



**CANADIAN IMPERIAL BANK OF COMMERCE**  
(a Canadian chartered bank)

**US\$7,500,000,000**  
**Note Issuance Programme**

*This document (the “**Securities Note**”) constitutes a Securities Note in respect of the Programme (as defined below). Notes (as defined below) issued on or after the date of this Securities Note are issued subject to the provisions herein. This Securities Note does not constitute a base prospectus for the purpose of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the “**Prospectus Directive**”). Additional information relating to the Issuer is contained in a registration document (the “**Registration Document**”) issued by the Issuer on 4 May 2017, which is incorporated by reference herein (see “**Documents Incorporated by Reference**”). The Registration Document has been approved by the Financial Conduct Authority in its capacity as competent authority in the United Kingdom and published in accordance with the Prospectus Rules. This Securities Note has been filed with the Luxembourg Stock Exchange in accordance with the Prospectus Law (Law of 10 July 2005 on prospectuses for securities as amended by the law of 3 July 2012). This Securities Note must be read with the Registration Document and all other documents incorporated by reference herein.*

Under the Note Issuance Programme (the “**Programme**”) described in this securities note (the “**Securities Note**”), Canadian Imperial Bank of Commerce (“**CIBC**” or the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the “**Notes**”). Any Notes issued under the Programme on or after the date of this Securities Note are issued subject to the provisions hereof.

Notes to be issued under the Programme will be unsubordinated Notes constituting deposit liabilities of CIBC. The aggregate nominal amount of Notes outstanding under the Programme will not at any time exceed US\$7,500,000,000 (or the equivalent in other currencies). Notes may be offered directly to persons other than the Dealers specified herein (the initial purchasers of the Notes, herein referred to as the “**Initial Purchasers**”).

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF market (the “**Euro MTF**”). The Euro MTF is not a regulated market for the purposes of Directive 2004/39/EC (“**MiFID**”). The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such further or other stock exchanges or markets as the Issuer and the Dealer(s) (as defined herein) may agree. The applicable Final Terms will specify whether the Notes are to be listed or unlisted.

The Notes and, in certain cases, Asset Amounts (as defined herein) relating to 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 with any securities regulatory authority of any state or other jurisdiction of the United States and Notes issued in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold 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 (“**Regulation S**”). The Notes may be offered and sold (i) within the United States in registered form only to qualified institutional buyers (each, a “**QIB**”), as defined in Rule 144A under the Securities Act (“**Rule 144A**”), in reliance on the exemption from registration provided by Rule 144A (the “**Rule 144A Notes**”) and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S (the “**Regulation S Notes**”). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain other restrictions, see “*Subscription and Sale*”.

**The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”), the securities commission of any State or other jurisdiction in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Securities Note. Any representation to the contrary is a criminal offence in the United States.**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Securities Note or any Final Terms and other offering material relating to the Notes in Canada, the United States, the European Economic Area (including Luxembourg, the United Kingdom, The Netherlands, Italy and France), Switzerland, Japan, Hong Kong, Singapore, Taiwan, PRC (as defined herein), Australia, New Zealand, Chile, Mexico and Colombia see “*Subscription and Sale*”.

**Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in light of their own circumstances and financial condition. Notes involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Notes. See “*Risk Factors*” on pages 19 to 51.**

**CIBC Capital Markets**

The date of this Securities Note is 4 May 2017

## IMPORTANT NOTICES

This Securities Note is a "prospectus" for the purposes of the admission to listing on the Official List of the Luxembourg Stock Exchange and to trading of the Notes on the Euro MTF in accordance with the rules and regulations of the Luxembourg Stock Exchange. The Euro MTF is not a "regulated market" for the purposes of Directive 2004/39/EC. **This document does not constitute a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.**

### RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Securities Note. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer may issue Notes with principal, premium, interest or amounts deliverable determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other financial variables (each, a "**Reference Item**").

Information contained in this Securities Note which is sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading and the Issuer takes responsibility for the correct extraction and reproduction of such information. The Issuer has also identified the source(s) of such information.

The applicable Final Terms may (if applicable) contain information relating to Reference Item(s) to which the relevant Notes relate and which is contained in such Final Terms. The applicable Final Terms will specify the nature of the responsibility (if any) taken by the Issuer for the information relating to Reference Items to which the relevant Notes relate and which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to Reference Item(s) will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Reference Item(s). The Issuer will, unless otherwise expressly stated in the applicable Final Terms, confirm that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Reference Item(s), no facts have been omitted that would render the reproduced information inaccurate or misleading.

### UNAUTHORIZED INFORMATION

No person has been authorized by the Issuer to give any information or to make any representation other than those contained in this Securities Note or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any of the Initial Purchasers of an issue of Notes. This Securities Note does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Notes or the distribution of this Securities Note in any jurisdiction where any such action is required. This Securities Note may only be used for the purposes for which it has been published.

