commitment to transfer all of such Shares or ETF Interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer or ETF is the continuing entity and which does not result in a reclassification or change of all such 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 100 per cent. of the outstanding Shares or ETF Interests of the Share Issuer or ETF that results in a transfer of or an irrevocable commitment to transfer all such Shares or ETF Interests (other than such Shares or ETF owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries or ETF or its sub-funds with or into another entity in which the Share Issuer or ETF is the continuing entity and which does not result in a reclassification or change of all such Shares or ETF Interests outstanding but results in the outstanding Shares or ETF Interests (other than 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 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 Valuation Date.

**"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 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 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share 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.

(b) *Nationalisation, Insolvency and Delisting:*

- (i) If in the determination of the Determination Agent, acting in a commercially reasonable manner:

- (A) all the Shares or ETF Interests or all or substantially all the assets of a Share 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, a Share Issuer, ETF or ETF Service Provider, (1) all the Shares or ETF Interests of that Share Issuer, ETF or ETF Service Provider are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Shares or ETF Interests of that Share 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 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.

- (ii) 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 for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares or ETF Interests to which each Note relates, the number of 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 removal from the Basket of Shares or Basket of ETF Interests of the Shares or ETF Interests affected by the relevant Nationalisation, Insolvency or Delisting with effect from the day selected by the Determination Agent, and the adjustment of the such terms of the Notes as the Determination Agent considers to be appropriate as a result of such removal) which change or adjustment shall be effective on such date as the Determination Agent shall determine.
- (iii) 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.

#### 10.5 *Extraordinary ETF Events*

This Condition 10.5 (*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 for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, 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 ETF Event) (including, without limitation, in relation to ETF Basket Notes, the removal from the Basket of ETF Interests of ETF Interests affected by the relevant Extraordinary ETF Event with effect from the day selected by the Determination Agent) 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) (A) 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 (B) 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 occurs, or any announcement regarding a potential future material modification is made, in respect 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;
- (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; or
- (x) any event specified as an Additional Extraordinary ETF Event in respect of the Notes in the applicable Pricing Supplement occurs; and

**"Successor ETF Interest"** means, in respect of an Affected ETF Interest, (1) if specified in the applicable Pricing Supplement, 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 Single Index Notes or Index Basket Notes (as the case may be) will apply to the relevant Notes with such adjustments as the Determination Agent determines to be appropriate.

#### 10.6 *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 for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares or ETF Interests to which each Note relates, the number of 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 removal of any Shares, Index or ETF Interest, as the case may be, affected by the relevant Additional Disruption Event, and the adjustment of such terms of the Notes as the Determination Agent considers to be appropriate as a result of such removal) 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 (unless otherwise specified in the applicable Pricing Supplement) a Change in Law, Hedging Disruption, Increased Cost of Hedging and Loss of Stock Borrow, and any further event or events as may be specified in the applicable Pricing Supplement as an Additional Disruption Event with respect to such Notes."

#### 10.7 *Partial Lookthrough Depositary Receipt Provisions*

- (a) Where the applicable Pricing Supplement specifies that the "Partial Lookthrough Depositary Receipt Provisions" shall apply to a Share, then the provisions set out in this Condition 10.7 (*Partial Lookthrough Depositary Receipt Provisions*) shall apply, and, in relation to such

Share, the other provisions of this Condition 10.7 (*Partial Lookthrough Depositary Receipt Provisions*) shall be deemed to be amended and modified as set out in this Condition 10.7 (*Partial Lookthrough Depositary Receipt Provisions*).

(b) The definition of "Potential Adjustment Event" shall be amended so that it reads as follows:

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

- (i) a subdivision, consolidation or reclassification of relevant Shares and/or Underlying Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares and/or Underlying Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares and/or Underlying Shares specified in the applicable Pricing Supplement of (A) such Shares and/or Underlying Shares, (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Share Issuer or Underlying Share Issuer, as appropriate, equally or proportionately with such payments to holders of such Shares and/or Underlying Shares, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer or Underlying Share Issuer, as appropriate, 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 a Share Issuer or Underlying Share Issuer, as appropriate, in respect of relevant Shares and/or Underlying Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or Underlying Share Issuer, as appropriate, or any of its subsidiaries of relevant Shares and/or Underlying Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Issuer or Underlying Share Issuer, as appropriate, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer or Underlying Share Issuer, as appropriate, 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;
- (vii) any other event having, in the opinion of the Determination Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Shares and/or Underlying Shares; and
- (viii) the making of any amendment or supplement to the terms of the Deposit Agreement,  
  
provided that an event under (i) to (vii) (inclusive) above in respect of Underlying Shares shall not constitute a Potential Adjustment Event unless, in the opinion of the Determination Agent, such event has a diluting or concentrative effect on the theoretical value of the Shares.

(c) If the Determination Agent determines that:

- (i) an event under (i) to (vii) (inclusive) of the definition of "Potential Adjustment Event" has occurred in respect of any Underlying Shares; or

- (ii) an event under (viii) of the definition of "Potential Adjustment Event" has occurred, the Determination Agent will determine whether such Potential Adjustment Event has an economic effect on the Notes,

and, in each case, the Determination Agent will make the corresponding adjustment(s), if any, to one or more of any variable relevant to the exercise, settlement, payment or other terms of these Conditions and/or the applicable Pricing Supplement as the Determination Agent determines appropriate to account for (A) in respect of an event under (i) to (vii) (inclusive) of the definition of "Potential Adjustment Event", the diluting or concentrative effect on the theoretical value of the Shares, and (B) in respect of an event under (viii) of the definition of "Potential Adjustment Event", such economic effect on the Notes, as the case may be (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share), following the Potential Adjustment Event. The Determination Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.

If the Determination Agent determines that no adjustment that it could make will produce a commercially reasonable result, it shall notify the Issuer and the Noteholders that the relevant consequence shall be the early redemption of the Notes, in which case, on such date as selected by the Determination Agent in its sole and absolute discretion, the Issuer shall redeem the Notes upon prior notice made to the Noteholders, and the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount of such Notes.

- (d) The definitions of "Merger Event" and "Tender Offer" shall be amended in accordance with the DR Amendment.
- (e) If the Determination Agent determines that a Merger Event or Tender Offer has occurred in respect of any Underlying Share, then, where the Determination Agent makes an adjustment to these Conditions and/or the applicable Pricing Supplement in connection with a Merger Event or Tender Offer, the Determination Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.
- (f) The definitions of "Nationalisation", "Insolvency" and "Delisting" shall be amended in accordance with the DR Amendment.
- (g) Notwithstanding anything to the contrary in the definition of "Delisting", a Delisting shall not occur in respect of any Underlying Share if such Underlying Shares are immediately relisted, re-traded or re-quoted on an exchange or quotation system regardless of the location of such exchange or quotation system.
- (h) If the Determination Agent determines that a Nationalisation or Insolvency has occurred in respect of a Share or the Depositary, then, notwithstanding anything to the contrary herein, the Determination Agent may determine that the affected Share be substituted with Replacement DRs and may make any appropriate adjustments to the terms of these Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs, and the Determination Agent will determine the effective date of any adjustments.
- (i) If the Determination Agent determines that a Delisting of Shares has occurred or if the Depositary announces that the Deposit Agreement is (or will be) terminated, then, notwithstanding anything to the contrary herein, the Determination Agent may determine that the affected Share be substituted with Replacement DRs or the Underlying Shares and may make any appropriate adjustments to the terms of these Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs or the Underlying Shares, as applicable, and the Determination Agent will determine the effective date of any adjustments.

- (j) The definition of "Insolvency Filing" shall be amended in accordance with the DR Amendment.
- (k) The definition of "Change in Law" shall be amended in accordance with the DR Amendment.

For the avoidance of doubt, where a provision is amended pursuant to this Condition 10.7 (*Partial Lookthrough Depositary Receipt Provisions*) in accordance with the DR Amendment, if the event described in such provision occurs in respect of the Underlying Share or the Underlying Share Issuer, then the consequence of such event shall be interpreted consistently with the DR Amendment and such event.

#### 10.8 *Full Lookthrough Depositary Receipt Provisions*

- (a) Where the applicable Pricing Supplement specifies that the "Full Lookthrough Depositary Receipt Provisions" shall apply to a Share, then the provisions set out in this Condition 10.8 (*Full Lookthrough Depositary Receipt Provisions*) shall apply, and, in relation to such Share, the other provisions of this Condition 10 (*Provisions relating to Equity-Linked Notes*) shall be deemed to be amended and modified as set out in this Condition 10.8 (*Full Lookthrough Depositary Receipt Provisions*).
- (b) The definition of "Potential Adjustment Event" shall be amended so that it reads as follows:

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

- (i) a subdivision, consolidation or reclassification of relevant Shares and/or Underlying Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares and/or Underlying Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares and/or Underlying Shares specified in the applicable Pricing Supplement of (A) such Shares and/or Underlying Shares, (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Share Issuer or Underlying Share Issuer, as appropriate, equally or proportionately with such payments to holders of such Shares and/or Underlying Shares, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer or Underlying Share Issuer, as appropriate, 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 a Share Issuer or Underlying Share Issuer, as appropriate, in respect of relevant Shares and/or Underlying Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or Underlying Share Issuer, as appropriate, or any of its subsidiaries of relevant Shares and/or Underlying Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Issuer or Underlying Share Issuer, as appropriate, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer or Underlying Share Issuer, as appropriate, 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;

(vii) any other event having, in the opinion of the Determination Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Shares and/or Underlying Shares; and

(viii) the making of any amendment or supplement to the terms of the Deposit Agreement,

provided that an event under (i) to (vii) (inclusive) above in respect of Underlying Shares shall not constitute a Potential Adjustment Event unless, in the opinion of the Determination Agent, such event has a diluting or concentrative effect on the theoretical value of the Shares.

(c) If the Determination Agent determines that:

(i) an event under (i) to (vii) (inclusive) of the definition of "Potential Adjustment Event" has occurred in respect of any Underlying Shares; or

(ii) an event under (viii) of the definition of "Potential Adjustment Event" has occurred, the Determination Agent will determine whether such Potential Adjustment Event has an economic effect on the Notes,

and, in each case, the Determination Agent will make the corresponding adjustment(s), if any, to one or more of any variable relevant to the exercise, settlement, payment or other terms of these Conditions and/or the applicable Pricing Supplement as the Determination Agent determines appropriate to account for (A) in respect of an event under (i) to (vii) (inclusive) of the definition of "Potential Adjustment Event", the diluting or concentrative effect on the theoretical value of the Shares, and (B) in respect of an event under (viii) of the definition of "Potential Adjustment Event", such economic effect on the Notes, as the case may be (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share), following the Potential Adjustment Event. The Determination Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.

If the Determination Agent determines that no adjustment that it could make will produce a commercially reasonable result, it shall notify the Issuer and the Noteholders that the relevant consequence shall be the early redemption of the Notes, in which case, on such date as selected by the Determination Agent in its sole and absolute discretion, the Issuer shall redeem the Notes upon prior notice made to the Noteholders, and the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount of such Notes.

(d) The definitions of "Merger Event" and "Tender Offer" shall be amended in accordance with the DR Amendment.

(e) If the Determination Agent determines that a Merger Event or Tender Offer has occurred in respect of an Underlying Share, then, where the Determination Agent makes an adjustment to these Conditions and/or the applicable Pricing Supplement in connection with a Merger Event or Tender Offer, the Determination Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.

(f) The definitions of "Nationalisation", "Insolvency" and "Delisting" shall be amended in accordance with the DR Amendment.

(g) If the Determination Agent determines that a Nationalisation or Insolvency has occurred in respect of a Share or the Depositary, then, notwithstanding anything to the contrary herein, the Determination Agent may determine that the affected Share be substituted with Replacement DRs and may make any appropriate adjustments to the terms of these Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs, and the Determination Agent will determine the effective date of any adjustments.

- (h) If the Determination Agent determines that a Delisting of Shares has occurred or if the Depositary announces that the Deposit Agreement is (or will be) terminated, then, notwithstanding anything to the contrary herein, the Determination Agent may determine that the affected Share be substituted with Replacement DRs or the Underlying Shares and may make any appropriate adjustments to the terms of these Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs or the Underlying Shares, as applicable, and the Determination Agent will determine the effective date of any adjustments.
- (i) The definition of any Additional Disruption Event specified as applicable in the applicable Pricing Supplement shall be amended in accordance with the DR Amendment.
- (j) The definitions of "Exchange Business Day", "Scheduled Closing Time", "Scheduled Trading Day", "Trading Disruption", "Exchange Disruption", "Early Closure" and "Disrupted Day" which relate to the Exchange shall be deemed to include a reference to the primary exchange on which the Underlying Shares are traded, as determined by the Determination Agent.
- (k) The definitions of "Exchange Disruption", "Market Disruption Event" and "Trading Disruption" shall be amended in accordance with the DR Amendment.

For the avoidance of doubt, where a provision is amended pursuant to this Condition 10.8 (*Full Lookthrough Depositary Receipt Provisions*) in accordance with the DR Amendment, if the event described in such provision occurs in respect of the Underlying Share or the Underlying Share Issuer, then the consequence of such event shall be interpreted consistently with the DR Amendment and such event.

#### 10.9 *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 Shares specified in the applicable Pricing Supplement as comprising the Basket, in relation to Index Basket Notes, the Indices specified in the applicable Pricing Supplement as comprising the Basket and in relation to any ETF Basket Notes, the ETF Interests specified in the applicable Pricing Supplement as comprising the Basket, in each case in the relative proportions specified in such Pricing Supplement;

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

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

**"Basket of Shares"** means, in relation to a particular Series, a basket comprising Shares of each Share Issuer specified in the applicable Pricing Supplement in the relative proportions or number of Shares of each Share Issuer specified in such Pricing Supplement;

**"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 Shares or ETF Interests or of any financial instrument or contract providing exposure to the Shares or

ETF Interests or 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);

**"Components"** means in relation to an Index, the securities which comprise such Index (each a **"Component"** for such Index);

**"Deposit Agreement"** means, in relation to the Shares, the agreements or other instruments constituting the Shares, as from time to time amended or supplemented in accordance with their terms;

**"Depository"** means, where the applicable Pricing Supplement specifies that either the "Partial Lookthrough Depository Receipt Provisions" or the "Full Lookthrough Depository Receipt Provisions" shall apply to a Share, the issuer of the Shares or any successor issuer of the Shares from time to time;

**"Determination Time"** means the time specified as such in the applicable Pricing Supplement, 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, 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 (provided that the Determination Agent may, in its sole and absolute discretion, determine that such failure to publish shall instead be an Index Disruption for such Index); (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred;

**"DR Amendment"** means, in respect of the definitions of Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, Insolvency Filing, Change in Law, any other Additional Disruption Event specified as applicable in the applicable Pricing Supplement, Exchange Disruption, Market Disruption Event and Trading Disruption, that the following changes shall be made to such definition or provision where provided for in Condition 10:

- (a) all references to "Shares" shall be deleted and replaced with the words "Shares and/or the Underlying Shares"; and
- (b) all references to "Share Issuer" shall be deleted and replaced with the words "Share Issuer or Underlying Share Issuer, as appropriate";

**"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 Pricing Supplement;

**"ETF"** means (in respect of an ETF Interest) any fund specified in the applicable Pricing Supplement as an ETF;

**"ETF Documents"** means, unless otherwise specified in the applicable Pricing Supplement, 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 Pricing Supplement, 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 Pricing Supplement;

**"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 Pricing Supplement;

**"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 Pricing Supplement 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 a Share relating to Single Share Notes or Share Basket Notes, each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement or, if none is specified, the principal exchange or quotation system for trading in such 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 Share has temporarily relocated, provided that the Determination Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange; 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 Pricing Supplement 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 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 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 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 10.5(e) (*Extraordinary ETF Events*);

**"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 Pricing Supplement, subject to Condition 10.2 (*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 Shares or ETF Interests or of any financial

instrument or contract providing exposure to the Shares or ETF Interests or Index or Indices 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 the Shares, ETF Interests or financial instruments or contracts underlying the Notes) at a rate determined by the Issuer;

**"Market Disruption Event"** means (a) in respect of a 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 applicable Pricing Supplement;

**"Observation Date"** has the meaning given in the applicable Pricing Supplement;

**"Observation Period"** has the meaning given in the applicable Pricing Supplement;

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

- (a) a subdivision, consolidation or reclassification of a Share or ETF Interest (unless resulting in a Merger Event), or a free distribution or dividend of Shares or ETF Interests to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of relevant Shares or ETF Interests of (A) such 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 Share Issuer or ETF equally or proportionately with such payments to holders of such a Share or ETF Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share 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;
- (c) an Extraordinary Dividend;
- (d) a call by the Share Issuer in respect of relevant Shares that are not fully paid;

- (e) a repurchase by a Share Issuer or ETF (as the case may be) or any of its subsidiaries of Shares or ETF Interests, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Share 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 Share 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
- (g) any other event having, in the opinion of the Determination Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Shares or ETF Interests.

**"Related Exchange"**, in respect of an Index relating to Single Index Notes or Index Basket Notes, a 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 Pricing Supplement, 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, Share 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, Share 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, Share or ETF Interests, as the case may be;

**"Relevant Price"** on any day means:

- (a) in respect of a Share to which a Single Share Note or a Share Basket Note relates, the price per Share determined by the Determination Agent in the manner provided in the applicable Pricing Supplement as of the Determination Time on the relevant day, or, if no means for determining the Relevant Price are so provided: (i) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of the Determination Time at which any trade can be submitted for execution, the Relevant Price shall be the price per Share as of the Determination Time on the relevant day, as reported in the official real time price dissemination mechanism for such Exchange; and (ii) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Relevant Price shall be the mid point of the highest bid and lowest ask prices quoted as of the Determination Time on the relevant day (or the last such prices quoted immediately before the Determination Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system;
- (b) in respect of an Index to which a Single Index Note or an Index Basket Note relates, the level of such Index determined by the Determination Agent as provided in the applicable Pricing Supplement as of the Determination Time on the relevant day or, if no method for determining the Relevant Price is so provided, the level of the Index as of the Determination Time on the relevant day; and
- (c) in respect of an ETF Interest to which a Single ETF Note or an ETF Basket Note relates, the price per ETF Interest determined by the Determination Agent in the manner provided in the applicable Pricing Supplement as of the Determination Time on the relevant day, or, if no means for determining the Relevant Price are so provided: (a) in respect of any ETF Interest for which the Exchange is an auction or "open outcry" exchange that has a price as of the Determination Time at which any trade can be submitted for execution, the Relevant Price shall be the price per ETF Interest as of the Determination Time on the relevant day, as reported in the official

real time price dissemination mechanism for such Exchange; and (b) in respect of any ETF Interest for which the Exchange is a dealer exchange or dealer quotation system, the Relevant Price shall be the mid point of the highest bid and lowest ask prices quoted as of the Determination Time on the relevant day (or the last such prices quoted immediately before the Determination Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system;

**"Replacement DRs"** means depositary receipts other than the Shares over the same Underlying Shares;

**"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 a Share, Index or ETF Interest, the period of Settlement Cycle Days following a trade in such 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;

**"Settlement Price"** means, in respect of a Single Share Note, a Share Basket Note, an Index Note, an Index Basket Note, a Single ETF Note or an ETF Basket Note, the price, level or amount as determined by the Determination Agent, in its sole and absolute discretion, in accordance with the applicable Pricing Supplement;

**"Share"** means, in relation to a particular Series of Notes, a share specified as such in the applicable Pricing Supplement, or, in the case of a Share Basket Note, a share forming part of a basket of shares to which such Note relates;

**"Share Issuer"** means the entity that is the issuer of the Share specified in the applicable Pricing Supplement;

**"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 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 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 Share Issuer"** means the entity that is the issuer of the Underlying Share specified in the applicable Pricing Supplement; and

**"Underlying Share"** means, the share or other security which is the subject of the Deposit Agreement.

## 11. Provisions relating to Commodity-Linked Notes

This Condition 11 (*Provisions relating to Commodity-Linked Notes*) is applicable in respect of any Series of Notes ("**Commodity-Linked Notes**") where "**Commodity-Linked Interest Note Provisions**" and/or "**Commodity-Linked Redemption Provisions**" are specified in the applicable Pricing Supplement as being applicable.