This Securities Note is to be read in conjunction with the Registration Document and all other documents which are or are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*") and, in relation to any Tranche or Series of Notes, should be read and construed together with the applicable Final Terms. Any reference herein to Securities Note means this document together with the documents incorporated by reference herein.

### INDEPENDENT EVALUATION

Other than the Issuer, no party has independently verified the information contained in this Securities Note. None of the Dealers makes any representation, warranty or undertaking, express or implied, or accepts any

responsibility or liability, with respect to the accuracy or completeness of any of the information in or incorporated by reference in this Securities Note.

Neither this Securities Note nor any other information supplied in relation to the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or any Dealer that any recipient of this Securities Note or any other information supplied in relation to the Programme or any Notes should purchase any Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in or incorporated by reference in this Securities Note and the applicable Final Terms and its purchase of Notes should be based upon such investigation as it deems necessary. Any purchaser of the Notes is deemed by its purchase to acknowledge that it is relying solely on the information contained herein or incorporated by reference herein and on its own investigations in making its investment decision and is not relying on any Dealer in any manner whatsoever in relation to its investigation of the Issuer or in relation to such investment decision. Neither this Securities Note nor any other information supplied in relation to the Programme or any Notes constitutes an offer or an invitation by or on behalf of the Issuer or any Dealer or any other person to subscribe for or purchase the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved.

None of Dealers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should satisfy itself that it is able to bear the economic risk of an investment in the Notes for an indefinite period of time.

### **CURRENCY OF INFORMATION**

Neither the delivery of this Securities Note or any Final Terms nor any offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication that there has been no adverse change in the affairs or financial condition of the Issuer since the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No Dealer undertakes to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor or potential investor in the Notes of any information coming to their attention.

### **RESTRICTIONS ON USE AND DISTRIBUTION**

This Securities Note does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this Securities Note and any Final Terms and the offering or sale of the Notes in certain jurisdictions may be restricted by law. None of the Issuer or any Dealers represents that this Securities Note may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution of offer. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers which would permit a public offering of the Notes or distribution of this Securities Note (or any part of it) in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Securities Note nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Securities Note (or any part of it), any Final Terms or any Notes come must inform themselves about and to observe any such restriction on the distribution of this Securities Note or any Final Terms and the offering and sale of Notes. In particular, there are restrictions on offers, sales and deliveries of Notes and on the distribution of this Securities Note or any Final Terms and other offering material relating to the Notes in Canada, the United States, the European Economic Area (including Luxembourg, the United Kingdom, The Netherlands, Italy and France), Switzerland, Japan, Hong Kong, Singapore, Taiwan, PRC, Australia, New Zealand, Chile, Mexico and Colombia and such other restrictions as may be required in connection with the offering and sale of a particular series of Notes (see "*Subscription and Sale*").

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Prospective investors are advised to exercise caution in relation to the offering of Notes. If prospective investors are in any doubt about any of the contents of this document, independent professional advice should be obtained.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations.

The Notes may not be offered, sold or delivered, directly or indirectly, in Canada or to or for the benefit of residents of Canada in contravention of the securities laws of Canada or any province or territory thereof. Neither this Securities Note nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

#### **NOTICES REGARDING OFFERS IN THE EUROPEAN ECONOMIC AREA**

This Securities Note has been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented the Prospectus 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 Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Securities Note as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers 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 the Initial Purchasers has authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

#### **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **NOTICE REGARDING RESTRICTIONS UNDER U.S. FEDERAL SECURITIES LAWS**

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from the registration requirements of the Securities Act. Each prospective U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Bearer Notes may not be offered or sold within the United States.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together “**Restricted Notes**”) will be deemed, by its acceptance or purchase of any such Restricted Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale*” and “*Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

#### **DENOMINATIONS**

In the case of Rule 144A Notes, the minimum denomination shall not be less than US\$200,000 (or its equivalent in another currency at the date of issue of the Notes), and in the case of Definitive N Registered Notes, as defined herein, the minimum denomination shall not be less than €200,000 (or its equivalent in another currency at the date of issue of the Notes).

## FORMS OF NOTES

Notes may be issued in bearer form or in registered form. Each Tranche of a Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”) and together with a temporary Global Note, collectively referred to as “**Global Notes**”). The temporary Global Note representing the interest in a Tranche of a Series of Notes will be exchangeable, in whole or in part, for a permanent Global Note, or if so indicated in the applicable Final Terms (as defined herein), definitive Notes, representing such interest on or after the day that is 40 days after the later of the commencement of the offering of the particular Tranche and the relevant issue date, upon certification as to non-U.S. beneficial ownership.

Global Notes which are stated in the applicable Final Terms to be issued in new global note (“**NGN**”) form will be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”). Global Notes which are stated in the applicable Final Terms not to be issued in NGN form may be deposited on the issue date of the relevant Tranche with a common depositary or common safekeeper on behalf of Euroclear and Clearstream, Luxembourg or any other agreed clearing system.