### 11.1 *Corrections to Published Prices*

For the purposes of determining the Relevant Price for any Pricing Date, if applicable, as specified in the applicable Pricing Supplement for the purposes of calculating the Final Redemption Amount or any other amount in respect of a Commodity-Linked Note, if the price published or announced on a given day and used or to be used by the Determination Agent to determine such Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement by such time as may be specified in the applicable Pricing Supplement (or, if none is so specified, within thirty calendar days after the original publication or announcement) and in any event prior to the Maturity Date for the relevant Notes the Determination Agent shall determine (in its sole and absolute discretion) the adjustment to the Relevant Price so calculated and will adjust the terms of the relevant Notes to account for such correction to the extent that it determines to be necessary and practicable.

### 11.2 *Commodity Disruption Events*

- (a) If so specified in the Pricing Supplement relating to any Series of Commodity-Linked Notes, the following shall constitute "**Commodity Disruption Events**" for the purposes of such Series:
- (i) "**Price Source Disruption**", which means (A) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, (B) the temporary or permanent discontinuance or unavailability of the Price Source, (C) if the Commodity Reference Price is "Commodity Reference Dealers" the failure to obtain at least three quotations from the relevant Reference Dealers or (D) if Price Materiality Percentage is specified in the applicable Pricing Supplement, the Specified Price for the relevant Commodity Reference Price differs from the Specified Price determined in accordance with the Commodity Reference Price "Commodity Reference Dealers" by such Price Materiality Percentage;
  - (ii) "**Trading Disruption**", which means the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the applicable Pricing Supplement. The determination of whether a suspension of or limitation on trading is material shall be made by the Determination Agent in its sole and absolute discretion;
  - (iii) "**Disappearance of Commodity Reference Price**", which means (A) the permanent discontinuation of trading in the relevant Futures Contract on the relevant Exchange, (B) the disappearance of, or of trading in, the relevant Commodity, or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the relevant Commodity;
  - (iv) "**Material Change in Content**", which means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract;
  - (v) "**Material Change in Formula**", which means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price;

- (vi) "**Tax Disruption**", which means the imposition of, change in or removal of an excise, severance, sales, use, value added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal; and
  - (vii) any other (if any) Commodity Disruption Event specified in the applicable Pricing Supplement.
- (b) If the applicable Pricing Supplement for a Series of Commodity-Linked Notes specifies that any Commodity Disruption Event shall be applicable to such Series, then, where the Determination Agent determines, acting in a commercially reasonable manner, that such Commodity Disruption Event has occurred and is continuing in respect of such Series on the Pricing Date in respect of such Series (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source), or on any other day as may be specified for this purpose in the applicable Pricing Supplement, then the Relevant Price will be determined in accordance with the terms of the Commodity Disruption Fallback applicable pursuant to Condition 11.3 (*Commodity Disruption Fallbacks*).

### 11.3 *Commodity Disruption Fallbacks*

Where one or more Commodity Disruption Event occurs or exists, then, unless the applicable Pricing Supplement specifies that any other Commodity Disruption Fallback shall apply in respect of any such Commodity Disruption Event, "Determination Agent Determination" shall apply.

"**Determination Agent Determination**" means that the Determination Agent will determine, in its sole and absolute discretion, the Relevant Price (or a method for determining the Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that it deems relevant.

### 11.4 *Common Pricing*

With respect to Notes relating to a Basket, if "Common Pricing" has been selected in the applicable Pricing Supplement as:

- (a) "**Applicable**", then no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced, as determined as of the time of issue of the Notes.
- (b) "**Inapplicable**", then if the Determination Agent determines that a Commodity Disruption Event has occurred or exists on the Pricing Date in respect of any Commodity in the Basket (the "**Affected Commodity**"), the Relevant Price of each Commodity within the basket which is not affected by the occurrence of a Commodity Disruption Event shall be determined on its scheduled Pricing Date and the Relevant Price for the Affected Commodity shall be determined in accordance with the first applicable Commodity Disruption Fallback that provides a Commodity Reference Price.

### 11.5 *Commodity Index Disruption Events*

- (a) The following shall constitute "**Commodity Index Disruption Events**" for the purposes of any Series of Notes with respect to a Commodity Index:
  - (i) a temporary or permanent failure by the applicable exchange or other price source to announce or publish the final settlement price for the relevant Commodity Index; or
  - (ii) the occurrence in respect of any Component of the relevant Commodity Index of a Commodity Disruption Event (as defined in Condition 11.2(a) (*Commodity Disruption Events*)).

- (b) Where the Determination Agent determines, acting in a commercially reasonable manner, that a Commodity Index Disruption Event has occurred and is continuing in respect of a Series on the Pricing Date in respect of such Series (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source), or on any other day as may be specified for this purpose in the applicable Pricing Supplement, then (unless Condition 11.5(c) (*Physical Hedging Fallback*) applies) the following provisions shall apply:
- (i) with respect to each Component which is not affected by the Commodity Index Disruption Event, the Relevant Price will be determined by the Determination Agent based on the closing prices of each such Component on the applicable Pricing Date;
  - (ii) with respect to each Component which is affected by the Commodity Index Disruption Event, the Relevant Price will be determined by the Determination Agent (in the case of any Dow Jones UBS Commodity Index) as set out in the DJ UBSCI Manual or (in the case of any S&P Commodity Index) as set out in the Index Methodology, and in respect of any other Commodity Index as set out in the applicable Pricing Supplement, in each case based on the closing prices of each such Component on the first day following the applicable Pricing Date on which no Commodity Index Disruption Event occurs with respect to such Component;
  - (iii) subject to (iv) below, the Determination Agent shall determine the Relevant Price by reference to the closing prices determined in (i) and (ii) above using the then current method for calculating the relevant Commodity Index; and
  - (iv) where a Commodity Index Disruption Event with respect to one or more Components continues to exist (measured from and including the first day following the applicable determination date) for five consecutive Trading Days, the Determination Agent shall determine the Relevant Price acting in good faith and in a commercially reasonable manner. In calculating the Relevant Price as set out in this paragraph, the Determination Agent shall use the formula for calculating the relevant Commodity Index last in effect prior to the Commodity Index Disruption Event. For the purposes of this paragraph (iv), "**Trading Day**" shall mean a day when the exchanges for all Components included in the relevant Commodity Index are scheduled to be open for trading.
- (c) *Physical Hedging Fallback.* Where the Determination Agent determines that a Commodity Index Disruption Event has occurred and is continuing in respect of a Series on the Pricing Date in respect of such Series and "**Physical Hedging Fallback**" is specified as applicable in the applicable Pricing Supplement, then the following provisions shall apply:
- (i) with respect to each Component included in the Commodity Index which is not affected by the Commodity Index Disruption Event, the Relevant Price will be based on the closing prices of each such Component on the applicable determination date;
  - (ii) with respect to each Component included in the Commodity Index which is affected by the Commodity Index Disruption Event, the Relevant Price will be based on the closing price of each such Component on the first day following the applicable determination date on which no Commodity Index Disruption Event occurs with respect to such Component;
  - (iii) subject to (iv) below, the Determination Agent shall determine the Relevant Price by reference to the closing prices determined in (a) and (b) above using the then current method for calculating the Relevant Price; and
  - (iv) where a Commodity Index Disruption Event with respect to one or more Components included in the Commodity Index continues to exist (measured from and including the first day following the applicable determination date) for five consecutive Trading Days, the Determination Agent shall determine the Relevant Price in good faith and in a commercially reasonable manner. For the purposes of this paragraph (iv), "**Trading Day**" shall mean a day when the exchanges for all Components included in the relevant

Commodity Index are scheduled to be open for trading with respect to each Component included in the Commodity Index which is not affected by the Commodity Index Disruption Event, the Relevant Price will be based on the closing prices of each such Component on the applicable determination date.

#### 11.6 *Adjustments to Commodity Index*

- (a) If a Commodity Index with respect to a Commodity Reference Price is permanently cancelled or is not calculated and announced by the sponsor of such Commodity Index or any of its affiliates (together the "**Sponsor**") but (i) is calculated and announced by a successor sponsor (the "**Successor Sponsor**") acceptable to the Determination Agent, or (ii) replaced by a Successor Index (the "**Successor Index**") using, in the determination of the Determination Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Commodity Index, then the Commodity Reference Price will be determined by reference to the Index so calculated and announced by that Successor Sponsor or that Successor Index, as the case may be.
- (b) If, for a Commodity Index with respect to a Commodity Reference Price, on or prior to the Maturity Date or Early Redemption Date, (i) the Sponsor makes a material change in the formula for or the method of calculating such Commodity Index or in any other way materially modifies such Commodity Index (other than a modification prescribed in that formula or method to maintain the Commodity Index in the event of changes in constituent commodities and weightings and other routine events), (ii) the Sponsor permanently cancels the Commodity Index, or (iii) the Sponsor fails to calculate and announce the Commodity Index for a continuous period of three Trading Days and the Determination Agent determines that there is no Successor Sponsor or Successor Index, then the Determination Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii)) (such events (i) (ii) and (iii) to be collectively referred to as "**Commodity Index Adjustment Events**") calculate the Relevant Price using in lieu of the published level for that Commodity Index (if any), the level for that Commodity Index as at the relevant determination date as determined by the Determination Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Commodity Index Adjustment Event (as the case may be), but using only those Components that comprised that Index immediately prior to the relevant Commodity Index Adjustment Event (as the case may be) (other than those futures contracts that have ceased to be listed on any relevant exchange).

#### 11.7 *Additional Disruption Events*

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.

- (a) 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.
- (b) 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.
- (c) 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.

(d) For the purposes hereof:

"**Additional Disruption Event**" means, with respect to any Series of Notes, a Change in Law, Hedging Disruption, Increased Cost of Hedging, and any further event or events as may be specified in the applicable Pricing Supplement.

11.8 *Definitions applicable to Commodity-Linked Notes*

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

"**Basket**" means a basket composed of each Commodity specified in the applicable Pricing Supplement;

"**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);

"**Commodity**" means each commodity specified as such in the applicable Pricing Supplement;

"**Commodity Business Day**" means:

- (a) in the case where the Commodity Reference Price is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Commodity Disruption Event, would have been) a day on that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and
- (b) in the case where the Commodity Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Commodity Disruption Event, would have published) a price;

"**Commodity Index**" means an index comprising commodities specified as such in the applicable Pricing Supplement;

"**Commodity Reference Price**" means the commodity reference price(s) specified as such in the applicable Pricing Supplement;

"**Component**" means in relation to a Commodity Index, any commodity or Futures Contract the price of which is included in such Commodity Index;

"**Delivery Date**" means the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) specified as such in, or determined in accordance with the provisions in, the applicable Pricing Supplement. In relation to any underlying Commodity which is specified in the applicable Pricing Supplement to be a "**Non Metal**" and each Pricing Date, the relevant Delivery Date shall be the month of expiration of the first Futures Contract to expire following such Pricing Date. In relation to any underlying Commodity which is specified in the applicable Pricing Supplement to be a "**Base Metal**" or a "**Precious Metal**" and each Pricing Date, the Delivery Date shall be such Pricing Date;

"**DJ UBS Commodity Index**" means the Dow Jones UBS Commodity Index and any other Commodity Index, in each case which is calculated and sponsored by Dow Jones Inc, or any successor to such sponsor;

**"DJ UBSCI Manual"** means the manual or handbook in respect of a DJ UBS Commodity Index published by the sponsor of the relevant Commodity Index and in effect from time to time;

**"Exchange"** means each exchange or principal trading market specified as such in relation to a Commodity in the applicable Pricing Supplement or in the applicable Commodity Reference Price;

**"Futures Contract"** means either (a) the contract for future delivery in respect of the relevant Delivery Date relating to the relevant Commodity referred to in the relevant Commodity Reference Price or (b) each futures contract underlying or included in a Commodity Index;

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, commodities, 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;

**"Index Methodology"** means the manual or handbook in respect of an S&P Commodity Index published by the sponsor of the relevant Commodity Index and in effect from time to time;

**"Price Source"** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified as such in the applicable Pricing Supplement;

**"Pricing Date"** means, subject as provided in this Condition 11 (*Provisions relating to Commodity-Linked Notes*) each date specified as such (or determined pursuant to a method specified for such purpose) in the applicable Pricing Supplement;

**"Relevant Price"** on any day means in respect of a unit of measure of the Commodity to which a Commodity-Linked Note relates, the price, expressed as a price per unit, determined by the Determination Agent as provided in the applicable Pricing Supplement with respect to such day for the applicable Commodity Reference Price;

**"S&P Commodity Index"** means the S&P GSCI Commodity Index and any other Commodity Index, in each case which is calculated and sponsored by Standard & Poor's, or any successor to such sponsor; and

**"Specified Price"** means any of the following prices of a Commodity or Commodities or levels of a Commodity Index (which must be a price reported or capable of being determined from information reported in or by the relevant Price Source), as specified in the applicable Pricing Supplement (and, if applicable, as of the time so specified) (a) the high price (b) the low price (c) the average of the high price and the low price (d) the closing price (e) the opening price (f) the bid price (g) the asked price (h) the average of the bid price and the asked price (i) the settlement price (j) the official settlement price (which shall be the Specified Price for any Commodity Index, and for any Commodity specified in the applicable Pricing Supplement as a "**Non Metal**") (k) the official price (l) the morning fixing (m) the afternoon fixing (which shall be the Specified Price in respect of any Commodity specified in the

applicable Pricing Supplement as a "**Precious Metal**") (n) the spot price or (o) any other price specified in the applicable Pricing Supplement. The Specified Price for any Commodity specified in the applicable Pricing Supplement as a "Precious Metal" shall be the official cash bid price.

## 12. Provisions relating to Currency-Linked Notes

This Condition 12 (*Provisions relating to Currency-Linked Notes*) is applicable in respect of any Series of Notes ("**Currency-Linked Notes**") where "**Currency-Linked Interest Note Provisions**" and/or "**Currency-Linked Redemption Provisions**" are specified in the applicable Pricing Supplement as being applicable.

### 12.1 Valuation Date

"**Valuation Date**" means, in respect of any Series of Currency-Linked Notes, the date(s) specified as such or otherwise determined as provided in the applicable Pricing Supplement provided that where the Valuation Date is not a Currency Business Day then the Valuation Date shall be the first preceding day that is a Currency Business Day, unless otherwise specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement and subject to Condition 12.2 (*Averaging*), the Valuation Date will be the date falling two Currency Business Days prior to the Maturity Date.

### 12.2 Averaging

If Averaging Dates are specified in the applicable Pricing Supplement, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the determination of the Settlement Rate in relation to a Valuation Date:

- (a) "**Averaging Date**" means, in respect of a Valuation Date, each date specified as such or otherwise determined as provided in the applicable Pricing Supplement, 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, unless otherwise specified in the applicable Pricing Supplement.
- (b) For purposes of determining the Settlement Rate in relation to a Valuation Date, the Settlement Rate will be the arithmetic mean of the Spot Rates 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).
- (c) Unless otherwise specified in the applicable Pricing Supplement, in the case where it becomes impossible to obtain the Spot Rate 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 Settlement Rate. If through the operation of this Condition 12.2(c), there would not be an Averaging Date with respect to the relevant Valuation Date, the provisions of 12.4 (*Currency Disruption Fallbacks*) shall apply for purposes of determining the relevant Spot Rate on the final Averaging Date with respect to that Valuation Date as if such Averaging Date were a Valuation Date on which a Price Source Disruption had occurred.

### 12.3 Currency Disruption Events

- (a) If so specified in the Pricing Supplement relating to any Series of Notes, the following shall constitute "**Currency Disruption Events**" for the purposes of such Series:
  - (i) "**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 relevant price source);
  - (ii) "**Additional Price Source Disruption**", which means in relation to the calculation of the Settlement Rate on the Valuation Date:

- (A) the relevant exchange rate is not displayed on the Reference Source or any successor page for such Valuation Date;
  - (B) such Valuation Date is an Unscheduled Holiday; or
  - (C) the Determination Agent determines in good faith that the exchange rate so displayed on the Reference Source is manifestly incorrect;
- (iii) **"Price Materiality Event"**, which means the Primary Rate differs from the Secondary Rate by at least the Price Materiality Percentage; and
- (iv) any other (if any) currency disruption event specified in the applicable Pricing Supplement.
- (b) If the applicable Pricing Supplement specifies 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:
- (i) in the case of Price Source Disruption, on the day that is the Valuation Date in respect of such Series (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source); and
  - (ii) in the case of any other Currency Disruption Event, on such day as may be specified for this purpose in the applicable Pricing Supplement,

then the Settlement Rate for such Series will be determined in accordance with the terms of the Currency Disruption Fallback first applicable pursuant to Condition 12.4 (*Currency Disruption Fallbacks*).

#### 12.4 *Currency Disruption Fallbacks*

- (a) If so specified in the Pricing Supplement relating to any Series of Notes, the following shall constitute **"Currency Disruption Fallbacks"** for the purposes of such Series, and the applicable Pricing Supplement 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.
- (i) **"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;
  - (ii) **"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 Currency Reference Dealers, or pursuant to such other methodology or price sources as may be specified as the Fallback Reference Price in the applicable Pricing Supplement; and
  - (iii) any other provisions specified as Currency Disruption Fallbacks in the applicable Pricing Supplement.
- (b) Where more than one Currency Disruption Event occurs or exists or is deemed to occur or exist, then, unless the applicable Pricing Supplement 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.

## 12.5 *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, if specified as applicable in the applicable Pricing Supplement, with respect to any Series of Notes, a Change in Law, Hedging Disruption, Increased Cost of Hedging, and any further event or events as may be specified in the applicable Pricing Supplement.

## 12.6 *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, unless otherwise specified in the applicable Pricing Supplement, for the purposes of:

- (a) the definition of Valuation Date in Condition 12.1 (*Valuation Date*), in respect of any Series of Currency-Linked Notes: (i) 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 (ii) where the currency to be valued is euro, a day that is a TARGET Settlement Day and a Business Day; and
- (b) for any other purpose, in respect of any Series of Currency-Linked Notes: (i) 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 Reference Currency and (ii) 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"** means that the Settlement Rate or 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, or, if no such time is specified, the time chosen by the Determination Agent;

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, commodities, 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 Pricing Supplement;

**"Primary Rate"** means the rate specified as such in the applicable Pricing Supplement;

**"Rate Calculation Date"** means any Valuation Date or Averaging Date (as defined in Conditions 12.1 (*Valuation Date*) and 12.2 (*Averaging*), respectively);

**"Reference Currency"** means the currency specified as such in the applicable Pricing Supplement;

**"Reference Dealers"** means the reference dealers specified as such in the applicable Pricing Supplement;

**"Reference Source"** has the meaning specified as such in the applicable Pricing Supplement;

**"Secondary Rate"** means the rate specified as such in the applicable Pricing Supplement;

**"Settlement Currency"** means the currency specified as such in the applicable Pricing Supplement;

**"Settlement Rate"** means the rate as determined by the Determination Agent, in its sole and absolute discretion, in accordance with the applicable Pricing Supplement and, where applicable shall be determined in accordance with Condition 12.2 (*Averaging*);

**"Specified Amount"** means the amount of Reference Currency specified as such in the applicable Pricing Supplement;

**"Specified Rate"** means any of the following rates, as specified in the applicable Pricing Supplement: (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 applicable Pricing Supplement. 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 Pricing Supplement 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, expressed as the amount of Reference Currency per one unit of Settlement Currency, determined as 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.

### 13. **Provisions relating to Inflation-Linked Notes**

This Condition 13 (*Provisions relating to Inflation-Linked Notes*) is applicable in respect of any Series of Notes ("**Inflation-Linked Notes**") where "Inflation-Linked Interest Note Provisions" and/or "Inflation-Linked Redemption Provisions" are specified in the applicable Pricing Supplement as being applicable.

#### 13.1 *Delay of Publication*

If any level of an 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 under the Notes or other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes, the Determination Agent shall determine a Substitute 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 or other relevant payment date as may be specified in the applicable Pricing Supplement, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 13.1 (*Delay in Publication*), will be the definitive level for that Reference Month.

#### 13.2 *Cessation of Publication*

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index then the Determination Agent shall determine a Successor Index (in lieu of any previously applicable Index) for the purposes of the Notes by using the following methodology:

- (a) If at any time a Successor Index has been designated by the calculation agent of the Related Bond pursuant to the terms and conditions of the Related Bond, such Successor Index shall be

designated a "Successor Index" for the purposes of all subsequent Specified Interest Payment Dates or other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes, notwithstanding that any other Successor Index may previously have been determined under Conditions 13.2(b), 13.2(c) or 13.2(d) below; or

- (b) If a Successor Index has not been determined under Condition 13.2(a) above and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement index specified by the 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 Index, such replacement index shall be the Index for purposes of the Notes from the date that such replacement index comes into effect; or
- (c) If a Successor Index has not been determined under Condition 13.2(a) or 13.2(b) above, the Determination Agent shall ask five leading independent dealers to state what the replacement Index for the 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 Index, this Index will be deemed the "**Successor Index**". If three responses are received, and two or more leading independent dealers state the same Index, this Index will be deemed the "Successor Index". If fewer than three responses are received, the Determination Agent will proceed to Condition 13.2(d) below; or
- (d) If no Successor Index has been determined under Condition 13.2(a), 13.2(b) or 13.2(c) above by the fifth Business Day prior to the next Affected Payment Date the Determination Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "**Successor Index**", provided that the Determination Agent shall determine the method of determining the Relevant Level if no such appropriate alternative Index is available.

### 13.3 *Rebasing of the Index*

If the Determination Agent determines that an Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of such Index from the date of such rebasing; provided, however, that the Determination Agent shall make such adjustments as are made by the calculation agent of the Related Bond pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Determination Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Notes.

### 13.4 *Material Modification Prior to Payment Date*

If, on or prior to the day that is five Business Days before a Specified Interest Payment Date under the Notes or other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes, an Index Sponsor announces that it will make a material change to an Index then the Determination Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index.

### 13.5 *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 Specified Interest Payment Date or other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes, the Determination Agent determines that the Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Determination Agent will notify the holders of the Notes in accordance with Condition 33 (*Notices*) of (a) that correction, (b) the adjusted amount that is then payable under the Notes as a result of that correction and (c) take such other action as it may deem necessary to give effect to such correction, provided that any

amount payable pursuant to sub-paragraph (b) above shall be paid (with no interest accruing thereon) (i) in connection with an Index Sponsor's correction to remedy a manifest error in the level of an Index for a Reference Month for which the Specified Interest Payment Date or other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes has occurred, within five Business Days after notice of such amount payable by the Determination Agent, (ii) in connection with an Index Sponsor's correction to remedy a manifest error in the level of an Index for a Reference Month for which the Specified Interest Payment Date or other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes has not occurred, as an adjustment to the payment obligation on the next Specified Interest Payment Date or (iii) if there is no further Specified Interest Payment Date other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes, within five Business Days after notice of such amount payable by the Determination Agent.

### 13.6 *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 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, if specified as applicable in the applicable Pricing Supplement, with respect to any Series of Notes, a Change in Law, Hedging Disruption, Increased Cost of Hedging, and any further event or events as may be specified in the applicable Pricing Supplement.

### 13.7 *Definitions Applicable to Inflation-Linked Notes*

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

"**Affected Payment Date**" means each Specified Interest Payment Date or other relevant payment date as may be specified in the applicable Pricing Supplement in relation to the Notes in respect of which an 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 (i) it has become illegal to hold, acquire or dispose of Hedge Positions or (ii) 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 a bond selected by the Determination Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same date as the Maturity Date, (b) the next longest maturity after the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) and (b) is selected by the Determination Agent. If the 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 (a) positions or contracts in securities, commodities, options, futures, derivatives or foreign exchange, (b) stock loan transactions or (c) 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;

**"Index"** means any index specified as such in the applicable Pricing Supplement;

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

**"Reference Month"** means the calendar month for which the level of the relevant Index was reported, regardless of when this information is published or announced. If the period for which the Index level was reported is a period other than a month, the Reference Month will be the period for which the Index level was reported;

**"Related Bond"** means the bond specified in the applicable Pricing Supplement, 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 13.7 (*Definitions Applicable to Inflation-Linked Notes*) herein). If no bond is specified in the applicable Pricing Supplement as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Pricing Supplement there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Pricing Supplement, and that bond redeems or matures before the relevant Maturity Date, unless "Fallback Bond: Not Applicable" is specified in the applicable Pricing

Supplement, the Determination Agent shall use the Fallback Bond for any Related Bond determination;

"**Substitute Index Level**" means an Index level, determined by the Determination Agent pursuant to the provisions of Condition 13.1 (*Delay of Publication*), in respect of an Affected Payment Date; and

"**Successor Index**" has the meaning specified in Condition 13.2 (*Cessation of Publication*).

#### 14. **Provisions relating to Property-Linked Notes**

This Condition 14 (*Provisions relating to Property-Linked Notes*) is applicable in respect of any Series of Notes ("**Property-Linked Notes**") where "Property-Linked Interest Note Provisions" and/or "Property-Linked Redemption Provisions" are specified in the applicable Pricing Supplement as being applicable.

##### 14.1 *Rebasing of the Property Index*

If the Determination Agent determines that an Index has been or will be Rebased at any time (the Property Index as so Rebased, the "**Rebased Property Index**"), the Rebased Property Index will be used for the purposes of determining the level of the Property Index from the date of such Rebasing, provided however, that the Determination Agent shall adjust the terms of the Notes so that the use of the Rebased Property Index reflects what would have been the performance of the Index had the Rebasing not occurred save that any such Rebasing shall not affect any prior payments under the Notes.

##### 14.2 *Error in Publication*

If the Determination Agent determines that an Error in Publication has occurred with respect to the Property Index, the Determination Agent may (a) use the corrected level of the Property Index to make any relevant calculations and/or (b) make any necessary adjustments to the relevant Property Index Level and such other terms of the Notes as it in its sole and absolute discretion determines to be appropriate to account for such Error in Publication.

For these purposes:

An "**Error in Publication**" will occur if the Property Index Sponsor announces that an error has occurred with respect to the Property Index Level as published on any Publication Date; the Property Index Level for such Publication Date is corrected to remedy such error; and the correction is published by the Index Sponsor at any time prior to the next following Scheduled Publication Date or if earlier any relevant determination date. An Error in Publication will not include a routine revision in the level of the Index in a regularly scheduled republication of the Index.

##### 14.3 *Delay in Publication*

If the Property Index Level has not been announced by the Scheduled Publication Date or if earlier any relevant determination date, the following will apply:

- (a) if the Property Index Sponsor publishes a provisional Property Index Level prior to the next Scheduled Publication Date or if earlier any relevant determination date, such provisional level of the Property Index for that Measurement Period shall apply for the purposes of the Notes; or
- (b) if the Property Index Sponsor fails to publish the Property Index Level prior to the next occurring Scheduled Publication Date or if earlier any relevant determination date, a Property Index Disruption Event shall be deemed to have occurred and Condition 14.5 (*Property Index Disruption Event*) shall apply.

#### 14.4 *Methodology Adjustment*

If the Property Index Sponsor announces that it has changed the methodology in calculating a Property Index and:

- (a) continues publication of a property index based on the original methodology (the "**Replacement Property Index**"), such Replacement Property Index shall apply in lieu of the original Property Index in relation to the Notes; or
- (b) discontinues publication of the Property Index based on the original Computational Methodology, a Property Index Disruption Event shall be deemed to have occurred and the procedure set out in Condition 14.5 (*Property Index Disruption Event*) shall apply.

#### 14.5 *Property Index Disruption Event*

Following the occurrence of a Property Index Disruption Event, the Issuer shall, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early. 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, to preserve the economic value of the Notes. If the Issuer determines that the Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to the holders (in accordance with Condition 33 (*Notices*)) to redeem each Note at 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.

#### 14.6 *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 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, if specified as applicable in the applicable Pricing Supplement, with respect to any Series of Notes, a Change in Law, Hedging Disruption, Increased Cost of Hedging, and any further event or events as may be specified in the applicable Pricing Supplement.

14.7 *Definitions Applicable to Property-Linked Notes*

In relation to Property-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 (i) it has become illegal to hold, acquire or dispose of Hedge Positions or (ii) 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);

**"Data Pool"** means the pool of properties underlying a Property Index.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, commodities, options, futures, derivatives or foreign exchange, (b) stock loan transactions or (c) 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;

**"Property Index"** means any index specified as such in the applicable Pricing Supplement;

**"Property Index Level"** means the final level of the relevant Property Index for a specified period or a specified date (as set out in the Pricing Supplement), as published by the Property Index Sponsor (or otherwise determined as set out in the applicable Pricing Supplement);

**"Publication Date"** means, in respect of an Index, each date on which such Property Index is published by the Property Index Sponsor;

**"Rebasing"** means the revaluation of a Property Index by the Property Index Sponsor by the application of a new Reference Price, without amendment to the formula for or the method of calculating the Index, and **"Rebased"** will be construed accordingly;

**"Reference Price"** means the historic value of the Data Pool used by the Property Index Sponsor as the benchmark for a Property Index; and

**"Scheduled Publication Date"** means the date on which the Property Index Level is scheduled to be published.

15. **Provisions relating to Fund-Linked Notes**

This Condition 15 (*Provisions relating to Fund-Linked Notes*) is applicable in respect of any Series of Notes (**"Fund-Linked Notes"**) where "Fund-Linked Interest Note Provisions" and/or "Fund-Linked Redemption Provisions" are specified in the applicable Pricing Supplement as being applicable.

15.1 *Adjustments for Disrupted Days*

- (a) 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.
- (b) If any Valuation Date is a Disrupted Day, then:
  - (i) 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, (A) 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 (B) 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
  - (ii) 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 Valuation Date. In that case, (A) 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 (B) 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.

- (c) If Averaging Dates are specified in the applicable Pricing Supplement with respect to a Valuation Date then the following provisions will apply. If any Averaging Date is a Disrupted Day:
  - (i) 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 (A) 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 (B) 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
  - (ii) 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 Pricing Supplement 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 (A) 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 (B) 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.

#### 15.2 *Postponement of Settlement*

- (a) Unless otherwise specified in the applicable Pricing Supplement, 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 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.
- (b) 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.
- (c) For the purposes hereof:
  - (i) 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;
  - (ii) the "**Postponed Settlement Date**" means, unless otherwise specified in the applicable Pricing Supplement, 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;
  - (iii) the "**Postponed Settlement Long Stop Date**" means, unless otherwise specified in the applicable Pricing Supplement, the date which is 3 months after the Scheduled Settlement Date;
  - (iv) "**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
  - (v) 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.

15.3 *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 (a) 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 (b) determine the effective date(s) of the adjustment(s).

15.4 *Corrections and Adjustment*

With the exception of any Adjustments (as defined below) made after the day which is five Business Days (or such other period specified for this purpose in the applicable Pricing Supplement) 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.

15.5 *Fund Events*

- (a) 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.
- (b) 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 15.5(c) and Condition 15.5(d) below.
- (c) 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.
  - (iii) For the purposes of this Condition 15.5(c):

- (A) **"Successor Fund Interest"** means, in respect of any Affected Fund Interest, the related Eligible Fund Interest or, if the applicable Pricing Supplement 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 Pricing Supplement or, if the applicable Pricing Supplement 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 Pricing Supplement or, if the time and manner for substitution of the Successor Fund Interest is not specified in the applicable Pricing Supplement, 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.
- (d) 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 33 (*Notices*).

#### 15.6 *Notice of Fund Event*

Notice of the consequences of a Fund Event shall be given to the Noteholders in accordance with Condition 33 (*Notices*). Such notice shall (a) identify the Affected Fund Interest (if applicable) and the relevant Fund Event and contain a summary of the facts constituting such event, (b) if applicable, identify the Successor Fund Interest and specify the effective date of such substitution, (c) if applicable, specify adjustments made or expected to be made by the Determination Agent and (d) if applicable, specify the date on which the Notes are to be redeemed.

#### 15.7 *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 Pricing Supplement;

**"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 Pricing Supplement;

**"Aggregate NAV Trigger Value"** means the value (if any) specified as such in the applicable Pricing Supplement;

**"Averaging Date"** means, in respect of each Valuation Date, each date (if any) specified as such or otherwise determined as provided in the applicable Pricing Supplement or, if such day is not a Business Day, the next following Business Day, subject to the provisions of Condition 15.1 (*Adjustments for Disrupted Days*);

**"Basket of Funds"** means a basket composed of such Fund Interests in such Funds specified in the applicable Pricing Supplement in the relative proportions or number of Fund Interest Units of each Fund Interest specified in the applicable Pricing Supplement, subject to the provisions of Condition 15.5 (*Fund Events*);

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

**"Cut-off Period"** means, in respect of any date, the period specified in the applicable Pricing Supplement, 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 Pricing Supplement, 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 Pricing Supplement;

**"Extraordinary Dividend"** means an amount per relevant Fund Interest Unit or other amount of Fund Interest specified or otherwise determined as provided in the applicable Pricing Supplement provided that if no Extraordinary Dividend is specified in or otherwise determined as provided in the applicable Pricing Supplement, 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 Pricing Supplement;

**"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 Pricing Supplement, 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 Pricing Supplement 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 Pricing Supplement, 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 Pricing Supplement 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 Pricing Supplement 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) and any additional documents specified in the applicable Pricing Supplement (each an "Additional Fund Document"), in each case as amended from time to time;

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

- (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 organisation 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 Pricing Supplement; 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 Pricing Supplement;
- (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 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 Pricing Supplement 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 authorised 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 (A) 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 (B) 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
  - (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) realise, 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,
  - (v) 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;
- (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; or
- (s) *Additional Fund Event*: any other event(s) specified as Fund Events in the applicable Pricing Supplement;

"**Fund Event Notice**" has the meaning given to that term in Condition 15.5 (*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 Pricing Supplement;

"**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 Pricing Supplement;

"**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 Pricing Supplement;

"**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 Pricing Supplement, 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 Pricing Supplement 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 Pricing Supplement, 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 Pricing Supplement 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 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) realise, 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 Pricing Supplement;

"**NAV Trigger Period**" means the period (if any) specified as such in the applicable Pricing Supplement;

"**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 Pricing Supplement;

**“Observation Date”** means such date or dates as specified in the applicable Pricing Supplement;

**"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, capitalisation 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;
- (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; or
- (e) any other event having, in the opinion of the Determination Agent, a diluting, concentrative or other effect on the theoretical value of the relevant 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 Pricing Supplement 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 Pricing Supplement;

**"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 price per Fund Interest Unit determined as provided in the applicable Pricing Supplement as of the Final Valuation Time on the Final Valuation Date or, if no means of determining such price are so provided, 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 Pricing Supplement 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 price per related Fund Interest Unit determined by the Determination Agent as provided in the applicable Pricing Supplement as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or, if no means for determining the Relevant Fund Interest Unit Price are so provided, an amount 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 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;

**"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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement do not specify a Subscription Notice Date or a Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Issue Date;

**"Strike Date"** means such date as specified in the applicable Pricing Supplement;

**"Valuation Date"** means each date specified as such or otherwise determined or provided for in the applicable Pricing Supplement or, a Strike Date or Observation Date, if such date is not a Business Day, the next following Business Day, subject to the provisions of Condition 15.1 (*Adjustment for Disrupted Days*); and

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

## 16. **Provisions relating to Credit-Linked Notes**

In respect of any Notes ("**Credit-Linked Notes**") for which the Credit-Linked Interest Note Provisions and/or Credit-Linked Redemption Provisions are specified as applicable in the applicable Pricing Supplement, the Conditions shall be supplemented and modified by the terms and conditions set out in the applicable Pricing Supplement.

## 17. **Provisions relating to Preference Share-Linked Notes**

This Condition 17 (*Provisions relating to Preference Share-Linked Notes*) is applicable in respect of any Series of Notes ("**Preference Share-Linked Notes**") where "**Preference Share-Linked Redemption Provisions**" are specified in the applicable Pricing Supplement as being applicable.

### 17.1 *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 Pricing Supplement.

### 17.2 *Early Redemption for Taxation Reasons*

If the Preference Share-Linked Notes are redeemed pursuant to Condition 17.2 (*Early Redemption for Tax Purposes*) or 17.3 (*Call Option*) (as applicable), each Preference Share-Linked Note shall be redeemed at the Early Preference Share Redemption Note Amount.

### 17.3 *Call Option*

If Call Option is specified in the applicable Pricing Supplement as being applicable the provisions of Condition 21.7 (*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

Pricing Supplement, in part" in the second and third lines were replaced with the words "in whole (but not in part)".

17.4 *Early Redemption 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 33 (*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.

17.5 *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 33 (*Notices*) and redeem all, but not some only, of the Preference Share-Linked Notes, each Preference Share-Linked Note being redeemed at the Early Redemption Amount on the tenth Business Day immediately following the date on which such determination is made by the Determination Agent.

17.6 *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 33 (*Notices*) and redeem all, but not some only, of the Preference Share-Linked Notes, each Preference Share-Linked Note being redeemed at the Early Redemption Amount on the tenth Business Day immediately following the date on which such determination is made by the Determination Agent.

17.7 *Payments – General Provisions*

Condition 22.9 (*Unavailability of Currency*) shall not apply to the Preference Share-Linked Notes.

17.8 *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 Pricing Supplement.

**"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 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:

$$\text{Calculation Amount} \times \frac{\text{PreferenceShareValue}_{\text{early}}}{\text{PreferenceShareValue}_{\text{initial}}}$$

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

**"Early Redemption 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 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 Pricing Supplement.

**"Final Valuation Date"** means the date specified as such in the applicable Pricing Supplement 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.

**"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 Pricing Supplement, 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 preference shares specified as such in the applicable Pricing Supplement.

**"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<sub>early</sub>"** means the Preference Share Value on the Early Redemption Valuation Date.

**"Preference Share Value<sub>initial</sub>"** means the Preference Share Value on the Strike Date.

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

#### 17.9 *Calculations and Determinations*

The Determination Agent will make the calculations and determinations as described in this Condition 17.9 (*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 17.9 (*Calculations and Determinations*) 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 17.9 (*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 this Condition 17.9 (*Calculations and Determinations*) will not apply to the calculation of the Final Redemption Amount or Early Redemption Amount.

17.10 *Rounding*

Condition 36 (*Rounding*) shall not apply to the Preference Share-Linked Notes.

18. **Provisions relating to Autocallable Early Redemption Notes**

In respect of any Series of Notes for which the Autocallable Early Redemption provisions are specified as applicable in the applicable Pricing Supplement, the Conditions shall be supplemented and modified by the terms and conditions set out in the applicable Pricing Supplement.

19. **Inconvertibility Events**

If, in respect of any Series of Notes, the applicable Pricing Supplements specifies that "Inconvertibility Event Provisions" are applicable, this Condition 19 (*Inconvertibility Events*) shall apply in respect of such Notes.