Each Tranche of a Series of Notes in registered form (other than Definitive N Registered Notes) will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes, other than Definitive N Registered Notes, which are sold in an “offshore transaction” within the meaning of Regulation S under the Securities Act, will initially be represented by a permanent registered global certificate (each an “**Unrestricted Global Certificate**”). Global Certificates (as defined below) which are held in Euroclear and Clearstream, Luxembourg (or any other agreed clearing system) will be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg (or any other agreed clearing system), or a common nominee or nominee for a common depositary and delivered to the appropriate depositary or, as the case may be, a common depositary. Notes may also be issued in the form of Registered Notes in definitive form made out in the name of a specific creditor governed by German law (the “**Definitive N Registered Notes**”) (*Namenschuldverschreibungen*).

Rule 144A Notes will initially be represented by a permanent registered global certificate (each a “**Restricted Global Certificate**”) and, together with the Unrestricted Global Certificate, the “**Global Certificates**”), which will be deposited on the issue date with a custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company (“**DTC**”). Beneficial interests in a Restricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Euroclear and Clearstream, Luxembourg.

The provisions governing the exchange of interests in Global Notes and Global Certificates for other Global Notes and/or Global Certificates and definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

## BANK ACT (CANADA) NOTICE

Notes issued by the Issuer do not evidence or constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

## DEFINITIONS

All references in this Securities Note to the “**European Economic Area**” or “**EEA**” are to the Member States of the European Union together with Iceland, Norway and Liechtenstein.

In this Securities Note, unless otherwise specified or the context otherwise requires, references to “**U.S. dollars**”, and “**US\$**” are to United States dollars, references to “**C\$**” are to Canadian dollars, references to “**sterling**”, and “**£**” are to British pounds sterling, references to “**Yen**” are to Japanese yen, references to “**CNY**”, “**RMB**” and “**Renminbi**” are to the lawful currency of the People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan (the “**PRC**” or “**China**”) and references to “**€**” and “**euro**” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union as amended. In the documents incorporated by reference in this Securities Note, unless otherwise specified or the context otherwise requires, references to “**\$**” are to Canadian dollars.

In this Securities Note, references to a “**branch**” mean a branch of CIBC, unless the context otherwise requires. Notes issued by any branch are obligations of CIBC.

## **STABILIZATION**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as stabilizing manager(s) in the applicable Final Terms (the “Stabilizing Manager(s)”) (or persons acting on behalf of any Stabilizing Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the applicable terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.**

## **AVAILABLE INFORMATION UNDER RULE 144A**

For so long as any of the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “**Exchange Act**”), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Note, or to any prospective purchaser of a Note or beneficial interest therein designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Securities Note and the documents incorporated herein by reference contain forward-looking statements within the meaning of certain securities laws. All such statements are made pursuant to the “safe harbour” provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements CIBC makes about its operations, business lines, financial condition, risk management, priorities, targets, ongoing objectives, strategies, the regulatory environment in which CIBC operates and outlook for calendar year 2017 and subsequent periods.

Forward-looking statements are typically identified by the words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “forecast”, “target”, “objective” and other similar expressions or future or conditional verbs such as “will”, “should”, “would” and “could”. By their nature, these statements require CIBC to make assumptions and are subject to inherent risks and uncertainties that may be general or specific. A variety of factors, many of which are beyond CIBC’s control, affect its operations, performance and results, and could cause actual results to differ materially from the expectations expressed in any of CIBC’s forward-looking statements.

These factors include credit, market, liquidity, strategic, insurance, operational, reputation and legal, regulatory and environmental risk; the effectiveness and adequacy of CIBC’s risk management and valuation models and processes; legislative or regulatory developments in the jurisdictions where CIBC operates, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations issued and to be issued thereunder, the Organization for Economic Co-operation and Development Common Reporting Standard, and regulatory reforms in the United Kingdom and Europe, the Basel Committee on Banking Supervision’s global standards for capital and liquidity reform, and those relating to the payments system in Canada; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions, and interest rate and liquidity regulatory guidance; the resolution of legal and regulatory proceedings and related matters; the effect of changes to accounting standards, rules and interpretations; changes in CIBC’s estimates of reserves and allowances; changes in tax laws; changes to CIBC’s credit ratings; political conditions and developments, including changes relating to economic or trade matters; the possible effect on CIBC’s business of international conflicts and the war on terror; natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; reliance on third parties to provide components of CIBC’s business infrastructure; potential disruptions to CIBC’s information technology systems and services, increasing cyber security risks, which may include theft of assets, unauthorized access to sensitive information or operational disruption; social media risk; losses incurred as a result of internal or external fraud; anti-money laundering; the accuracy and completeness of information provided to CIBC concerning clients and counterparties; the failure of third parties to comply with their obligations to CIBC and its affiliates or associates; intensifying competition from established competitors and new entrants in the financial services industry, including through internet and mobile banking; technological change; global capital market activity; changes in monetary and economic policy; currency value and interest rate fluctuations, including as a result of market and oil price volatility; general business and economic conditions worldwide, as well as in Canada, the U.S. and other countries where CIBC has operations, including increasing Canadian household debt levels and global credit risks; CIBC’s success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; changes in client spending and saving habits; CIBC’s ability to attract and retain key employees and executives; CIBC’s ability to successfully execute its strategies and complete and integrate acquisitions and joint ventures; the risk that expected synergies and benefits of the acquisition of PrivateBancorp, Inc. will not be realized within the expected time frame or at all or the possibility that the acquisition does not close when expected or at all because required regulatory, shareholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; and CIBC’s ability to anticipate and manage the risks associated with these factors.