If, at any time during the term of such Series, the Determination Agent determines that an Inconvertibility Event has occurred, it will inform the Issuer of such event. Following the determination of an Inconvertibility Event, the Issuer may, at its sole and absolute discretion, elect any of the following (or to take no action):

- (a) If "**Converted Payment**" is specified in the applicable Pricing Supplements: 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
- (b) If "**Early Redemption**" is specified in the applicable Pricing Supplements: to early terminate the Notes on a specified date notified by the Issuer to the holder (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
- (c) If "**Suspended Payment**" is specified in the applicable Pricing Supplements: to suspend the payment until as many Business Days after the Inconvertibility Event has ceased as specified in the notice,

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 also specified as applicable in the applicable Pricing Supplement, 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.

The Issuer shall notify the holders of any such determination of an Inconvertibility Event and any action it elects to take in accordance with the foregoing, provided that failure to deliver

such notice or the failure of the recipient to receive such notice will not affect the validity of the determination or the Issuer's election or its ability to make payments according to the option it selected.

(d) For the purpose of this Condition 19 (*Inconvertibility Events*):

"**Fallback FX Spot Rate**" has the meaning given in the applicable Pricing Supplement;

"**Inconvertibility Early Redemption Amount**" means, in respect of any Note, any of:

- (i) an amount as specified in the applicable Pricing Supplement;
- (ii) if "**Early Redemption Amount**" is specified in the Pricing Supplement, 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 Note, 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 Pricing Supplement, an amount, in the Inconvertibility Specified Currency, 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 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 Note, in each case as calculated by the Determination Agent in its sole and absolute discretion.

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 its or their reasonable control:

- (a) 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
- (b) 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
- (c) 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 (a), (b) or (c), in an amount up to the Aggregate Nominal Amount or the relevant Interest Amount; or
- (d) to determine a rate at which any Relevant Currency can be lawfully exchanged for U.S. dollars; or
- (e) to convert any Relevant Currency into U.S. dollars; or
- (f) to exchange or repatriate any funds outside of any jurisdiction in which any Relevant Underlying (s) or its or their components, is issued; or
- (g) 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;

**"Inconvertibility Specified Currency"** means the currency specified in the Pricing Supplement and, if none is indicated, the Specified Currency.

**"Relevant Currency"** means the currency as specified in the Pricing Supplement, and, if none is specified, the currency in which any of the securities which comprise the Relevant Underlying(s) is denominated, or the currency of the Relevant Underlying, or any of the Relevant Underlyings, or the currency in which any of their underlying components is denominated, or any other currency or currencies as specified in the Pricing Supplement.

**"Relevant Jurisdiction"** means the jurisdiction as specified in the Pricing Supplement.

**"Relevant Underlying"** means, in relation to the Notes, any of the Share, Index, ETF Interest, Commodity, Commodity Index, Fund or other item underlying such Notes (and **"Relevant Underlyings"** means all of them).

## 20. **CNY Disruption Events**

(a) In the event that a CNY Disruption Event, as determined by the Determination Agent in its sole discretion, occurs on or prior to any date on which a payment is scheduled to be made under a CNY Note (including, but not limited to, an Interest Payment Date or the Maturity Date) and such CNY Disruption Event is continuing on such date (any such CNY Note so affected, an **"Affected CNY Note"**), the following terms will apply:

(i) first, payments under the Affected CNY Note shall be postponed to two Hong Kong Business Days after the date on which the CNY Disruption Event ceases to exist, unless that CNY Disruption Event continues to exist for 14 consecutive calendar days from the original date that, but for the occurrence of the CNY Disruption Event, would have been the date for such payments (which payment date may be, but is not limited to, an Interest Payment Date or the Maturity Date). In that case, the provisions of sub-paragraph (ii) below will apply on the day immediately following the lapse of such 14 calendar day period;

(ii) second, the relevant payment obligations under the Affected CNY Note shall be replaced by an obligation to pay an amount that would be due as if settlement were non-deliverable with the effect that any amounts in CNY payable under the Affected CNY Note shall be converted into an amount in USD as calculated by the Determination Agent in its sole discretion. All the payments hereunder shall be made in USD on the relevant Non-Deliverable Substitute Settlement Date. For the avoidance of doubt, this sub-paragraph (ii) shall only apply to any payment which is scheduled to occur on a date (which may be, but is not limited to, the Maturity Date or an Interest Payment Date) that is affected by the CNY Disruption Event and shall not affect any payments falling due on any other dates.

(b) For the purpose of this Condition 20 (*CNY Disruption Events*):

**"CNY Disruption Event"** means any of CNY Illiquidity, CNY Inconvertibility or CNY Non-Transferability.

**"CNY Illiquidity"** means, as determined by the Determination Agent in its sole discretion, the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to obtain a firm quote of an offer price in respect of an amount in CNY equal to the then current outstanding Notional Amount of the relevant Affected CNY Notes, any interest or any other amount to be paid under such Notes (the **"Relevant Disrupted Amount"**), during the term of such Notes, either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general CNY exchange market in each Offshore CNY Center in order to perform its obligations under the Affected CNY Notes.

**"CNY Inconvertibility"** means, as determined by the Determination Agent in its sole discretion, the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert an amount of CNY no less than the Relevant Disrupted Amount into or from USD in the general CNY exchange market in each Offshore CNY Center.

**"CNY Non-Transferability"** means, as determined by the Determination Agent in its sole discretion, the occurrence in each Offshore CNY Center of any event that makes it impossible (where it had previously been possible) for the Issuer to transfer CNY (A) between accounts inside the Offshore CNY Center, (B) from an account inside the Offshore CNY Center to an account outside such Offshore CNY Center and outside mainland China, or (C) from an account outside an Offshore CNY Center and outside mainland China to an account inside the Offshore CNY Center. For the purpose of CNY Non-Transferability and Hong Kong as an Offshore CNY Center only, a segregated Chinese Renminbi fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong.

**"Non-Deliverable Substitute Settlement Date"** means, in respect of any payment date determined pursuant to the terms herein, subject to adjustment in accordance with the provisions of Condition 20(a)(i) and/or any Business Day Convention applicable to the terms of an Affected CNY Note, the day determined by the Determination Agent which shall be as soon as practicable, but in no event later than two (2) Hong Kong Business Days after the date on which the USD/CNY Spot Rate is determined.

**"Offshore CNY Center"** means Hong Kong, or such other CNY Center as specified in the applicable Pricing Supplement.

**"USD/CNY Spot Rate"** means the Chinese Renminbi/U.S. dollar official fixing rate, expressed as the amount of Chinese Renminbi per one U.S. dollar, for settlement in two Hong Kong Business Days reported by the Treasury Markets Association which appears on Reuters page <CNHFIX=> at approximately 11:15 a.m., Hong Kong time (the "**Spot USD/CNY(HK) Fixing**"). In the event that the Spot USD/CNY(HK) Fixing is not available, the Determination Agent may in its sole discretion: (a) delay the determination of the USD/CNY Spot Rate until such day that the Spot USD/CNY(HK) Fixing is available or (b) determine the USD/CNY spot rate in its sole discretion.

For the avoidance of doubt, references to "general CNY exchange market in each Offshore CNY Center" in the definitions of CNY Illiquidity and CNY Inconvertibility refers to purchase, sale, lending or borrowing of CNY for general purpose (including, but not limited to, funding), and therefore any purchase or sale of CNY where such CNY is required by relevant laws or regulations for settlement of any cross-border trade transaction with an entity in mainland China, or any purchase or sale of CNY for personal customers residing in each such Offshore CNY Center, would not be purchase or sale made in such general CNY exchange market.

## 21. **Redemption and Purchase**

### 21.1 *Scheduled Redemption*

Save in the case of Notes that are Credit-Linked Notes, unless previously redeemed, or purchased and cancelled, and unless otherwise specified in the applicable Pricing Supplement, (i) Cash Settlement Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 22 (*Payments — Registered 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 24 (*Physical Settlement*). Notes that are Credit-Linked Notes shall be redeemed as set out in Condition 16 (*Provisions relating to Credit-Linked Notes*), subject to any additional or alternative redemption/ payment provisions or modification contemplated in respect of such Notes specified in the applicable Pricing Supplement.

21.2 *Tax Redemption — Morgan Stanley Notes and MSFL Notes*

Notes issued by Morgan Stanley and MSFL 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 relevant Issuer determines that, as a result of 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 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 Pricing Supplement in connection with the issuance of the Notes or any other date specified in the applicable Pricing Supplement, it or the Guarantor (if applicable) is or will become obligated to pay Additional Amounts with respect to the Notes as described in Condition 25 (*Taxation*). The early redemption amount will be specified in the applicable Pricing Supplement. The Issuer will give notice of any tax redemption.

21.3 *Tax Redemption — MSI plc Notes 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 25 (*Taxation*). The early redemption amount will be specified in the applicable Pricing Supplement. The Issuer will give notice of any tax redemption in accordance with Condition 33 (*Notices*).

21.4 Prior to the relevant Issuer giving notice of redemption under Condition 21.2 (*Tax Redemption — Morgan Stanley Notes*), 21.3 (*Tax Redemption — MSI plc, MSBV Notes and MSFL Notes*), it will deliver to the Fiscal Agent:

- (a) 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
- (b) 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.

21.5 *Redemption at the Option of the Issuer*

If the Call Option is specified in the applicable Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the applicable Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than the Minimum Call Notice Number of Day(s) nor more than the Maximum Call Notice Number of Day(s) notice to the Noteholders and, in the case of Uncertificated Notes, no less than 45 days' notice to the Euroclear Registrar (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).

21.6 *Partial Redemption*

- (a) if the Notes are to be redeemed in part only on any date in accordance with Condition 21.5 (*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 21.5 (*Redemption at the Option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed; and

- (b) in respect of a partial redemption of Nordic Notes, the notice to Noteholders referred to in Condition 21.5 (*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.

21.7 *Redemption at the Option of Noteholders*

If the Put Option is specified in the applicable Pricing Supplement 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.

In order to exercise the option contained in this Condition 21.7 (*Redemption at the Option of Noteholders*) the holder of a Note must, not less than the Minimum Put Notice Number of Day(s) nor more than the Maximum Put Notice Number of Day(s) before the relevant Optional Redemption Date (Put), deposit such Note 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 relevant Nordic Issuing and Paying Agent and blocked for further transfer by the relevant Nordic Issuing and Paying Agent. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 21.7 (*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 21.7 (*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.

21.8 *Early Redemption of Zero Coupon Notes*

Unless otherwise specified in the applicable Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to (a) the product of the Calculation Amount of such Note and (b) the percentage produced by the following formula:

$$\text{Reference Price} \times (1 + \text{Accrual Yield})^n$$

where “n” means the number of years 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 and the calculation shall be made on the basis of such Day Count Fraction as may be specified in the applicable Pricing Supplement or, if none is so specified, a Day Count Fraction of 30/360.

21.9 *Purchase*

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

#### 21.10 *Cancellation*

All Notes so redeemed shall, and all Notes so purchased by Morgan Stanley, MSI plc, MSBV, MSFL 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.

#### 21.11 *Compliance with securities laws*

If any holder of any Note is determined to be a U.S. Person (as defined in Regulation S), the Issuer shall have the right to (a) force such holder to sell its interest in such Note, or sell such interest on behalf of such holder, to a person who is not a U.S. Person (as defined in Regulation S) or (b) terminate and cancel such Note. In the case of any termination and cancellation of a Note as described above no amount shall be payable to the relevant Noteholder and the Issuer shall have no further obligations in respect of the Note.

### 22. **Payments - Registered Notes**

This Condition 22 (*Payments – Registered Notes*) is only applicable to Registered Notes.

#### 22.1 *Principal*

Subject to Condition 22.3 (*Payments of Principal and Interest in CNY*), 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 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 Individual Note Certificates at the Specified Office of any Paying Agent.

#### 22.2 *Interest*

Subject to Condition 22.3 (*Payments of Principal and Interest in CNY*), 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 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 Individual Note Certificates at the Specified Office of any Paying Agent.

#### 22.3 *Payments of Principal and Interest in CNY*

Notwithstanding Conditions 22.1 (*Principal*) and 22.2 (*Interest*), in respect of CNY Notes, no payment of principal or interest in CNY will be made by cheque and all payments to Noteholders will be made solely (i) for so long as the CNY Notes are represented by a Global Registered Note held with the common depository for Clearstream Banking société anonyme and Euroclear Bank S.A./N.V. or any alternative clearing system, by transfer to a CNY bank account maintained in Hong Kong, or (ii) for so long as the Notes are in definitive form, by transfer to a CNY bank account maintained in Hong Kong, in each case in accordance with prevailing rules and regulations.

#### 22.4 *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 25 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

22.5 *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 Individual 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 22 (*Payments – Registered Notes*) arriving after the due date for payment or being lost in the mail.

22.6 *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 an Individual Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Individual Note Certificate.

22.7 *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 the fifteenth day before the due date for such payment (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.

22.8 *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 record date (as specified in the then applicable NCS Rules) 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.

22.9 *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) (in which case an "**Unavailability of Currency Event**" shall be deemed to have occurred in respect of such Notes), 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:

- (a) of the Specified Currency for U.S. dollars for settlement on the payment date;
- (b) in the aggregate amount of the Specified Currency payable to those holders or beneficial owners of Notes; and

- (c) 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 Pricing Supplement. If the Exchange Rate Agent is not an affiliate of Morgan Stanley, it may be one of the dealers providing quotations.

For the avoidance of doubt, 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.

## 23. **Payments – Uncertificated Notes**

This Condition 23 (*Payments – Uncertificated Notes*) is only applicable to Uncertificated Notes.

### 23.1 *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.

### 23.2 *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.

### 23.3 *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 such person's cash account is held for such person's share of each such payment so made by or on behalf of the Issuer.

### 23.4 *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 25 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

### 23.5 *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.

24. **Physical Settlement**

24.1 *Delivery Notice*

- (a) 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:
- (i) specify the name and address of the Noteholder;
  - (ii) specify the number of Notes in respect of which he is the Noteholder;
  - (iii) 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;
  - (iv) 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;
  - (v) 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;
  - (vi) 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;
  - (vii) 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;
  - (viii) authorise the production of the Delivery Notice in any applicable administrative or legal proceedings;
  - (ix) 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; and
  - (x) certify that the Notes are not being redeemed by or on behalf of a U.S. Person or a person within the United States and the Notes are not beneficially owned by a U.S. Person or a person within the United States (terms used in this Condition 24.1(a)(x) have the meanings in Regulation S).
- (b) 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.

- (c) 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.
- (d) 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.

#### 24.2 *Delivery Obligation*

- (a) Subject to the other provisions of this Condition 24.2 (*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.
- (b) 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 the applicable Pricing Supplement. The Issuer may pay a residual cash amount to each Noteholder representing any fractions of Underlying Securities comprising the Physical Delivery Amount.
- (c) 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.
- (d) 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.

#### 24.3 *Settlement Disruption of Physical Settlement*

- (a) This Condition 24.3 (*Settlement Disruption of Physical Settlement*) shall apply only where Physical Settlement is applicable.
- (b) 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.

- (c) 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.

#### 24.4 *Delivery Disruption of Physical Settlement*

- (a) This Condition 24.3 (*Delivery Disruption of Physical Settlement*) shall apply only where Physical Settlement is applicable.
- (b) 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.
- (c) Where this Condition 24 (*Delivery Disruption of Physical Settlement*) falls to be applied, 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.
- (d) 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.

#### 24.5 *Additional Definitions*

For the purposes of this Condition 24 (*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 Pricing Supplement or any successor to such clearing system as determined by the Determination Agent. If the Pricing Supplement 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 Pricing Supplement;

**"Physical Settlement Date"** means, in relation to Underlying Securities to be delivered, subject to Condition 24.3 (*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 Pricing Supplement;

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

25. **Taxation**

25.1 *Additional Amounts*

If specified in the applicable Pricing Supplement, in respect of a Series of Notes, the relevant Issuer will, subject to certain exceptions and limitations set forth below, pay those additional amounts (the "**Additional Amounts**") to any Noteholder who is a U.S. Alien (as defined below) as may be necessary in order that every net payment of the principal of and interest in respect of 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. For the avoidance of doubt, if not so provided in the applicable Pricing Supplement, Additional Amounts as provided in this Condition 25.1 (*Additional Amounts*) shall not be payable.

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

- (a) any present or future tax, assessment or other governmental charge that would not have been so imposed but for:
  - (i) 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 or its possessions, including, without limitation, the 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 the conduct of a trade or business or present in the United States or having, or having had, a permanent establishment in the United States, or
  - (ii) 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;
- (b) any estate, inheritance, gift, sales, transfer, capital gains, corporation, income or personal property tax or any similar tax, assessment or governmental charge;
- (c) 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 for U.S. federal income tax purposes or as a corporation that

accumulates earnings to avoid U.S. federal income tax or as a private foundation or other tax exempt organisation;

- (d) any tax, assessment or other governmental charge that is payable otherwise than by withholding from payments on or in respect of any Note;
- (e) 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;
- (f) any withholding tax imposed under Sections 1471 through 1474 of the Code and any applicable U.S. Treasury regulations promulgated thereunder or published administrative guidance implementing such sections of the Code and any analogous provisions of non-U.S. laws (including withholding resulting from any inter-governmental agreement or an individual agreement with a taxing authority in connection with such sections of the Code, regulations, guidance or laws);
- (g) any tax, assessment or other governmental charge imposed by reason of Section 871(m) of the Code and any applicable U.S. Treasury regulations promulgated thereunder or published administrative guidance implementing such section of the Code;
- (h) 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
- (i) any combination of the items listed above.

In addition, the relevant 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 (the "**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 U.S. 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 "**U.S. Alien**" means any person who, for U.S. federal income tax purposes, is a foreign corporation, a nonresident alien individual, 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 foreign estate or trust.

## 25.2 *MSI plc Notes and MSBV Notes*

Except as otherwise provided in the applicable Pricing Supplement, all payments of principal and interest by MSI plc in respect of MSI plc Notes or MSBV and the Guarantor in respect of 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 (a) in the case where the Issuer is MSI plc, the United Kingdom; (b) in the case where the Issuer is MSBV, The Netherlands; or (c) 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 as provided for in Condition 25.1 (*Additional Amounts*) above.

### 25.3 *Implementation of Financial Transaction Tax*

If "Implementation of Financial Transaction Tax" is specified in the applicable Pricing Supplement to be applicable to any Series of Notes, then upon the occurrence of an Implementation of Financial Transaction Tax, the Issuer may (a) 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 (b) 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 Transaction Tax that has not been accounted for through the adjustment made pursuant to sub-paragraph (a) (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, it will be treated as an Implementation of Financial Transaction Tax.

## 26. **Events of Default**

26.1 If any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) *Non-payment*: in the case of Morgan Stanley Notes and MSI plc Notes, the applicable Issuer or, in the case of MSBV Notes or MSFL 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
- (b) *Breach of Other Obligations*: the applicable Issuer except for reason of insolvency 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 per cent. in aggregate principal amount of the relevant Series, has been delivered to the Issuer and to the Specified Office of the Fiscal Agent; or
- (c) *Insolvency, etc.*:
  - (i) the Issuer becomes insolvent or is unable to pay its debts as they fall due;
  - (ii) an administrator or liquidator of the Issuer or the whole or a substantial part of the undertaking, assets and revenues of the Issuer is appointed (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);
  - (iii) the Issuer 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 (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent), and 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 Nordic Issuing and Paying 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 (or in accordance with any other provisions specified in the applicable Pricing Supplement) without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders.

In the case of MSBV Notes and MSFL Notes, nothing herein contained shall be deemed to authorise any Noteholder to exercise any remedy against the applicable Issuer or the Guarantor solely as a result of, or because it is related directly or indirectly to, the insolvency of the Guarantor or the commencement of any proceedings relative to the Guarantor under Title 11 of the United States Code, or the appointment of a receiver for the Guarantor under Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or the commencement of any other applicable federal or state bankruptcy, insolvency, resolution or other similar law, or solely as a result of, or because it is related directly or indirectly to, a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official having been appointed for or having taken possession of the Guarantor or its property, or solely as a result of, or because it is related directly or indirectly to, the institution of any other comparable judicial or regulatory proceedings relative to the Guarantor, or to the creditors or property of the Guarantor. Notwithstanding the foregoing, Noteholders are authorised to exercise any remedy against the relevant Issuer as a result of an Event of Default described in Section 26.1(c).

#### 26.2 *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 or waive past defaults of the Notes. However, any continuing default in payment of principal or any premium or interest on those Notes may not be waived.

#### 27. **Force Majeure and Illegality**

27.1 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**").

27.2 In such circumstances the Issuer will, however, if and to the extent permitted by applicable law, pay to each Noteholder of each Note which is:

- (a) not a Preference Share-Linked Note, 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; and
- (b) a Preference Share Linked-Note, the Early Preference Share Redemption Note Amount, as determined by the Determination Agent in its sole and absolute discretion.

27.3 Payment will be made to the relevant Clearing System or Euroclear Registrar in such manner as shall be notified to the Noteholders in accordance with Condition 33 (*Notices*).

#### 28. **Prescription**

28.1 *Prescription in respect of Registered Notes*

Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Individual Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

28.2 *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.

28.3 *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.

29. **Replacement of Notes**

If any Note or Individual 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 Individual Note Certificates must be surrendered before replacements will be issued.

30. **Agents**

30.1 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. 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.

30.2 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.

30.3 The initial Agents and the Euroclear Registrar and their initial Specified Office are listed below on the inside back cover of this Offering Circular. The initial Calculation Agent is the Fiscal Agent. 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:**

- (a) there shall at all times be a Fiscal Agent and in the case of Uncertificated Notes, Euroclear Registrar appointed in respect of the Notes;
- (b) if a Calculation Agent is specified in the applicable Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent;
- (c) 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;
- (d) 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 or any law implementing or complying with, or introduced in order to conform to that Directive; and
- (e) 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 a Nordic Issuing and Paying Agent in respect of the relevant Tranche of Nordic Notes.

30.4 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 33 (*Notices*).

### 31. **Meetings of Noteholders and Modification**

#### 31.1 *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.

#### 31.2 *Modification*

- (a) 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.
- (b) The parties to the Issue and Paying Agency Agreement and SEB Issuing and Paying Agent 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.

31.3 *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.

31.4 *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.

32. **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.

33. **Notices**

33.1 *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 the Official List of the Irish Stock Exchange and trading on its Global Exchange Market, notices to holders will be published in accordance with the rules of the Irish Stock Exchange. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

33.2 *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.

33.3 *Notes admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market*

In relation to Notes admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market, notices to Noteholders will be published in accordance with the rules of the Irish Stock Exchange.

33.4 *Notes listed on the SIX Swiss Exchange*

In relation to Notes admitted to listing on the SIX Swiss Exchange, notices to Noteholders will be published in accordance with the regulations of the SIX Swiss Exchange in German and French language, if permitted and/or required by the applicable rules and regulations of the SIX Swiss Exchange. If the applicable rules and regulations of the SIX Swiss Exchange do not permit publication of notices on its website only, notices will be published in German and/or French language in one major daily or weekly newspaper in Switzerland or on the website [www.morganstanleyiq.ch](http://www.morganstanleyiq.ch) if permitted by the rules and regulations of the SIX Swiss Exchange.

33.5 *Notes admitted to the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF market*

In relation to Notes admitted to the Official List of the Luxembourg Stock Exchange and trading on the Luxembourg Stock Exchange's Euro MTF market, notices will be valid if

published in a daily newspaper of general circulation in Luxembourg and/or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

### 33.6 *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).

### 33.7 *Unlisted Notes*

Notices to Noteholders of non-listed Notes may be published, as specified in the applicable Pricing Supplement, in newspapers, on a website or otherwise.

## 34. **Losses**

In no event shall the Issuer 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.

## 35. **Currency Indemnity**

35.1 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.

35.2 This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 36. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Pricing Supplement), (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).

## 37. **Redenomination, Renominalisation and Reconventioning**

### 37.1 *Application*

This Condition 37 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the applicable Pricing Supplement as being applicable.

37.2 *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 the 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.

37.3 *Redenomination*

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

- (a) 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 Union 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;

37.4 *Interest*

Following redenomination of the Notes pursuant to this Condition 37 (*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.

37.5 *Interest Determination Date*

If the Floating Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable and Screen Rate Determination is specified in the applicable Pricing Supplement 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.

38. **Substitution**

38.1 *Substitution of Issuer with Morgan Stanley Group entities*

Subject to the conditions set out in this Condition 38 (*Substitution*), but without the consent of Noteholders, the Issuer may, where the Issuer is:

- (a) Morgan Stanley, substitute a subsidiary of Morgan Stanley in place of Morgan Stanley as principal debtor under the Notes, provided that any Notes in respect of which such a substitution is effected will be fully and unconditionally guaranteed pursuant to a guarantee of Morgan Stanley 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, and provided further that under the terms of the guarantee, Noteholders will not be required to exercise their remedies against the substitute prior to proceeding directly against Morgan Stanley (as guarantor);

- (b) MSI plc, substitute Morgan Stanley or a subsidiary of Morgan Stanley in place of MSI plc as principal debtor under the Notes, provided that any Notes in respect of which such a substitution is effected will be fully, unconditionally and irrevocably guaranteed pursuant to a guarantee of MSI plc 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, and provided further that under the terms of the guarantee, Noteholders will not be required to exercise their remedies against the substitute prior to proceeding directly against MSI plc (as guarantor);
- (c) MSBV, substitute Morgan Stanley or a subsidiary of Morgan Stanley in place of MSBV as principal debtor under the Notes, provided that any Notes in respect of which such a substitution is effected will be fully, unconditionally and irrevocably guaranteed pursuant to a guarantee of Morgan Stanley 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, and provided further that under the terms of the guarantee, Noteholders will not be required to exercise their remedies against the substitute prior to proceeding directly against Morgan Stanley (as guarantor); and
- (d) MSFL, substitute Morgan Stanley or a subsidiary of Morgan Stanley in place of MSFL as principal debtor under the Notes, provided that any Notes in respect of which such a substitution is effected will be fully, unconditionally and irrevocably guaranteed pursuant to a guarantee of Morgan Stanley 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, and provided further that under the terms of the guarantee, Noteholders will not be required to exercise their remedies against the substitute prior to proceeding directly against Morgan Stanley (as guarantor).

### 38.2 *Substitution of Issuer or Guarantor with non Morgan Stanley Group entities*

Subject to the conditions set out in this Condition 38 but without the consent of Noteholders, the Issuer or the Guarantor (in the case of MSBV Notes or MSFL Notes) may, at any time, without the consent of the Noteholders, substitute for itself any entity which is not a Morgan Stanley Group entity provided that such entity is, on the date of such substitution and in the opinion of the Issuer or the Guarantor (as the case may be) of at least the equivalent creditworthiness (this will be deemed to be the case where the Substitute has a long term credit rating from at least one rating agency of standard application on the international capital markets (including but not limited to Standard & Poor's, Moody's Investors Service and Fitch Ratings) which is at least as high as the Issuer or Guarantor (as the case may be) being substituted) to the Issuer or the Guarantor (as the case may be).

### 38.3 *Conditions to substitution*

Substitution of the Issuer or Guarantor for another entity (the "**Substitute**") as provided in Condition 38.1 (*Substitution of Issuer with Morgan Stanley Group entities*) or 38.2 (*Substitution of Issuer or Guarantor with non Morgan Stanley Group entities*) above (as applicable) are subject to the following conditions:

- (a) the Substitute becoming party to the Issue and Paying Agency Agreement with any appropriate consequential amendments, as if it had been an original party to it in place of the Issuer or the Guarantor (as the case may be);
- (b) the Substitute is validly existing under the laws under which it is established or incorporated, has capacity to assume all rights, obligations and liabilities under the Notes, receipts, coupons and Guarantee, as applicable, and has obtained all necessary corporate authorisations to assume all such rights, obligations and liabilities under the Notes or Guarantee (as applicable);
- (c) the Substitute has obtained all necessary governmental or regulatory approvals and consents for the performance by it of its obligations in connection with the Notes or Guarantee (as applicable) and that all such approvals and consents are in full force and effect;
- (d) in the case of substitution of the Issuer or Guarantor pursuant to Condition 38.2 (*Substitution of Issuer or Guarantor with non Morgan Stanley Group entities*) above only:

- (i) the Substitute and the Issuer having obtained (a) legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and in England that the obligations of the Substitute, in the case of a substitution of the Issuer, under the Notes and the relevant Deed of Covenant, or, in the case of a substitution of the Guarantor under the Deed of Guarantee, are legal, valid and binding obligations of the Substitute and (b) in the case of the substitution of the Issuer which is MSBV or MSFL (or any substitute thereof), a legal opinion from an independent legal adviser in England, that the Deed of Guarantee will apply to the Substitute mutatis mutandis as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the Guarantor, in respect of the Substitute (provided that no opinion as referred to in this sub paragraph (d) shall be required where the Substitute is the Guarantor with respect to MSBV Notes or MSFL Notes); and
- (ii) if the relevant Notes are rated at the relevant time, the Substitute has obtained, prior to the substitution date, a written confirmation from the relevant rating agencies that the substitution will not result in whole or in part in a withdrawal, downgrading, placement in creditwatch or negative outlook of the Notes;
- (e) all consents and approvals as required have been obtained and that the Substitute and the Notes comply with all applicable requirements of the Securities Act;
- (f) the Fiscal Agent has confirmed to the Issuer or Guarantor (as the case may be) that it has completed its relevant “know your customer” requirements on the proposed Substitute;
- (g) such substitution being permitted by the rules of any stock exchange on which the Notes are listed and each such stock exchange confirming that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
- (h) no payment in respect of the Notes, receipts and coupons is overdue at the relevant time;
- (i) at the time of any such substitution, the Substitute is in a position to fulfil all payment obligations arising from or in connection with the Notes in freely convertible and transferable lawful money without the necessity of any taxes or duties to be withheld at source, and to transfer all amounts which are required therefor to the Fiscal Agent without any restrictions;
- (j) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes; and
- (k) in respect of Nordic Notes, the relevant NCSD has given its consent to the substitution.

38.4 *Reference in the Conditions to the Issuer or the Guarantor (as the case may be)*

In the event of a substitution pursuant to this Condition 38, any reference in the Conditions to the Issuer or the Guarantor (as the case may be) shall be construed as a reference to the entity substituted.

38.5 *Notification to Noteholders*

The Issuer or the Guarantor (as the case may be) shall as soon as reasonably practicable notify Noteholders of the substitution in accordance with Condition 33 (*Notices*).

38.6 *No obligation to have regard to the consequences of the exercise of the right of substitution*

In connection with the right of substitution under this Condition 38, the Issuer or the Guarantor (as the case may be) shall not be obliged to have regard to the consequences of the exercise of such right for individual Noteholders provided that the Substitute indemnifies each holder of Notes, receipts and coupons against any tax, assessment or governmental charge imposed on such Noteholder or required to be withheld or deducted as a consequence of such substitution.

39. **Representations and Acknowledgements by Noteholders**

Each Noteholder shall be deemed to represent and acknowledge to the Issuer on acquiring any Notes that:

- 39.1 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);
- 39.2 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
- 39.3 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, commodities, 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 or Averaging Date.

#### 40. **Governing Law and Jurisdiction**

##### 40.1 *Governing Law:*

Unless otherwise specified in the applicable Pricing Supplement, 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.

##### 40.2 *Jurisdiction*

Each of Morgan Stanley, MSI plc, MSBV and MSFL 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.

##### 40.3 *Appropriate Forum*

Each of Morgan Stanley, MSBV and MSFL 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.

##### 40.4 *Agent*

Each of Morgan Stanley, MSBV and MSFL agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to (i) in the case of Morgan Stanley and MSBV, Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf, London E14 4QA or, if different, its registered office for the time being and (ii) in the case of MSFL, Morgan Stanley (UK) Limited, 25 Cabot Square, Canary Wharf, London E14 4QA or,

if different, its registered office for the time being or (iii) at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part 34 of the UK Companies Act 2006. 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 Condition shall affect the right of any Noteholder to serve process in any other manner permitted by law.

41. **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.

ANNEX 3

PRO FORMA PRICING SUPPLEMENT FOR THE ENGLISH LAW NOTES

Pricing Supplement dated [●]

[Name of Issuer]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] due [●]

[to be consolidated and to form a single series with the Series [●] Tranche [1] [Title of Notes] due [●]<sup>1</sup>]

[Guaranteed by Morgan Stanley]

under the

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

The Offering Circular referred to below (as completed by this Pricing Supplement) 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) (as amended, including by Directive 2010/73/EU (together, the "**Prospective Directive**") (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.

Warning: Neither this Pricing Supplement nor the Offering Circular referred to below constitutes a "prospectus" for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the "**Prospectus Directive**"), and the Pricing Supplement and the Offering Circular have been prepared on the basis that no prospectus shall be required under the Prospectus Directive in relation to any Notes be offered and sold under hereby.

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

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<sup>1</sup> Insert language if the issue is a fungible tranche

## PART A – CONTRACTUAL TERMS

THE NOTES DESCRIBED HEREIN [AND ANY GUARANTEE IN RESPECT THEREOF,] AND THE SECURITIES TO BE DELIVERED ON REDEMPTION OF THE NOTES (IF ANY) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. [THE ISSUER IS NOT REGISTERED AND WILL NOT REGISTER] [NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER,] UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED.

THE NOTES DESCRIBED HEREIN, ANY INTEREST THEREIN[, ANY GUARANTEE IN RESPECT THEREOF] AND THE SECURITIES TO BE DELIVERED ON REDEMPTION OF THE NOTES (IF ANY) MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, DELIVERED OR OTHERWISE TRANSFERRED OR REDEEMED 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). HEDGING TRANSACTIONS INVOLVING ANY "EQUITY SECURITIES" OF "DOMESTIC ISSUERS" (AS SUCH TERMS ARE DEFINED IN THE SECURITIES ACT AND REGULATIONS THEREUNDER) MAY ONLY BE CONDUCTED IN ACCORDANCE WITH THE SECURITIES ACT. SEE "*SUBSCRIPTION AND SALE*" AND "*NO OWNERSHIP BY U.S. PERSONS*" IN THE OFFERING CIRCULAR DATED 17 AUGUST 2015. 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 ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON.

[THE NOTES ARE NOT RATED.]<sup>2</sup>

This document constitutes the Pricing Supplement relating to the issue of Notes described herein<sup>3</sup>. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the English Law Notes set forth in the Offering Circular dated 17 August 2015 [and the supplemental Offering Circular[s] dated [●]] (together, the "**Offering Circular**"). This Pricing Supplement must be read in conjunction with such Offering Circular [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 this Pricing Supplement and the Offering Circular. Copies of the Offering Circular are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA. The Offering Circular has also been published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

[This document constitutes the Pricing Supplement relating to the issue of the Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the English Law Notes set forth in the [base prospectus/offering circular] for [●] dated [●]] (the "[●] **Base Prospectus/Offering Circular**") and which is incorporated by reference into the Offering Circular dated 17 August 2015 [and the supplemental Offering Circular[s] dated [●]] (together, the "**Offering Circular**"). This Pricing Supplement must be read in conjunction with such Offering Circular [as so supplemented] save in respect of the Terms and Conditions of the English Law Notes which, for the purposes of the Notes described herein, shall be replaced with the Terms and Conditions of the English Law Notes set out in the [●] [Base Prospectus/Offering Circular]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf,

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<sup>2</sup> Delete if the Notes are rated.

<sup>3</sup> If any Currency-Linked Notes, Commodity-Linked Notes, Equity-Linked Notes, Credit-Linked Notes, Preference Share-Linked Notes, Notes with ADR provisions or Notes linked to the performance of any other underlying, are issued, a drawdown prospectus will need to be prepared for any English Law Notes which are to be admitted to listing and trading.

London, E14 4QA. The Offering Circular has also been published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).<sup>4</sup>

[●]

### Information Concerning Investment Risk

*(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 Pricing Supplement.)*

*(When completing any pricing supplement, or adding any other pricing supplement 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 Offering Circular under Article 16 of the Prospectus Directive)*

### GENERAL

- |    |         |                                                                                                                              |                                                                                                                                                                                                                               |
|----|---------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | [(i)]   | Issuer:                                                                                                                      | [Morgan Stanley/Morgan Stanley & Co. International plc/Morgan Stanley B.V./Morgan Stanley Finance LLC]                                                                                                                        |
|    | [(ii)]  | [Guarantor:]                                                                                                                 | [Morgan Stanley]                                                                                                                                                                                                              |
| 2. | (i)     | Series Number:                                                                                                               | [●]                                                                                                                                                                                                                           |
|    | [(ii)]  | [Tranche Number:]                                                                                                            | [●]                                                                                                                                                                                                                           |
|    |         | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).</i> | [Fungible with the Series [●] Tranche [1] [Title of Notes] due [●] issued by [Morgan Stanley], bearing ISIN [●]. To be consolidated to form a single series with Tranche [1] with effect as of the Issue Date of Tranche [2]] |
| 3. |         | Specified Currency or Currencies:                                                                                            | [●]                                                                                                                                                                                                                           |
| 4. |         | Aggregate [Nominal Amount]/[Number] of the Notes:                                                                            | [●]                                                                                                                                                                                                                           |
|    |         |                                                                                                                              | [In respect of the Tranche [2] Notes, [●] and the total Aggregate Nominal Amount of [●] represents the sum of the aggregate nominal amounts of Tranche 1 and Tranche 2 as of their respective issue dates]                    |
|    | [(i)]   | Series:                                                                                                                      | [●]                                                                                                                                                                                                                           |
|    | [(ii)]  | Tranche:                                                                                                                     | [●]                                                                                                                                                                                                                           |
| 5. |         | Issue Price                                                                                                                  | [●] per cent. of par per Note/[●] per Note                                                                                                                                                                                    |
| 6. | (i)     | Specified Denominations:                                                                                                     | [●] [and integral multiples of [●] in excess thereof]                                                                                                                                                                         |
|    | (ii)    | Calculation Amount (Par):                                                                                                    | [●]                                                                                                                                                                                                                           |
|    | [(iii)] | Minimum Trading:                                                                                                             | [●] Note(s) and multiples of [●] Note(s) thereof <sup>5</sup>                                                                                                                                                                 |
| 7. | (i)     | Issue Date:                                                                                                                  | [●]                                                                                                                                                                                                                           |

<sup>4</sup> Insert this alternative language if the issue is a fungible tranche and the first tranche was issued under previous terms and conditions.

<sup>5</sup> Delete for Notes which are not to be listed on the SIX Swiss Exchange.

- [(ii)] [Tranche 1 Issue Date:] [●]<sup>6</sup>
- [(iii)] [Tranche 2 Issue Date:] [●]
- (ii) Trade Date: [●]
- (iii) Interest Commencement Date [[●] (*Specify*)/Issue Date/Not Applicable]
- [(iv)] [Strike Date:] [●]
- [(v)] [Determination Date:] [●]
8. Maturity Date: [●], [ subject to adjustment in accordance with the Business Day Convention (i) in the event such date is not a Business Day or (ii) such that the Maturity Date shall always be at least five (5) Business Days following the Determination Date.]
- (*specify date or (for Floating Rate Notes) Interest Payment Date falling in, or nearest to, the relevant month and year*)
9. Interest Basis: [[●]% Fixed Rate]
- [(*specify reference rate*) +/- [●]% Floating Rate]
- [Zero Coupon]
- [Dual Currency Interest]
- [Equity-Linked Interest]<sup>7</sup>
- [Commodity-Linked Interest]
- [Currency-Linked Interest]
- [Credit-Linked Interest]
- [Inflation-Linked Interest]
- [Property-Linked Interest]
- [Fund-Linked Interest]
- [Other (*specify*)]
- (*further particulars specified below*)
- (*include all that apply*)
10. Redemption/Payment Basis: [Redemption at Par]
- [Redemption at Final Redemption Amount]
- [Dual Currency Redemption]
- [Equity-Linked Redemption]<sup>8</sup>

<sup>6</sup> Delete if not an additional Tranche issue

<sup>7</sup> Specify if interest provisions are linked to ETF Interests or a Basket of ETF Interests.