This list is not exhaustive of the factors that may affect any of CIBC’s forward-looking statements. These and other factors should be considered carefully and prospective investors should not place undue reliance on CIBC’s forward-looking statements. Additional information about these factors can be found in the “*Risk Factors*” section of this Securities Note, the “*Risk Factors*” section of the Registration Document incorporated herein by reference and in the other documents incorporated herein by reference.

The forward-looking statements included in this Securities Note are made only as of the date of this Securities Note. Except as may be required by applicable law or stock exchange rules or regulations, CIBC expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in CIBC’s expectations with regard thereto or any change in

events, conditions or circumstances on which any such statement is based. New factors emerge from time to time, and it is not possible to predict which will arise. In addition, CIBC cannot assess the effect of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statement.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been previously published and which have been filed with the Luxembourg Stock Exchange shall be incorporated in, and form part of this Securities Note.

- (a) the Registration Document dated 4 May 2017 approved by the Financial Conduct Authority in the United Kingdom and published in accordance with the Prospectus Rules;
- (b) CIBC's Annual Information Form dated 30 November 2016 (the "**2016 Annual Information Form**");
- (c) pages 1-179 of CIBC's Annual Report for the year ended 31 October 2016 (the "**2016 Annual Report**"); and
- (d) CIBC's comparative unaudited interim consolidated financial statements for the three-month period ended 31 January 2017 prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" together with management's discussion and analysis for the three-month periods ended 31 January 2017 and 2016, set out on pages 1 through to 54 of the CIBC First Quarter 2017 Report to Shareholders (the "**First Quarter Report**").

The following documents, which may be produced or issued from time to time after the date hereof, shall upon publication be deemed to form part of this Securities Note:

- (i) CIBC's Annual Report;
- (ii) CIBC's quarterly reports to shareholders;
- (iii) all supplements to the Registration Document and each new or replacement registration document describing the issuer that is approved by the Financial Conduct Authority in the United Kingdom and published in accordance with the Prospectus Rules; and
- (iv) all material change reports filed electronically by CIBC on SEDAR, the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at <http://www.sedar.com>.

Copies of this Securities Note and the documents incorporated by reference in this Securities Note, or deemed incorporated herein, may be obtained free of charge from the head office of the Issuer and the specified office of each Paying Agent, as set out at the end of this Securities Note. The documents incorporated by reference listed in (a) to (d) above will be available on the Luxembourg Stock Exchange website at [www.bourse.lu](http://www.bourse.lu). In addition, all of the documents incorporated herein by reference, or deemed incorporated herein, that CIBC files electronically can be retrieved on SEDAR at <http://www.sedar.com>.

No website or information on a website shall be incorporated in or form part of this Securities Note.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information in this Securities Note which is capable of affecting the assessment of the Notes, prepare a supplement to this Securities Note or publish a new Securities Note in connection with any subsequent issue of Notes. Statements contained herein or in any document incorporated or deemed incorporated by reference herein shall to the extent applicable be modified or superseded for the purpose of this Securities Note to the extent that a subsequent statement contained in a supplement to this Securities Note or documents incorporated or deemed incorporated by reference herein or therein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Securities Note.

Investors in the Notes shall be deemed to have notice of all information contained in the documents incorporated by reference in this Securities Note, as if all such information were included in this Securities Note. Investors who have not previously reviewed such information should do so in connection with their purchase of Notes.