- [Commodity-Linked Redemption]  
 [Currency-Linked Redemption]  
 [Credit-Linked Redemption]  
 [Inflation-Linked Redemption]  
 [Property-Linked Redemption]  
 [Fund-Linked Redemption]  
 [Preference Share-Linked Redemption]  
 [Partly Paid]  
 [Instalment]  
 [Other (specify)]  
*(include all that apply)*
11. Change of Interest or Redemption/Payment Basis: [●]  
*(Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis)*
12. Put/Call Options/Autocallable Early Redemption:
- (i) Redemption at the Option of the Issuer: [Applicable/Not Applicable]  
 (Condition 21.5)
- (ii) Redemption at the Option of Noteholders: [Applicable/Not Applicable]  
 (Condition 21.7)
- (iii) Autocallable Early Redemption: [Applicable/Not Applicable]  
 (Condition 18)
- (iv) Other put/call options: [Applicable/Not Applicable]
13. (i) Status of the Notes: [As set out in Condition 4.1]  
 (Condition 4)
- [(ii) Status of the Guarantee: As set out in Condition 4.2]
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions [Applicable/Not Applicable]  
 (Condition 0) *(If Not Applicable, delete the remaining sub-paragraphs of this paragraph)*

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<sup>8</sup> Specify if redemption provisions are linked to ETF Interests or a Basket of ETF Interests.

- (i) Rate(s) of Interest:  per cent. per annum [payable [annually/semi-annually/quarterly/monthly/ other (*specify*)] in arrear]
- (ii) Interest Period: [As set out in Condition 2.1 / (*Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period*)]
- (iii) Interest Payment Date(s):  in each year [adjusted in accordance with (*specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "Business Day"*)/not adjusted]
- (iv) Fixed Coupon Amount[(s)]:  per Calculation Amount
- (v) Broken Amount(s):  per Calculation Amount, payable on the Interest Payment Date falling [in/on]
- (vi) Day Count Fraction: [Actual/Actual; Actual/365(Fixed); Actual/360; 30/360; 30E/360; 30E/360(ISDA); other]
- (vii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]
- (viii) Additional Business Centre(s):
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/(*give details*)]
- (x) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):
16. Floating Rate Note Provisions  [Applicable/Not Applicable]
- (Condition 6) (*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Interest Payment Dates:
- (ii) First Interest Payment Date:  (*delete if not applicable*)
- (iii) Interest Period: [As set out in Condition 2.1 / (*Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period*)]
- (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]
- (v) Additional Business Centre(s):
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]

- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):
  - (viii) Screen Rate Determination:
    - (a) Reference Rate:
    - (b) Interest Determination Date(s):
    - (c) Relevant Screen Page:
    - (d) Relevant Time:
  - (ix) ISDA Determination: 
    - (a) Floating Rate Option:
    - (b) Designated Maturity:
    - (c) Reset Date:
  - (x) Margin(s):  per cent. per annum
  - (xi) Minimum Rate of Interest:  per cent. per annum
  - (xii) Maximum Rate of Interest:  per cent. per annum
  - (xiii) Day Count Fraction:
  - (xiv) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
17. 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:
  - (iii) Day Count Fraction:
  - (iv) Additional Business Centre(s):
  - (v) Any other formula/basis of determining amount payable:
18. Dual Currency-Linked Note Interest Provisions  [Applicable/Not Applicable]
- (Condition 8) *(If Not Applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: *(give details)*

- (ii) Party, if any, responsible for calculating the Rate(s) of interest and/or Interest Amount(s): [●]
  - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable or otherwise disrupted: [●] *(Include a description of market disruption or settlement disruption events and adjustment provisions)*
  - (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
  - (v) Other special terms and conditions: [●]
19. Equity-Linked Interest Note Provisions: [Applicable/Not Applicable]  
(Condition 10)
- (A) [Single Share Notes]/[Share Basket Notes]: [Applicable/Not Applicable]  
*(if not applicable, delete sub paragraph (A))*
- (i) Whether the Notes relate to a single share or a basket of shares (each, a "**Share**") and the identity of the relevant issuer(s) and class of the Share (each, a "**Share Issuer**") [Single Share Notes]/[Share Basket Notes]
    - (a) Share/Shares: [●] (ISIN: [●])
    - (b) Share Issuer(s): [●]
    - (insert (c) and (d) below for ADRs/GDRs)*
    - [(c) Underlying Share/Shares: (ISIN: [●])
    - (d) Underlying Share Issuer(s): [●]]
  - (ii) Partial Lookthrough ADR Provisions: [Applicable/Not Applicable]  
*(Applicable for Russian ADRs/GDRs)*
  - (iii) Full Lookthrough ADR Provisions: [Applicable/Not Applicable]
  - (iv) Exchange(s): [●]
  - (v) Related Exchange(s): [●]/[None specified]
  - (vi) Weighting for each Share comprising the Basket of Shares: [●]/[Not Applicable]
  - (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [●]
  - (viii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to one or more Shares: [●]
  - (ix) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to one or more Shares is impossible or impracticable or *(Include a description of market disruption or settlement disruption events and adjustment provisions)* [●]

otherwise disrupted:

- (x) Interest Determination Date(s): [●]
- (xi) Interest Period: [As set out in Condition 2.1 /[[Unadjusted]]  
*(Insert "Unadjusted" if the Application of the relevant Business Day Convention is not intended to affect the Interest Period)*
- (xii) Specified Interest Payment Dates: [●]
- (xiii) Averaging Date(s): [Applicable/Not Applicable]
- (xiv) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]
- (xv) Observation Date(s): [●]
- (xvi) Observation Period(s): [●]
- (xvii) Additional Disruption Events: Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging shall apply  
*(specify if any are not applicable, or any further Additional Disruption Events)*
- (xviii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other *(give details)*]
- (xix) Additional Business Centre(s): [●]
- (xx) Day Count Fraction: [●]
- (xxi) Minimum Rate/Amount of Interest: [●] per cent. per annum
- (xxii) Maximum Rate/Amount of Interest: [●] per cent. per annum
- (xxiii) Other special terms and conditions: [●]
- (B) [Single Index Notes]/[Index Basket Notes]: *(If not applicable, delete sub paragraph (B))*
- (i) Whether the Notes relate to a single index or a basket of indices (each, an "**Index**") and the identity of the Sponsor of an Index (each, an "**Index Issuer**") [Single Index Notes]/[Index Basket Notes]  
[●], sponsored by [●]  
*(Bloomberg® code: [●])*  
*(specify Index/Indices/Index Sponsors)*

- (ii) Exchange[s]: [●] / Multi-Exchange is applicable  
*(specify Exchange, or Multi-Exchange Index in relation to each Index)*
- (iii) Related Exchange[s]: [●]/[None specified]
- (iv) Weighting for each Index: [[●] *(insert details)*]/Not Applicable]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [●]
- (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to Index: [●]
- (vii) Interest Determination Date(s): [●]
- (viii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to Index is impossible or impracticable or otherwise disrupted: [●]  
*(Include a description of market disruption or settlement disruption events and adjustment provisions)*
- (ix) Interest Period: [As set out in Condition 2.1 / Unadjusted]  
*(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)*
- (x) Specified Interest Payment Dates: [●]
- (xi) Averaging Date: [Applicable/Not Applicable]
- (xii) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]
- (xiii) Observation Date(s): [●]
- (xiv) Observation Period: [●]
- (xv) Additional Disruption Events: Change in Law, Hedging Disruption and Increased Cost of Hedging shall apply  
*(specify if any are not applicable, or any further Additional Disruption Events)*
- (xvi) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other *(give details)*]
- (xvii) Additional Business Centre(s): [●]
- (xviii) Minimum Rate/Amount of Interest: [●] per cent. per annum
- (xix) Maximum Rate/Amount of Interest: [●] per cent. per annum

- (xx) Day Count Fraction: [●]
- (xxi) Other special terms and conditions: [●]
- (C) [Single ETF Notes]/[ETF Basket Notes]: *(if not applicable, delete sub paragraph (C))*
- (i) Whether the Notes relate to a single ETF or a basket of ETFs (each, an "**ETF Interest**" and the identity of the related ETF (each, an "**ETF**")): [Single ETF Notes]/[ETF Basket Notes] *(specify ETF Interest(s) and ETF(s))*
- (ii) Exchange[s]: [●]
- (iii) Related Exchange[s]: [●]/[None specified]
- (iv) Weighting for each ETF Interest comprising the basket: [[●] *(Insert details)*/N/A]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [●]
- (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to one or more ETFs: [●]
- (vii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to one or more ETFs is impossible or impracticable or otherwise disrupted: [●] *(Include a description of market disruption or settlement disruption events and adjustment provisions)*
- (viii) Interest Determination Date(s): [●]
- (ix) Interest Period: [As set out in Condition 2.1 /*[Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period]*]
- (x) Specified Interest Payment Dates: [●]
- (xi) Averaging Date: [Applicable/Not Applicable]
- (xii) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]
- (xiii) Observation Date(s): [●]
- (xiv) Observation Period: [●]
- (xv) Additional Disruption Events: Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging shall apply  
*(specify if any are Not Applicable, or any further Additional Disruption Events)*
- (xvi) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business

- Day Convention/ Preceding Business Day  
Convention/ No Adjustment/ other (give  
details)]
- (xvii) Additional Business Centre(s): [●]
- (xviii) Day Count Fraction: [●]
- (xix) Minimum Rate/Amount of [●] per cent. per annum  
Interest:
- (xx) Maximum Rate/Amount of [●] per cent. per annum  
Interest:
- (xxi) Other special terms and [●]  
conditions:
20. Commodity-Linked Interest Note [Applicable/Not Applicable]  
Provisions  
*(if Not Applicable, delete the remaining sub  
paragraphs of this paragraph)*
- (i) Commodity/ies or Commodity [●]  
Index/Indices:  
*(if applicable, specify whether Non Metal, Base  
Metal or Precious Metal)*
- (ii) Commodity Reference Price: *(specify Commodity Reference Price)*
- (iii) Weighting: [●]
- (iv) Exchange: [●]
- (v) Party responsible for calculating [●]  
the Rate(s) of Interest and/or  
Interest Amount(s):
- (vi) Provisions for determining Rate(s) [●]  
of Interest and/or Interest  
Amount(s) where calculated by  
reference to Commodity/ies  
and/or Index:
- (vii) Interest Determination Date(s): [●]
- (viii) Provisions for determining Rate(s) [●]  
of Interest and/or Interest  
Amount(s) where calculation by  
reference to Commodity/ies  
and/or Index is impossible or  
impracticable or otherwise  
disrupted:
- (ix) Interest Period: [As set out in Condition 2.1 / *(Insert  
"Unadjusted" if the application of the relevant  
Business Day Convention is not intended to  
affect the Interest Period)*]
- (x) Specified Interest Payment Dates: [●]
- (xi) Business Day Convention: [Floating Rate Convention/ Following Business  
Day Convention/ Modified Following Business  
Day Convention/ Preceding Business Day

- Convention/ No Adjustment/ other *(give details)*]
- (xii) Additional Business Centre(s): [●]
- (xiii) Minimum Rate/Amount of Interest: [●] per cent. per annum
- (xiv) Maximum Rate/Amount of Interest: [●] per cent. per annum
- (xv) Price Source: [●]  
*(specify for each Commodity)*
- (xvi) Specified Price: [high][low][average of high and low][closing price][opening price][bid] [asked] [average of high and low prices][settlement price][official settlement price][official price][morning fixing][afternoon fixing][spot price][Other *(specify)*]  
*(if appropriate, specify time as of which the price will be determined)*
- (xvii) Delivery Date: [●]  
*(specify whether price based on spot market, First Nearby Month, Second Nearby Month, etc.)*
- (xviii) Pricing Date: [●]
- (xix) Common Pricing: [Applicable] [Not Applicable]  
*(include only if Basket of Commodities)*
- (xx) Commodity Disruption Events: [Price Source Disruption]  
[Trading Disruption]  
[Disappearance of Commodity Reference Price]  
[Material Change in Formula]  
[Material Change in Content]  
[Tax Disruption]  
[Not Applicable]  
*(specify any applicable additional Commodity Disruption Events)*
- (xxi) Commodity Disruption Fallback: [Determination Agent Determination as defined in Condition 11.3 /Other *(specify)*]
- (xxii) Commodity Index Disruption Events: As per Condition 11.5(a)
- (xxiii) Commodity Index Disruption Fallback: As per Condition 11.5(b)
- (xxiv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other *(give details)*]

- (xxv) Day Count Fraction: [●]
- (xxvi) Other special terms and conditions: [●]
21. Currency-Linked Interest Note Provisions [Applicable] [Not Applicable]
- (if Not Applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Settlement Currency: [●]
- (ii) Reference Currency: [●]
- (iii) Specified Amount: [●]
- (iv) Settlement Rate: [●]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [●]
- (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to other variable: [●]
- (vii) Interest Determination Date(s): [●]
- (viii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to other variable is impossible or impracticable or otherwise disrupted: [●] *(Include a description of market disruption or settlement disruption events and adjustment provisions)*
- (ix) Interest Period: [As set out in Condition 2.1 / *(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)*]
- (x) Specified Interest Payment Dates: [●]
- (xi) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other *(give details)*]
- (xii) Additional Business Centre(s): [●]
- (xiii) Day Count Fraction: [●]
- (xiv) Minimum Rate/Amount of Interest: [●] per cent. per annum
- (xv) Maximum Rate/Amount of Interest: [●] per cent. per annum
- (xvi) Other special terms and conditions: [●]

22. Inflation-Linked Interest Note Provisions [Applicable/Not Applicable]  
*(if Applicable, insert relevant provisions)*
- (i) Index: [●]
  - (ii) Index Sponsor: [●]
  - (iii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [●]
  - (iv) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to Index: [●]
  - (v) Interest Determination Date(s): [●]
  - (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to Index is impossible or impracticable or otherwise disrupted: [●]  
*(Include a description of market disruption or settlement disruption events and adjustment provisions)*
  - (vii) Interest Period: [As set out in Condition 2.1 / *(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)*]
  - (viii) Specified Interest Payment Dates: [●]
  - (ix) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other *(give details)*]
  - (x) Additional Business Centre(s): [●]
  - (xi) Day Count Fraction: [●]
  - (xii) Minimum Rate/Amount of Interest: [●] per cent. per annum
  - (xiii) Maximum Rate/Amount of Interest: [●] per cent. per annum
  - (xiv) Other special terms and conditions: [●]
23. Property-Linked Interest Note Provisions [Applicable/Not Applicable]  
*(if Applicable, insert relevant provisions)*
- (i) Property Index: [●]
  - (ii) Property Index Level: [●]
  - (iii) Additional Disruption Event: [Change in Law/Hedging Disruption/Increased Cost of Hedging/[●] *(specify)*]

24. Fund-Linked Interest Note Provisions [Applicable/Not Applicable] *(if applicable, insert relevant provisions)*
- (i) Fund: [●] *(specify or delete if not applicable)*
  - (ii) Fund Interest: [●] *(specify or delete if not applicable or if fallback is applicable)*
  - (iii) Fund Interest Unit: [●] *(specify or delete if not applicable or if fallback is applicable)*
  - (iv) Basket of Funds: [●] *(specify or delete if not applicable, include any relevant weightings of each Fund)*
  - (v) Company: [●] *(specify or delete if not applicable)*
  - (vi) Market of Listing: [●]/[Not Applicable]
  - (vii) Fund Business Day: [●] *(specify or delete if not applicable or if fallback is applicable)*
  - (viii) Fund Administrator: [●] *(specify or delete if not applicable or if fallback is applicable)*
  - (ix) Fund Adviser: [●] *(specify or delete if not applicable or if fallback is applicable)*
  - (x) Fund Custodian: [●] *(specify or delete if not applicable or if fallback is applicable)*
  - (xi) Additional Fund Service Provider: [●] *(specify or delete if not applicable)*
  - (xii) Additional Fund Documents: [●] *(specify or delete if not applicable)*
  - (xiii) Cut-off Period: [●] *(specify or delete if not applicable or if fallback is applicable)*  
(Condition 15.2)
  - (xiv) Final Cut-off Date: [●] *(specify)*  
(Condition 15.2)
  - (xv) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [●]
  - (xvi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to Fund: [●]
  - (xvii) Interest Determination Date(s): [●]
  - (xviii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to Fund is impossible or impracticable or otherwise disrupted: [●] *(Include a description of market disruption or settlement disruption events and adjustment provisions)*
  - (xix) Interest Period: [As set out in Condition 2.1 / *(Insert "Unadjusted" if the application of the relevant*

*Business Day Convention is not intended to affect the Interest Period]*

- (xx) Specified Interest Payment Dates: [●]
- (xxi) Valuation Date(s): [●]  
(Condition 15.1) *(specify or delete if not applicable or if fallback is applicable)*
- (xxii) Valuation Time: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxiii) Observation Date: [●]
- (xxiv) Averaging Date: [●] *(specify or delete if not applicable or if fallback is applicable)*  
(Condition 15.1)
- (xxv) Scheduled Fund Valuation Date(s): [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxvi) Extraordinary Dividend: [●] *(specify or delete if not applicable or if fallback is applicable)*  
(Condition 15.7)
- (xxvii) Adjustments: [Condition 15.4 applies/[●] *(specify if other period applies)*  
(Condition 15.4):
- (xxviii) Fund Interest Performance: [●] *(specify or amend Conditions, as applicable)*
- (xxix) Fund Subscription Date: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxx) Hypothetical Investor: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxxi) Hypothetical Investor Jurisdiction: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxxii) Scheduled Redemption Payment Date: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxxiii) Subscription Notice Date: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxxiv) Redemption Notice Date: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxxv) Reference Price: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxxvi) Relevant Fund Interest Unit Price: [●] *(specify or delete if not applicable or if fallback is applicable)*
- (xxxvii) Eligible Fund Interest: [●] *(specify or delete if as applicable)*  
(Condition 15.5)
- (xxxviii) Fund Event(s): [●] *(specify if any Fund Events are not applicable and/or amend Conditions, as*  
(Condition 15.5)

- applicable)*
- (xxxix) NAV Trigger Percentage: [●] *(if Fund Event (c) (NAV Trigger/ Restriction Event) is applicable, specify the applicable percentage or delete if not applicable)*
- (xl) NAV Trigger Period: [●] *(if Fund Event (c) (NAV Trigger/ Restriction Event) is applicable, specify the applicable period or delete if not applicable)*
- (xli) Aggregate NAV Trigger Value: [●] *(if Fund Event (d) (Aggregate NAV Trigger Event) is applicable and in relation to Fund Basket Notes only, specify the relevant value or delete if not applicable)*
- (xlii) Aggregate NAV Trigger Period: [●] *(if Fund Event (d) (Aggregate NAV Trigger Event) is applicable and in relation to Fund Basket Notes only, specify the applicable period or delete if not applicable)*
- (xlili) Additional Fund Event(s): [●] *(specify or delete if not applicable)*
- (xliv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ Other (give details)]
- (xlv) Additional Business Centre(s): [●]
- (xlvi) Other terms: [●] *(insert any other relevant terms)*
25. Credit-Linked Interest Note Provisions [Applicable/Not Applicable]  
*(if Applicable, insert relevant provisions)*