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## OVERVIEW OF THE PROGRAMME

**This overview must be read as an introduction to this Securities Note and any decision to invest in any Notes should be based on a consideration of this Securities Note as a whole, including any documents incorporated by reference.**

*Words and expressions defined in “Forms of the Notes” and “Terms and Conditions of the Notes” and in the remainder of this Securities Note shall have the same meanings in this overview.*

<b>Issuer</b>	<p>Canadian Imperial Bank of Commerce (“CIBC” or the “<b>Issuer</b>”).</p> <p>CIBC is a diversified financial institution governed by the <i>Bank Act</i> (Canada) (the “<b>Bank Act</b>”).</p> <p>CIBC is a leading Canadian-based global financial institution. Through its three main business units - Retail and Business Banking, Wealth Management and Capital Markets - CIBC provides a full range of financial products and services to 11 million individual, small business, commercial, corporate and institutional clients in Canada and around the world.</p>
<b>Description:</b>	Note Issuance Programme (the “ <b>Programme</b> ”).
<b>Size</b>	Up to US\$7,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
<b>Dealers</b>	<p>CIBC World Markets Corp.</p> <p>CIBC World Markets plc</p> <p>Notes may also be issued to other dealers and third parties.</p>
<b>Calculation Agent</b>	CIBC World Markets plc, CIBC World Markets Corp. or such other calculation agent specified in the applicable Final Terms.
<b>Fiscal Agent, Principal Paying Agent and Transfer Agent</b>	Deutsche Bank AG, London Branch.
<b>Paying Agent, Registrar and Transfer Agent</b>	Deutsche Bank AG, Hong Kong Branch.
<b>Paying Agent, Registrar and Transfer Agent</b>	Deutsche Bank Trust Company Americas.
<b>Paying Agent, Transfer Agent and Listing Agent</b>	Deutsche Bank Luxembourg S.A.
<b>Paying Agent and Registrar (Definitive N Registered Notes)</b>	Deutsche Bank Aktiengesellschaft.
<b>Issue Price</b>	Notes may be issued at par or at a discount to, or premium over par. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments. The issue price will be specified in the applicable Final Terms.
<b>Terms of Notes</b>	Notes may be denominated in any currency specified in the applicable Final Terms with a maturity between one month and 99 years, subject to

compliance with all applicable legal and/or regulatory restrictions.

Notes may: (i) bear interest at a fixed or floating rate; (ii) not bear interest; (iii) have an interest amount or rate and/or a redemption amount determined or calculated by reference to one or more underlying assets or bases of reference such as indices (including equity or commodity indices), shares, commodities or the credit of one or more underlying entities (each such underlying asset or basis of reference, a “**Reference Item**” and any Reference Item linked Notes, “**Reference Item Linked Notes**”); (iv) reference any combination of the foregoing; (v) be redeemed by physical delivery (“**Physical Delivery Notes**”) of specified asset(s); and/or (vi) have such other terms and conditions as specified in the applicable Final Terms.

Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms.

**Status of the Notes**

Notes will constitute deposit liabilities of CIBC for purposes of the Bank Act and constitute legal, valid and binding unconditional and unsecured obligations of CIBC and will rank *pari passu* with all deposit liabilities of CIBC (except as otherwise prescribed by law) without any preference amongst themselves.

Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.

**Method of Issue**

The Notes will be issued in series (each a “**Series**”), and each Series (other than a Series of Definitive N Registered Notes) may be issued in one or more tranches (each a “**Tranche**”) on the same or different issue dates, on terms otherwise identical (or identical other than in respect of the issue date, the issue price, and the amount and/or date of the first payment(s) of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series.

**Form of Notes**

The Notes may be issued in bearer form only, in bearer form exchangeable for Notes in registered form or in registered form only, as specified in the applicable Final Terms.

**Definitive N Registered Notes  
(Namensschuldverschreibungen)**

Notes issued in the form of Registered Notes in definitive form made out in the name of a specific creditor governed by German law (“**Definitive N Registered Notes**”) (*Namensschuldverschreibungen*) may be issued. Where specified in the applicable Final Terms, the Issuer may waive any right to set-off in relation to the Definitive N Registered Notes.

**Clearing System**

Euroclear and/or Clearstream, Luxembourg (in relation to any Regulation S Notes) and DTC (in relation to any Rule 144A Notes) and/or, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

**Specified Denomination**

As specified in the applicable Final Terms, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) and all relevant laws, regulations or directives applicable to the specified currency and (i) unless permitted by then current laws, regulations and directives, Rule 144A Notes will have a minimum denomination of not less than US\$200,000 (or its equivalent in another currency as at the date of issue of the Notes) and (ii) Definitive N Registered Notes will have a minimum denomination of not less than €200,000 (or its equivalent in another currency as at the date of issue of the Notes).

Notes (including Notes denominated in sterling) which have a maturity of less than one year and whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of not less than £100,000 (or its equivalent in other currencies).

<b>Specified Currency or Currencies</b>	As agreed by the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms.
<b>Redenomination</b>	The applicable Final Terms may provide that certain Notes may be redenominated into euro will set out in full the provisions applicable to any such redenomination.
<b>Fixed Rate Notes</b>	Interest on Fixed Rate Notes will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.
<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest set separately for each Series by reference to the benchmark rate specified in the applicable Final Terms, as adjusted for any applicable margin. Interest periods will be specified in the applicable Final Terms. Minimum/Maximum Rates of Interest or Interest Amounts may be specified in the applicable Final Terms.
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Change of Interest/Payment Basis</b>	Notes may be converted from one interest and/or payment basis to another.
<b>Interest Periods and Rates of Interest</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.
<b>Redemption</b>	<p>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 not affiliated with the Issuer, as specified in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts or redeemable prior to such stated maturity at the option of the Issuer and/or the Noteholders upon giving notice at a price and on such dates as are indicated in the applicable Final Terms.</p>
<b>Early Redemption</b>	The applicable Final Terms will indicate either that (a) the relevant Notes may not be redeemed prior to their stated maturity (other than in specified instalments, (if applicable), for taxation reasons, following an Event of Default and acceleration of the Notes, or (if applicable) following an Additional Disruption Event), or (b) such Notes will be redeemable at the option of the Issuer and/or the Noteholders.
<b>Physical Delivery Notes</b>	Where the applicable Final Terms indicates Notes will be Physical Delivery Notes, in order to receive the relevant asset(s), a Noteholder must deliver an Asset Transfer Notice on or prior to a specified cut-off time and pay all taxes, duties and/or expenses arising from delivery of the relevant assets. For certain Reference Item Linked Notes, if certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the Issuer will be entitled to make

payment of a cash amount in lieu of physical delivery.

<b>Branch of Account</b>	<p>The Head Office of the Issuer in Toronto or such other branch as may be specified in the applicable Final Terms, which is the branch of account for purposes of the Bank Act.</p> <p>Subject to meeting certain conditions described in Condition 19(d), the Issuer may change the Branch of Account for Notes.</p>
<b>Substitution</b>	<p>Subject to the Conditions, a subsidiary or affiliate of the Issuer may be substituted as the issuer in place of the Issuer or a previous substitute company.</p>
<b>Negative Pledge</b>	<p>None.</p>
<b>Cross Default</b>	<p>None.</p>
<b>Events of Default</b>	<p>The terms of the Notes contain events of default covering non-payment or non-delivery or and relating to the insolvency or bankruptcy of the Issuer.</p>
<b>Withholding Tax</b>	<p>All payments of principal and interest will be made without withholding for or on account of taxes imposed by Canada or such other country in which the Branch of Account is located unless any such withholding is required by law whereupon, subject to certain exceptions set out in Condition 16, the Issuer will pay additional amounts to cover the amounts deducted.</p>
<b>Dual Currency Notes</b>	<p>Payments of principal and/or interest in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as set out in the applicable Final Terms.</p>
<b>Variable Coupon Amount Notes</b>	<p>Payments of interest in respect of Variable Coupon Amount Notes will be calculated by reference to an index and/or formula or as set out in the applicable Final Terms.</p>
<b>Variable Redemption Amount Notes</b>	<p>Payments of principal (whether at maturity or otherwise) in respect of Variable Redemption Amount Notes will be calculated by reference to such index and/or formula as set out in the applicable Final Terms.</p>
<b>Index Linked Notes</b>	<p>Amounts payable in respect of Index Linked Notes will be calculated by reference to a single index or a basket of indices and/or such formula as set out in the applicable Final Terms.</p> <p>Index Linked Notes may be subject to early redemption or cancellation, as applicable, or adjustment if an Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, if the Index's Sponsor fails to calculate and announce the Index, if certain market disruption events occur, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's and/or any Affiliate's hedging arrangements.</p> <p>If certain disruption events occur with respect to valuation of an Index, such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.</p>
<b>Equity Linked Notes</b>	<p>Amounts payable in respect of Equity Linked Notes will be calculated by reference to a single equity security or a basket of equity securities as set out in the applicable Final Terms. Equity Linked Notes may also provide for settlement by physical delivery of a specified amount of Shares of one</p>

or more companies, subject to payment of any sums payable.

Equity Linked Notes may, at the discretion of the Issuer, be subject to early redemption or cancellation, as applicable, or adjustment (including valuation and in certain circumstances Equity substitutions) if certain corporate events (such as events affecting the value of an Equity (including Equity divisions or consolidations, extraordinary dividends and capital calls), de-listing of an Equity, insolvency, merger or nationalization of an Equity issuer, a tender offer or redenomination of an Equity) occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's and/or any Affiliate's hedging arrangements, or if insolvency filings are made with respect to an Equity issuer.

If certain disruption events occur with respect to valuation of an Equity, such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

### **Commodity Linked Notes**

Amounts payable in respect of Commodity Linked Notes will be calculated by reference to such commodity-related index and/or formula or to changes in the prices of commodities (which may include precious and base metals, oil, gas, electricity, power and agricultural commodities) and similar indexes or formulas (such as formulas used in weather derivatives) and such other factors as set out in the applicable Final Terms.

Commodity Linked Notes linked to a Commodity Index may be subject to adjustment if the Commodity Index is modified or cancelled and there is no successor acceptable to the Calculation Agent or if the Commodity Index's sponsor fails to calculate and announce the index.