#### **PROVISIONS RELATING TO REDEMPTION**

26. Call Option [Applicable/Not Applicable]  
(Condition 21.5) *(If Not Applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Maximum Call Notice Number of Day(s): [●] [calendar day[s]] / [Business Day[s]]
- (iv) Minimum Call Notice Number of Day(s): [●] [calendar day[s]] / [Business Day[s]]
27. Put Option [Applicable/Not Applicable]  
(Condition 21.7) *(If Not Applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Maximum Put Notice Number of Day(s): [●] [calendar day[s]] / [Business Day[s]]
- (iv) Minimum Put Notice Number of Day(s): [●] [calendar day[s]] / [Business Day[s]]
28. Autocallable Early Redemption [Applicable/Not Applicable]  
(Condition 18) *(If Not Applicable, delete the remaining sub paragraphs of this paragraph)(if Applicable, insert relevant provisions)*
- (i) Autocallable Early Redemption Observation Date(s): [●]
- (ii) Autocallable Early Redemption Amount(s) of each Note and method and calculation of such amount(s): [●]
- (iii) Autocallable Early Redemption Date(s): [●]
29. Final Redemption Amount of each Note [[●] per Calculation Amount]/[Linked Redemption Amount specified below]  
(Condition 21.1)
30. Dual Currency Redemption Provisions [Applicable /Not Applicable]  
(Condition 8)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [●]  
*(give details)*
- (ii) Determination Agent responsible for calculating the Final Redemption Amount: [●]
- (iii) Provisions for determining Final Redemption Amount: [●]
- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Rate of Exchange is impossible or impracticable or otherwise disrupted: [●]  
*(Include a description of market disruption or settlement disruption events and adjustment provisions.)*
- (v) Person at whose option Specified Currency(ies) is/are payable: [●]
- (vi) Terms and conditions: [●]
31. Equity-Linked Redemption Provisions: [Applicable/Not Applicable] *(If Not Applicable, delete the remaining sub paragraphs of this paragraph)*  
(Condition 10)

- (A) [Single Share Notes]/[Share Basket Notes]: *(if not applicable, delete sub paragraph (A))*
- (i) Whether the Notes relate to a single share or a basket of shares (each, a "**Share**") and the identity of the relevant issuer(s) and class of the Share (each, a "**Share Issuer**")
- [Single Share Notes]/[Share Basket Notes]
- (a) Share/Shares: [●] (ISIN: [●]);
- (b) Share Issuer(s): [●]
- (insert (c) and (d) below for ADRs/GDRs)*
- (c) Underlying Share/Shares: (ISIN: [●]);
- (d) Underlying Share Issuer(s): [●]
- (ii) Partial Lookthrough ADR Provisions: [Applicable/Not Applicable]
- (Applicable for Russian ADRs/GDRs)*
- (iii) Full Lookthrough ADR Provisions: [Applicable/Not Applicable]
- (iv) Exchange(s): [●]
- (v) Related Exchange(s): [●]/[None specified]
- (vi) Determination Agent responsible for calculating the Final Redemption Amount: [●]
- (vii) Provisions for determining Final Redemption Amount: [●]
- (viii) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Settlement or (c) in certain circumstances depending on the closing price of the Shares, Cash Settlement or Physical Delivery at the option of the Issuer:
- [Cash Settlement/Physical Settlement]
- [In the event of [●] *(describe triggers linked to the closing price of the Shares)*, Cash Settlement or Physical Settlement at the option of the Issuer]
- (ix) Provisions for determining Final Redemption Amount where calculation by reference to one or more Shares is impossible or impracticable or otherwise disrupted: [●]
- (x) Weighting for each Share comprising the Basket of Shares: [●]/[Not Applicable]
- (xi) Averaging Dates: [Applicable/Not Applicable]
- (xii) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]
- (xiii) Observation Date(s): [●]
- (xiv) Observation Period(s): [●]
- (xv) Determination Date(s): [●]

- (xvi) Determination Time(s): [●]
- (xvii) Delivery provisions for Shares (including details of who is to make such delivery): [●]  
*(only where Physical Settlement is applicable)*
- (xviii) Physical Settlement: [Applicable / Not Applicable]
- (xix) Additional Disruption Events: Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging shall apply *(specify if any are not applicable, or any further Additional Disruption Events)*
- (xx) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other *(give details)*]
- (xxi) Additional Business Centre(s): [●]
- (xxii) Other special terms and conditions: [●]
- (B) [Single Index Notes]/[Index Basket Notes] *(If not applicable, delete sub paragraph (B))*
- (i) Whether the Notes relate to a single index or a basket of indices (each, an "**Index**") and the identity of the Sponsor of an Index (each, an "**Index Issuer**") [Single Index Notes]/[Index Basket Notes]  
[●], sponsored by [●]  
*(Bloomberg<sup>®</sup> code: [●])*  
*(specify Index/Indices/Index Sponsors)*
- (xxiii) Exchange[s]: [●] /Multi-Exchange is applicable *(specify Exchange, or Multi-Exchange Index, in relation to each Index)*
- (xxiv) Related Exchange[s]: [●] [None specified]
- (xxv) Averaging Dates: [Applicable/Not Applicable]
- (xxvi) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]
- (xxvii) Observation Date(s): [●]
- (xxviii) Observation Period: [●]
- (xxix) Determination Date(s): [●]
- (xxx) Determination Time(s): [●]
- (xxxi) Determination Agent responsible for calculating the Final Redemption Amount: [●]
- (xxxii) Provisions for determining Final Redemption Amount: [●]

- (xxxiii) Provisions for determining Final Redemption Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted: [●]
- (xxxiv) Weighting for each Index: [[●](insert details)/Not Applicable]
- (xxxv) Additional Disruption Events: Change in Law, Hedging Disruption and Increased Cost of Hedging shall apply (*specify if any are not applicable, or any further Additional Disruption Events*)
- (xxxvi) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]
- (xxxvii) Additional Business Centre(s): [●]
- (xxxviii) Other special terms and conditions: [●]
- (C) [Single ETF Notes]/[ETF Basket Notes]: (*if not applicable, delete sub paragraph (C)*)
- (i) Whether the Notes relate to a single ETF Interest or a basket of ETF Interests (each, an "**ETF Interest**") relating to an ETF (each, an "**ETF**"): [Single ETF Notes]  
[ETF Basket Notes]  
(*Specify ETF(s) and ETF Interest(s)*)
- (ii) Exchange[s]: [●]
- (iii) Related Exchange[s]: [●] [None specified]
- (iv) Determination Agent responsible for calculating the Final Redemption Amount: [●]
- (v) Provisions for determining Final Redemption Amount: [●]
- (vi) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Settlement or (c) in certain circumstances depending on the closing price of the ETF Interests or Basket of ETF Interests, Cash Settlement or Physical Delivery at the option of the Issuer: [Cash Settlement/Physical Settlement]  
[In the event of (*describe triggers linked to the closing price of the ETF Interests/ Basket of ETF Interests*), Cash Settlement or Physical Settlement at the option of the Issuer]
- (vii) Weighting for each ETF comprising the basket: [[●] (*Insert details*)/Not Applicable]
- (viii) Averaging Dates: [Applicable/Not Applicable]
- (ix) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]

- (x) Observation Date(s): [●]
  - (xi) Observation Period: [●]
  - (xii) Determination Date(s): [●]
  - (xiii) Determination Time(s): [●]
  - (xiv) Delivery provisions for ETF Interests (including details of who is to make such delivery): [●] *(only where Physical Settlement is Applicable)*
  - (xv) Physical Settlement: [Applicable / Not Applicable]
  - (xvi) Eligible ETF Interest: [●] *(specify or delete if not applicable or fallback provisions in Condition 10.4 apply)*
  - (xvii) Additional Extraordinary ETF Event(s): *(specify if applicable)*
  - (xviii) Additional Disruption Events: Change in Law, Hedging Disruption, Loss of Stock Borrow and Increased Cost of Hedging shall apply *(specify if any are not applicable, or any further Additional Disruption Events)*
  - (xix) Business Day Convention: [●]
  - (xx) Additional Business Centre(s): [●]
  - (xxi) Other special terms and conditions: [●]
32. Commodity-Linked Redemption Provisions [Applicable/Not Applicable] *(If Not Applicable, delete the remaining sub paragraphs of this paragraph)*  
(Condition 11)
- (i) Commodity/ies or Commodity Index/Indices: [●] *(if applicable, specify whether Non Metal, Base Metal or Precious Metal)*
  - (ii) Commodity Reference Price: [●] *(specify Commodity Reference Price)*
  - (iii) Weighting: [●]
  - (iv) Exchange: [●] *(specify for each Commodity)*
  - (v) Determination Agent responsible for calculating the Final Redemption Amount: [●]
  - (vi) Provisions for determining Final Redemption Amount: [●]
  - (vii) Observation Date(s): [●]

- (viii) Observation Period: [●]
- (ix) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (x) Price Source: [●]  
*(specify for each Commodity)*
- (xi) Specified Price: [high][low][average of high and low][closing price][opening price][bid] [asked] [average of high and low prices][settlement price][official settlement price][official price][morning fixing][afternoon fixing][spot price][Other *(specify)*]  
*(if appropriate, specify time as of which the price will be determined)*
- (xii) Delivery Date: [●]  
*(specify whether price based on spot market, First Nearby Month, Second Nearby Month, etc.)*
- (xiii) Pricing Date: [●]
- (xiv) Common Pricing: [Applicable] [Not Applicable]  
*(include only if Basket of Commodities)*
- (xv) Commodity Disruption Events: [Price Source Disruption]  
[Trading Disruption]  
[Disappearance of Commodity Reference Price]  
[Material Change in Formula]  
[Material Change in Content]  
[Tax Disruption]  
[Not Applicable]  
*(specify any applicable additional Commodity Disruption Events)*
- (xvi) Commodity Disruption Fallback: [Determination Agent Determination as defined in Condition 11.3 /Other *(specify)*]
- (xvii) Commodity Index Disruption Events: As per Condition 11.5(a)
- (xviii) Commodity Index Disruption Fallback: As per Condition 11.5(b)
- (xix) Business Day Convention: [●]
- (xx) Additional Disruption Events: [Change in Law, Hedging Disruption, Increased Cost of Hedging shall apply]  
*(specify if any are not applicable, or any further Additional Disruption Events)*

- (xxi) Other special terms and conditions: [●]
33. Currency-Linked Redemption Provisions [Applicable/Not Applicable]
- (Condition 12) *(If Not Applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Settlement Currency: [●]
- (ii) Reference Currency: [●]
- (iii) Specified Amount: [●]
- (iv) Settlement Rate: [●]
- (v) Determination Agent responsible for calculating the Final Redemption Amount: [●]
- (vi) Provisions for determining Final Redemption Amount: [●]
- (vii) Valuation Date: [●]
- (viii) Observation Date(s): [●]
- (ix) Observation Period: [●]
- (x) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (xi) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ Other *(give details)*]
- (xii) Additional Business Centre(s): [●]
- (xiii) Currency Disruption Events: [Price Source Disruption]
- [Additional Price Source Disruption]: *(If not applicable, delete the remaining sub paragraph of this paragraph)*
- Reference Source: [●]
- [Price Materiality Event:] *(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- Price Materiality Percentage: [●]
- Primary Rate: [●]
- Secondary Rate: [●]

- [Other (*specify*)]
- (xiv) Currency Disruption Fallbacks: [Determination Agent Determination of Settlement Rate];
- [Fallback Reference Price];
- [Currency Reference Dealers]
- [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;]
- [Other (*specify*)]
- [Other (*specify*)]
- (*where applicable, specify which Currency Disruption Fallback applies to which Currency Disruption Event, and if more than one Currency Disruption Fallback may apply to a Currency Disruption Event, the order in which such Currency Disruption Fallbacks will apply*)
- (xv) Additional Disruption Events: Change in Law – [Applicable / Not Applicable]
- Hedging Disruption - [Applicable / Not Applicable]
- Increased Cost of Hedging - [Applicable / Not Applicable]
- (*specify any further Additional Disruption Events*)
- (xvi) Other special terms and conditions: [●]
34. Inflation-Linked Redemption Provisions [Applicable/Not Applicable]
- (Condition 13) (*If Not Applicable, delete the remaining sub paragraphs of this paragraph*)
- (i) Index/Indices: [●]
- (ii) Determination Agent responsible for calculating the Final Redemption Amount: [●]
- (iii) Provisions for determining Final Redemption Amount: [●]

- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (v) Related Bond: [[●]/Fallback Bond]
- (vi) Fallback Bond: [Applicable/Not Applicable]
- (vii) Index Sponsor: [●]
- (viii) Additional Disruption Events Change in Law – [Applicable / Not Applicable]  
Hedging Disruption - [Applicable / Not Applicable]  
Increased Cost of Hedging - [Applicable / Not Applicable]  
*(specify any further Additional Disruption Events)*
- (ix) Other special terms and conditions: [●]
35. Credit-Linked Redemption Provisions [Applicable/Not Applicable]  
(Condition 16) *(if Applicable, insert relevant provisions)*
36. Property-Linked Redemption Provisions [Applicable/Not Applicable]  
(Condition 14) *(if Applicable, insert relevant provisions)*
- (i) Property Index: [●]
- (ii) Property Index Level: [●]
- (iii) Additional Disruption Event: [Change in Law/Hedging Disruption/Increased Cost of Hedging/[●] *(specify)*]
37. Fund-Linked Redemption Provisions [Applicable/Not Applicable]  
(Condition 15) *(if Applicable, insert relevant information specified below, if Not Applicable, delete subparagraphs below)*
- (i) Fund: [●]  
*(specify or delete if not applicable)*
- (ii) Fund Interest: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (iii) Fund Interest Unit: [●]  
*(specify or delete if not applicable or if fallback is applicable)*

- (iv) Basket of Funds: [●]  
*(specify or delete if not applicable, include any relevant weightings of each Fund)*
- (v) Company: [●]  
*(specify or delete if not applicable)*
- (vi) Fund Business Day: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (vii) Market of Listing for Fund [●]/[Not Applicable]<sup>9</sup>
- (viii) Fund Administrator: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (ix) Fund Adviser: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (x) Fund Custodian: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xi) Additional Fund Service Provider: [●]  
*(specify or delete if not applicable)*
- (xii) Additional Fund Documents: [●]  
*(specify or delete if not applicable)*
- (xiii) Cut-off Period: [●]  
(Condition 15.2) *(specify or delete if not applicable or if fallback is applicable)*
- (xiv) Final Cut-off Date: [●]  
(Condition 15.2) *(specify)*
- (xv) Valuation Date(s): [●]  
(Condition 15.1) *(specify or delete if not applicable or if fallback is applicable)*
- (xvi) Valuation Time: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xvii) Averaging Date: [●]  
*(specify or delete if not applicable or if fallback is applicable)*

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<sup>9</sup> Where the Fund is not listed, these Notes shall not be listed on the ISE.

- (Condition 15.1) *is applicable*
- (xviii) Scheduled Fund Valuation [●]  
Date(s): *(specify or delete if not applicable or if fallback is applicable)*
- (xix) Extraordinary Dividend: [●]  
(Condition 15.7) *(specify or delete if not applicable or if fallback is applicable)*
- (xx) Adjustments: [Condition 15.4 applies/[●] *(specify if other period applies)*  
(Condition 15.4):
- (xxi) Fund Interest Performance: [●]  
*(specify or amend Conditions, as applicable)*
- (xxii) Fund Subscription Date: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xxiii) Hypothetical Investor: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xxiv) Hypothetical Investor [●]  
Jurisdiction: *(specify or delete if not applicable or if fallback is applicable)*
- (xxv) Scheduled Redemption Payment [●]  
Date: *(specify or delete if not applicable or if fallback is applicable)*
- (xxvi) Subscription Notice Date: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xxvii) Redemption Notice Date: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xxviii) Reference Price: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xxix) Relevant Fund Interest Unit Price: [●]  
*(specify or delete if not applicable or if fallback is applicable)*
- (xxx) Eligible Fund Interest: [●]  
(Condition 15.5) *(specify or delete if as applicable)*

- (xxxix) Fund Event(s): [●]  
(Condition 15.5) *(specify if any Fund Events are not applicable and/or amend Conditions, as applicable)*
- (xxxii) NAV Trigger Percentage: [●]  
*(if Fund Event (c) (NAV Trigger/ Restriction Event) is applicable, specify the applicable percentage or delete if not applicable)*
- (xxxiii) NAV Trigger Period: [●]  
*(if Fund Event (c) (NAV Trigger/ Restriction Event) is applicable, specify the applicable period or delete if not applicable)*
- (xxxiv) Aggregate NAV Trigger Value: [●]  
*(if Fund Event (d) (Aggregate NAV Trigger Event) is applicable and in relation to Fund Basket Notes only, specify the relevant value or delete if not applicable)*
- (xxxv) Aggregate NAV Trigger Period: [●]  
*(if Fund Event (d) (Aggregate NAV Trigger Event) is applicable and in relation to Fund Basket Notes only, specify the applicable period or delete if not applicable)*
- (xxxvi) Additional Fund Event(s): [●]  
*(specify or delete if not applicable)*
- (xxxvii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ Other (give details)]
- (xxxviii) Additional Business Centre(s): [●]
- (xxxix) Other terms: [●]  
*(insert any other relevant terms)*
38. **Preference Share-Linked Redemption Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (Condition 17)
- (i) Preference Share: Series [...] issued by the Preference Share Issuer on [...] which references the performance of [...], [...] and [...]. *(specify)*
- (ii) Preference Share Issuer: Sienna Finance UK Limited
- (iii) Determination Agent responsible for calculating the Final [●]  
*(specify only if Determination Agent is not*

- Redemption Amount: *Morgan Stanley & Co. International plc)*
- (iv) Provisions for determining Final Redemption Amount: [●] per cent. per Calculation Amount
- OR
- [The Final Redemption Amount in respect of each Note is an amount in the Specified Currency calculated by the Determination Agent equal to:
- $$\text{Calculation Amount} \times \frac{\text{Preference Share Value}_{\text{final}}}{\text{Preference Share Value}_{\text{initial}}}]$$
- (delete as appropriate)*
- (v) Final Valuation Date: [●] (*date*)
- (vi) Valuation Time: [[●]/ As per Condition 17.8]
- (vii) Additional Disruption Events: [Change in Law, Hedging Disruption, Insolvency Filing and Increased Cost of Hedging] shall apply
- (delete any which are not applicable)*
39. (i) Early Redemption Amount upon Event of Default: [As determined in accordance with Condition 21.8] (*specify*) (*if Zero Coupon Notes*)
- (Condition 26) [Accrual Value]
- [Par Redemption]
- [Qualified Financial Institution Determination]
- [Theoretical Value]
- (ii) Early redemption amount payable upon an event described in Condition [10.2(b)/10.4(a)(iii)/10.5(c)/10.6(c)/10.7(c)/10.8(c)/11.7(b)/12.5(c)/13.6(c)/14.5/14.6(c)/15.5(d)/17.4/17.5/17.6]: As provided in Condition [10.2(b)/10.4(a)(iii)/10.5(c)/10.6(c)/10.7(c)/10.8(c)/11.7(b)/12.5(c)/13.6(c)/14.5/14.6(c)/15.5(d)/17.4/17.5/17.6]
- (iii) Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons: [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]/[Early Preference Share Redemption Note Amount]
- (Condition [21.2]/[21.3]) ]/[An amount equal to the principal amount of such Note, together with accrued interest (if any)]

- (iv) Early redemption amount(s) per Calculation Amount payable on redemption on Force Majeure and Illegality or other early redemption (other than as specified in paragraphs 39(i), 39(ii) and 39(iii) above):

[[Condition 27]/[Condition [●]]]

40. Governing Law: [English law/other (*specify*)]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

41. Form of Notes: (Condition 3)
- [[Registered Notes:  
[Global Registered Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, exchangeable for Individual Note Certificates [on the expiry of [●] days' notice period<sup>10</sup> / at any time / in the limited circumstances described in the Global Registered Note]]  
[Individual Note Certificates]]  
[Nordic Notes:  
[Finnish Notes]  
[Swedish Notes]]  
[Uncertificated Notes]<sup>11</sup>
42. 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]
43. Additional Financial Centre(s) or other special provisions relating to Payment Business Days: [Not Applicable/[●] (*specify Additional Financial Centre(s)*).]
44. Determination Agent: Morgan Stanley & Co. International plc/[●] (*insert other Morgan Stanley Group entity*)
45. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/[●] (*give details*)]
46. Details relating to Instalment Notes: amount of each instalment, date on which [Not Applicable/[●] (*give details*)]

<sup>10</sup> In respect of Morgan Stanley Notes, notice should be 30 days.