### **Fund Linked Notes**

Amounts payable in respect of Fund Linked Notes will be calculated by reference to units, interests or shares in a single Fund or basket of Funds. Fund Linked Notes may also provide for settlement by physical delivery of a specified amount of units, interests or shares of one or more Funds.

Fund Linked Notes may, at the discretion of the Issuer, be subject to early redemption or cancellation, as applicable, or adjustment (including as to valuations and fund substitutions) if certain corporate events (such as insolvency (or an analogous event) or nationalization of a Fund; litigation against, or regulatory events occurring with respect to, a Fund; suspensions of Fund subscriptions or redemptions; certain changes in net asset value or violations of leverage restrictions of a Fund; Fund reporting disruptions; or modifications to the investment objectives or changes in the nature or administration of a Fund) occur, if certain valuation or settlement disruption events occur with respect to a Fund, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's and/or any Affiliate's hedging arrangements.

Fund Linked Notes linked to Exchange Traded Funds may be subject to early redemption or cancellation, as applicable, or adjustment (including as to valuation) if certain corporate events (such as events affecting the value of a Fund Share including share divisions or consolidation, de-listing of a Fund Share, insolvency, merger or nationalization of a Fund Share issuer, or a tender offer of a Fund Share) or modifications of its investment objectives occur or if certain events occur with respect to the Issuer's and/or Affiliate's hedging arrangements. If certain disruption events occur with respect to the valuation of a Fund Share in respect of an Exchange Traded Fund, such valuation may be postponed and may be

made by the Calculation Agent. Payments may also be postponed.

**FX Linked Notes**

Amounts payable in respect of FX Linked Notes will be calculated by reference to the rate of exchange of a single currency or basket of currencies. FX Linked Notes may also provide for settlement by physical delivery of a specified amount of the relevant currencies.

If certain disruption events occur with respect to a rate of exchange of a single currency or basket of currencies, such valuation may be postponed and/or made by the Calculation Agent.

**Inflation Linked Notes**

Amounts payable in respect of Inflation Linked Notes will be calculated by reference to a single Inflation Index or basket of Inflation Indices.

Inflation Linked Notes may be subject to early redemption or cancellation, as applicable, and/or adjustment if an Inflation Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, or if the Inflation Index Sponsor fails to calculate and announce the Index.

**Preference Share Linked Notes**

Amounts payable in respect of Preference Share Linked Notes will be calculated by reference to the performance of specified preference shares of an issuer specified in the applicable Final Terms (the “**Preference Share Issuer**”).

Preference Share Linked Notes will be subject to early redemption if certain corporate events (such as insolvency, merger or nationalization of the Preference Share Issuer or a tender offer) occur, or if certain events (such as illegality, hedging disruptions or cost increases) occur with respect to the Issuer's or any Affiliate's hedging arrangements, or if insolvency filings are made with respect to the Preference Share Issuer or if the Issuer, or any of its affiliates, receives notice from the Preference Share Issuer that the relevant preference shares are to be redeemed prior to the Maturity Date.

**Protection Amount**

Where a Protection Amount is specified as applicable in the applicable Final Terms, the Final Redemption Amount will in no circumstances be repayable at the stated Maturity Date at less than the Protection Amount specified in the applicable Final Terms. The Protection Amount will not apply in the event that Notes are redeemed prior to their stated Maturity Date or upon the occurrence of a redemption for taxation reasons, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default.

**Additional Disruption Events**

If Additional Disruption Events are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed upon the occurrence of any of the Additional Disruption Events specified as applying in the applicable Final Terms.

**Governing Law**

Notes are governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein unless otherwise provided in the applicable Final Terms.

Notes issued on a non-syndicated basis may be governed by the laws of England if so provided in the applicable Final Terms.

Definitive N Registered Notes are governed by German Law.

**Listing**

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the 12 months from the date of this

Securities Note to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market and to be listed on the Official List of the Luxembourg Stock Exchange. Definitive N Registered Notes will not be listed.

In certain circumstances, the Issuer may terminate the listing of the Notes. The Issuer is not under any obligation to Noteholders to maintain any listing of the Notes. See “*Risk Factors*”.

#### **Ratings**

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

#### **Selling Restrictions**

See “*Subscription and Sale*” and, in respect of any Tranche or Series, such additional selling restrictions as are set out in the applicable Final Terms.

#### **Risk Factors**

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme, which factors are set out in the Registration Document incorporated by reference herein under the heading “*Risk Factors*”. There are certain factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme, related to the Notes generally or related to the market generally, which factors are set out under “*Risk Factors*” below.

Where the applicable Final Terms specify one or more Reference Item(s), the relevant Notes will represent an investment linked to the performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in the Notes will depend upon the performance of the relevant Reference Item(s). See “*Risk Factors - Risks related to the structure of a particular issue of Notes*”.

Notes may not be ordinary debt securities and the return and/or interest and/or principal may be linked to the performance of, amongst other things, one or more of an index or formula, changes in the prices of securities, funds or commodities, movements in currency exchange rates or to the credit of one or more entities not affiliated with the Issuer. The return on such Notes may be influenced by unpredictable factors, including the value of the underlying or factor, which may in turn be linked to the creditworthiness of an underlying entity, market prices of underlying, market volatility, interest rates, currency exchange rates, inflation, the length of time until maturity and other economic, financial, environmental, legal, regulatory, social and political influences which may not be within the Issuer’s control. Where Notes are linked to emerging market countries or currencies, the impact of the factors outlined previously may be magnified. Such factors may cause a partial or total loss of an Investor's investment in Notes and may involve the Investor receiving a return that they might not have anticipated when purchasing Notes. Investors should also be aware of potential conflicts of interest with the Calculation Agent.

Investment in Notes may carry similar risks to a direct investment in the underlying. However, investors will not have legal or beneficial ownership in such underlying. Further, investment in Notes may be illiquid and investors should be prepared to hold Notes to maturity or expiration as there may be no secondary market therefor.

**IN THE CASE OF REFERENCE ITEM LINKED NOTES, PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW BOTH ANY CASH AMOUNTS OR ASSET AMOUNTS ARE PAYABLE AND/OR DELIVERABLE AND HOW ANY INTEREST PAYMENTS ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**

## RISK FACTORS

*The Issuer believes that the following factors are material for the purpose of assessing the market risks associated with Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring or the likelihood or extent to which any such contingencies may affect the ability of the Issuer to pay interest, principal or other amounts in connection with the Notes.*

*There are also additional factors that may affect the Issuer's ability to fulfill its obligations under Notes issued under the Programme, including the Issuer's ability to pay interest, principal or other cash amounts on or in connection with any cash settled Notes or to deliver the Asset Amount in connection with any Physical Delivery Notes, which are set out in the Registration Document incorporated by reference herein, under the heading "Risk Factors".*

*The Issuer believes that the factors described below and in the Registration Document represent the principal risks inherent in investing in Notes issued under the Programme, but there may be other factors relevant to assessing the market risks associated with Notes issued under the Programme than those described below and additional factors that may affect the Issuer's ability to fulfill its obligations under Notes than those described in the Registration Document. Accordingly, the Issuer does not represent that the statements below and in the Registration Document regarding the risks of holding or investing in any Notes are exhaustive. The risks described below and in the Registration Document are not the only risks the Issuer faces. Additional risks and uncertainties, including those not presently known to the Issuer or that it currently believes to be immaterial, could also have a material impact on the Issuer's business operations or the Notes. The Final Terms in respect of an issue of Notes may contain additional Risk Factors in respect of such Notes.*

*Prospective investors should also read the detailed information set out elsewhere in this Securities Note (including any supplement to this Securities Note and any other documents that are or are deemed to be incorporated by reference herein or therein, including the description of additional risk factors contained in the 2016 Annual Report on pages 40 through 75 and the First Quarter Report on pages 18 through 35) and reach their own views prior to making any investment decision.*

*References to "Conditions" means, in respect of the Notes of any Series, the terms and conditions applicable thereto which shall be substantially in the form set out under "Terms and Conditions of the Notes" as modified, with respect to any Notes represented by a Global Certificate or a Global Note, by the provisions of such Global Certificate or Global Note, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the applicable Final Terms applicable to such Series (or, if Notes are issued in more than one Tranche, in the applicable Final Terms relating thereto). Terms used in this section and not otherwise defined shall have the meanings given to them in the Conditions.*

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

Prospective investors should consider the section entitled "Risk Factors" provided in the Registration Document referred to in "Documents Incorporated by Reference" on page 9 of this Securities Note.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

Each of the risks highlighted below could adversely affect the trading price of, or the ability to resell, any Notes or the rights of investors under any Notes and, as a result, investors could lose some or all of their investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay or deliver amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to evaluate the Notes, the merits and risks of investing in the Notes and the information contained in or incorporated by reference in this Securities Note or any applicable supplement and all the information contained in the applicable Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with amounts payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) have knowledge of and access to appropriate analytical resources to analyze quantitatively the effect (or value) of any redemption, cap, floor or other features of the Notes and the resulting impact upon the value of the Notes;
- (v) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Notes linked to one or more Reference Item(s) may entail significant risks not associated with investments in a conventional debt security, including but not limited to, the risks set out in “*Risks related to the structure of a particular issue of Notes*” set out below.

***No interest or additional amounts may be payable under the Notes***

Prospective investors should note that the terms and conditions of the Notes may provide that no interest may be paid on the Notes on or prior to their redemption date. An investor in such Notes, in the context of its own financial position, must be capable of holding such Notes to maturity with no income stream in the form of interest payments.

As there may be no periodic payment of interest to the Noteholders, any increase in the value of the underlying will not be crystallized until the Notes are redeemed and the Notes may fall in value at any time prior to redemption.

**Risks related to the structure