<sup>11</sup> Only MSBV and MSI plc may issue Uncertificated Notes

each payment is to be made:

47. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 37] [annexed to this Pricing Supplement apply]]
48. Restrictions on free transferability of the Notes: [None/[●] (*give details*)]
49. Inconvertibility Event Provisions: [Applicable/Not Applicable]
- (Condition 19)
- (i) Consequences of the occurrence of an Inconvertibility Event: [Converted Payment]/[Early Redemption]/[Suspended Payment]
- (ii) Inconvertibility Redemption Amount: Early [Not Applicable] [OR]
- (For Zero Coupon Notes, choose one of the following options)*
- [[●] per cent. per Calculation Amount]/
- [an amount per Calculation Amount determined by the Determination Agent in accordance with Condition 21.8 (*Early Redemption of Zero Coupon Notes*). For these purposes, the Accrual Yield is [●] per cent. and the Reference Price is (*specify*).]
- (For Notes which are not Zero Coupon Notes, choose one of the following options)*
- [[●] per cent. per Calculation Amount]/
- [Early Redemption Amount applies. For the purposes of the definition of Early Redemption Amount, Par Redemption applies. [Qualified Financial Institution Determination applies.]]/
- [Fair Market Value applies]
- (iii) Relevant Currency/ies: [●]
- (iv) Relevant Jurisdiction: [●]
- (v) Inconvertibility Currency: Specified [●]
- (vi) Settlement Rate Option: [Currency Reference Dealers]/[Not Applicable]
- (vii) Fallback FX Spot Rate [●]
50. CNY Center: [●]/[Not Applicable]
51. Taxation:
- (i) Condition 25.1: "Additional Amounts" is [*Applicable/Not Applicable*]
- (ii) Condition 25.3: Implementation of Financial Transaction Tax: [*Applicable/Not Applicable*]

52. Other terms: [●]

**DISTRIBUTION**

- 53. (i) If syndicated, of Managers and underwriting commitments (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) [Not Applicable/[●]]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis.)*
- (ii) [Date of [Subscription] Agreement:] [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/[●] (give name)]
- 54. If non-syndicated, name and address of Dealer: [Not Applicable/[●] (give name and address)]
- 55. U.S. Selling Restrictions: Regulation S
- 56. [Total commission and concession:] [●] per cent. of the Aggregate Nominal Amount<sup>12</sup>
- 57. Additional selling restrictions: [Not Applicable/[●] (give details)]

**[PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the pricing supplement required to list and have admitted to trading on (*specify relevant market*) the issue of Notes described herein pursuant to the Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates.]

**[NO MATERIAL ADVERSE CHANGE**

Except as disclosed in the Pricing Supplement and the [●], there has been no significant change in the financial or trading position of the Issuer [and the Guarantor] and no material adverse change in the prospects of the Issuer's [and the Guarantor's] consolidated group since [●].<sup>13</sup>

**[LAST TRADING DAY : [●]]<sup>14</sup>**

**RESPONSIBILITY**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement. [(*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

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<sup>12</sup> Optional.

<sup>13</sup> Delete for Notes which are not to be listed on the SIX Swiss Exchange. Do not include for Notes to be listed on any market in the EEA.

<sup>14</sup> Delete for Notes which are not to be listed on the SIX Swiss Exchange.

[Signed on behalf of the Guarantor:

By: .....  
Duly authorised]

## PART B – OTHER INFORMATION

### 1. LISTING

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 the Official List of the Irish Stock Exchange and trading on its Global Exchange Market with effect from [●].]

[Application [has been made/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the SIX Swiss Exchange and to trading on the main segment of the SIX Swiss Exchange with effect from [●].]

[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 Euro MTF market] and to the Official List of the Luxembourg Stock Exchange with effect from [●].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on EuroTLX within ten (10) calendar days within the Issue Date.]

[No assurances can be given that such application for listing and/or admission to trading will be granted (or, if granted, will be granted by [●] [the Issue Date.]) [The Issuer has no duty to maintain the listing (if any) of the Notes on the relevant stock exchange(s) over their entire lifetime.]

[Not Applicable.]

*(Where documenting a fungible issue, indicate that original Notes are already admitted to trading.)*

[Last day of Trading: [●]]

[Estimate of total expenses related to admission to trading: [●]]<sup>15</sup>

### 2. RATINGS

Ratings: [The Notes to be issued have been rated:

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

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<sup>15</sup> Only applicable where the Notes are to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market and are "debt securities" under the rules of the Irish Stock Exchange.

[[Other]: [●]]

*(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. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

[●]

*(Include details of where past and future performance and volatility of the index/equity/commodity/currency/inflation/formula/other variable can be obtained. Where the underlying is an index, include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer, include details of where the information about the index can be obtained. Where the underlying is not an index, include equivalent information. Include other information concerning the underlying required by the rules of the Irish Stock Exchange.)*

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 with regard to the underlying].

4. **OPERATIONAL INFORMATION**

ISIN: [●]

Common Code: [●]

[Valoren Number: [●]]<sup>16</sup>

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking *société anonyme* and the relevant identification number(s): [Not Applicable/[●] (*give name(s) and number(s)*)]

*(specify for Finnish Notes)* [Finnish CSD: Euroclear Finland Oy, Urho Kekkosen katu 5 C, Box 1110, FI-00101 Helsinki, Finland]

*(specify for Swedish Notes)* [Swedish CSD: Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden]

[Japan Securities Depository Center, Inc.]

[other relevant clearing system, as applicable]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [●]

Names and addresses of additional Paying Agent(s) (if any): [●]

<sup>16</sup>

Delete for Notes which are not to be listed on the SIX Swiss Exchange

5. **TERMS AND CONDITIONS OF THE OFFER<sup>17</sup>**

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)]
Details of the method and time limit 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/[●] (give details)]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/[●] (give details)]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/ Offers may be made by Offerors authorised to do so by the Issuer in (insert relevant jurisdiction) to any person (insert suitability criteria, if any are deemed appropriate, pursuant to any applicable conduct of business rules). In EEA countries, offers may only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/[●] (give details)]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/[●] (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)]

<sup>17</sup>

Only applicable where the Notes are to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market and are "derivative securities" under the rules of the Irish Stock Exchange.

## ANNEX 4

### 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 U.S. federal tax treatment of the transaction or the holders. Holders should seek their own advice based upon their particular circumstances from an independent tax advisor.**

The following are certain of the U.S. federal income and estate tax consequences of ownership and disposition of the Program Securities by Non-U.S. Holders (as defined below). This summary 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 Offering Circular may affect the tax consequences described herein. As used herein, the term "Non-U.S. Holder" means a holder of a Program Security that is for U.S. federal income tax purposes:

- an individual who is classified as a nonresident alien;
- a foreign corporation; or
- a foreign estate or trust.

The term "Non-U.S. Holder" does not include any of the following holders:

- 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;
- certain former citizens or residents of the United States; or
- a holder for whom income or gain in respect of the Program Securities is effectively connected with the conduct of a trade or business in the United States.

Special rules may also apply to corporations that are treated as personal holding companies, controlled foreign corporations, or passive foreign investment companies.

Such holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of a Program Security.

If an entity that is classified as a partnership holds a Program Security, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships holding a Program Security should consult their tax advisors regarding the U.S. federal income tax consequences of owning and disposing of a Program Security.

#### *Notes*

Except as otherwise discussed below in "—Section 897 of the Code," "—FATCA," "—Dividend Equivalent Amounts" and "—Backup Withholding and Information Reporting," or otherwise indicated in an applicable Pricing Supplement, a Non-U.S. Holder generally will not be subject to U.S. 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 U.S. federal income tax purposes:

- the Note is treated as indebtedness of the relevant Issuer;
- 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 has complied with all U.S. tax identification and certification requirements; and
- in the case of Exchangeable Notes, the Exchangeable Note is exchangeable only into securities that are actively traded, a basket of securities that are actively traded or an index or indices of securities that are actively traded.

*Certification Requirement.* The certification requirements referred to in the preceding paragraph will be fulfilled if the holder of the Note (or a financial institution holding a Note on behalf of the holder) furnishes a U.S. Internal Revenue Service ("IRS") Form W-8BEN or W-8BEN-E (or with respect to certain holders, other appropriate forms), on which, among other things, the holder certifies under penalties of perjury that it is not a United States person, as defined in the Code.

No opinion is expressed herein as to the U.S. federal income tax consequences of the ownership or disposition of any property received in exchange for an Exchangeable Note.

With regard to the above requirements, the Issuers intend to treat 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 Notes is sold to the public) as indebtedness for U.S. federal income tax purposes. There can be no assurance that the IRS or a court will agree.

*Notes Linked to Commodity Prices, Single Securities, Baskets of Securities, Indices, Exchange Traded Funds or other Funds, Currencies and Credit-Linked Notes.* The U.S. 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 commodity prices, 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 these features may be subject to rules that differ from the general rules discussed above. In these instances, an applicable Pricing Supplement will disclose such special rules.

#### ***Warrants and Certificates***

Except as otherwise discussed below in “—Section 897 of the Code,” “—FATCA,” “—Dividend Equivalent Amounts” and “—Backup Withholding and Information Reporting,” or otherwise indicated in an applicable Pricing Supplement, a Non-U.S. Holder generally will not be subject to United States federal income tax, including withholding tax, on payments on a Warrant or Certificate, or on proceeds from the sale or other disposition of a Warrant or Certificate.

The U.S. federal income tax consequences to a Non-U.S. Holder of the ownership and disposition of Warrants and Certificates may vary depending upon the exact terms of the Warrants and Certificates and related factors. Warrants and Certificates may be subject to rules that differ from the general rules discussed above. In these instances, an applicable Pricing Supplement will disclose such special rules.

#### **Section 897 of the Code**

No opinion is expressed herein as to whether any issuer of any shares to which a Program Security relates (such shares hereafter referred to as “Underlying Shares”) is treated as a “U.S. real property holding corporation” (“USRPHC”) within the meaning of Section 897 of the Code. If any issuer of Underlying Shares were so treated, certain adverse U.S. federal income tax consequences might apply upon the sale, exchange or other disposition of a Program Security (including potential U.S. withholding tax, notwithstanding the discussions above). Holders should refer to information filed with the Securities and Exchange Commission or other governmental authorities by the issuers of the Underlying Shares and consult their tax advisors regarding the possible consequences to such holders if any such issuer is or becomes a USRPHC.

#### **Dividend Equivalent Amounts**

Section 871(m) of the Code imposes a withholding tax of 30 per cent. (or lower treaty rate applicable to dividends) on certain “dividend equivalents” paid or deemed paid with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Under recently promulgated Treasury regulations issued under Section 871(m), a Program Security linked to U.S. equities or indices that include U.S. equities (a “U.S. equity linked Program Security”) will be subject to the Section 871(m) withholding regime if at issuance it (i) has a “delta” of 0.80 or higher with respect to the underlying U.S. stock or (ii) substantially replicates the economic performance of the underlying U.S. stock, as determined by a “substantial equivalence” test, that, among other factors, takes into account the initial number of shares of the underlying U.S. stock needed to hedge the transaction fully. The tests described above are set forth in the regulations, and the applicable test will depend on the terms of the relevant U.S. equity linked Program Security. Under these rules, withholding may apply even where the relevant U.S. equity linked Program Security does not provide for any payment that is explicitly linked to a dividend. The regulations provide for certain exceptions to the withholding

requirements, in particular for instruments linked to certain broad-based indices that meet standards set forth in the regulations.

Section 871(m) could apply to a U.S. equity linked Program Security that is issued on or after January 1, 2017. If the terms of a U.S. equity linked Program Security are subject to a "significant modification," the U.S. equity linked Program Security will generally be treated as reissued at the time of the significant modification.

If Section 871(m) applies, withholding in respect of dividend equivalents will generally be required when cash payments are made on the relevant U.S. equity linked Program Security or upon the date of maturity, lapse or other disposition thereof by the Non-U.S. Holder. The dividend equivalent amount will include the amount of any actual or, under certain circumstances, estimated dividend.

The relevant Issuer will determine whether a U.S. equity linked Program Security is subject to withholding under Section 871(m) by performing the calculations described above. If withholding is required, the relevant Issuer will not be required to pay any additional amounts with respect to the amounts so withheld.

The regulations provide that Non-U.S. Holders of a potential Section 871(m) transaction are entitled to receive certain information in respect thereof. The applicable Pricing Supplement will provide further guidance on how Non-U.S. Holders may obtain such information.

Section 871(m) is complex and its application may depend on the Non-U.S. Holder's particular circumstances. For example, the application of Section 871(m) may be affected if a Non-U.S. Holder enters into another transaction in connection with the acquisition of a U.S. equity linked Program Security. Accordingly, Non-U.S. Holders should consult their tax advisors regarding the potential application of Section 871(m) to the Program Securities in their particular circumstances.

#### **Estate Tax**

Individual Non-U.S. Holders and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty exemption, a Program Security that is treated as indebtedness for U.S. federal estate tax purposes will be treated as U.S. situs property subject to U.S. federal estate tax if payments on the Program Security, if received by the decedent at the time of death, would have been subject to U.S. federal withholding tax (even if the IRS Form W-8BEN or W-8BENE certification requirement described above were satisfied and not taking into account an elimination of such U.S. federal withholding tax due to the application of an income tax treaty or withholding under FATCA).

Absent an applicable treaty benefit, a Program Security that is not treated as indebtedness for U.S. federal estate tax purposes may be treated as U.S. situs property subject to U.S. federal estate tax. Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal estate tax consequences of an investment in the Program Securities and the availability of benefits provided by an applicable estate tax treaty, if any.

#### **FATCA**

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30 per cent on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. This legislation generally applies to certain financial instruments that are treated as paying U.S.-source interest or dividends or other U.S.-source "fixed or determinable annual or periodical" income. Withholding (if applicable) applies to any payment of amounts treated as interest or dividend equivalents (as discussed above under "—Dividend Equivalent Amount") on the Notes and, for dispositions after December 31, 2018, any payment of gross proceeds of the disposition (including upon retirement) of the Notes. The application of FATCA to Warrants and Certificates will be addressed in the applicable Pricing Supplement, where warranted. If withholding applies to the Notes, Warrants or Certificates, the relevant Issuer will not be required to pay any additional amounts with respect to amounts withheld under FATCA. Non-U.S. Holders should consult their tax advisors regarding the potential application of FATCA to the Notes, Warrants or Certificates.

**Backup Withholding and Information Reporting**

Information returns may be filed with the IRS in connection with payments on a Program Security as well as in connection with the proceeds from a sale, exchange or other disposition. A Non-U.S. Holder may be subject to backup withholding in respect of amounts paid to the Non-U.S. Holder, unless such Non-U.S. Holder complies with applicable certification procedures to establish that it is not a United States person for U.S. federal income tax purposes or otherwise establishes an exemption. Compliance with the certification procedures described under “—Notes—Certification Requirement” 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.

## ANNEX 5

### FORM OF GUARANTEE FOR MORGAN STANLEY B.V. AND MORGAN STANLEY FINANCE LLC

**THIS GUARANTEE** is made on 29 April 2016 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**"), Morgan Stanley B.V. ("**MSBV**") and Morgan Stanley Finance LLC ("**MSFL**") have established a Regulation S Program (the "**Program**") for the Issuance of notes, Series A and B ("**Notes**"), warrants ("**Warrants**") and certificates ("**Certificates**", together with the Warrants and Certificates, the "**Program Securities**").
- (B) Notes (other than Uncertificated Notes) may be issued under the issue and paying agency agreement dated 30 November 2000 (such issue and paying agency agreement as modified and restated on 4 December 2001, 14 June 2005, 11 July 2006, 22 June 2007, 19 June 2008, 17 June 2009, 15 June 2010, 11 May 2011, 10 June 2011, 7 June 2012, 27 June 2013, 18 August 2014 and 17 August 2015 and as from time to time further modified and/or restated (the "**Issue and Paying Agency Agreement**") between (amongst others) MSBV, MSI plc, MSFL, the Guarantor and The Bank of New York Mellon. "**Uncertificated Notes**" has the meaning given to it in the Euroclear Agreement (defined below).
- (C) Uncertificated Notes may be issued under the Euroclear agreement dated 18 August 2014 (such Euroclear agreement as modified and restated on 17 August 2015 and as from time to time further modified and/or restated, the "**Euroclear Agreement**") between MSBV, MSI plc, the Guarantor and Computershare Investor Services (Guernsey) Limited.
- (D) Warrants and Certificates may be issued under the securities agency agreement dated 30 November 2000 (such securities agency agreement as modified and restated on 4 December 2001, 30 June 2005, 11 July 2006, 22 June 2007, 19 June 2008, 17 June 2009, 15 June 2010, 11 May 2011, 10 June 2011, 7 June 2012, 27 June 2013, 18 August 2014 and 17 August 2015 and as from time to time further modified and/or restated, the "**Securities Agency Agreement**") between (amongst others) MSBV, MSI plc, MSFL, the Guarantor and The Bank of New York Mellon.
- (E) Notes (other than Uncertificated Notes) issued under the Issue and Paying Agency Agreement, Uncertificated Notes issued under the Euroclear Agreement and Warrants and Certificates issued under the Securities Agency Agreement (together, "**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 (a) the terms of the Relevant Securities issued by MSBV and MSFL on or after the date hereof and (b) the terms of the Relevant Securities issued by any other of its subsidiaries (other than MSI plc) on or after the date hereof that accedes to the Program and in respect of whom the Guarantor is referred to as guarantor in the Accession Agreement under which such subsidiary accedes to the Program as issuer and/or in the applicable Issuance Document (as such term is defined in the Issue and Paying Agency Agreement in respect of Relevant Securities which are Notes (other than Uncertificated Notes), in the Euroclear Agreement in respect of Relevant Securities which are Uncertificated Notes and in the Securities Agency Agreement in respect of Relevant Securities which are Warrants or Certificates) unless, in each case, otherwise stated in the applicable Issuance Document with respect thereto (each an "**Issuer**") in respect of the Relevant Securities, provided that any such Relevant Securities issued or after the date on which the Guarantor has granted a subsequent guarantee of Relevant Securities (in respect of which such Relevant Securities will have the benefit) shall not have the benefit of this Guarantee (save (i) in relation to any tranche of Relevant Securities which are expressed to be consolidated and form a single series with any tranches(s) of Relevant Securities which have the benefit of this Guarantee, and/or (ii) if expressly so provided in any such subsequent guarantee and/or applicable Issuance Document).

If the Relevant Securities are held by (or be a nominee on behalf of) a common depository for Euroclear Bank S.A./N.V. as Operator of the Euroclear System (the "**Euroclear Operator**"), Clearstream Banking, *société anonyme* ("**Clearstream**") or such other clearing system as specified in the applicable Issuance Document 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 (in the case of Relevant Securities in registered form) 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.

The Guarantee of the Guarantor of the Securities will terminate upon the merger of the Issuer with and into the Guarantor.

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 29 April 2016

**MORGAN STANLEY**

By: .....

Name:

Title: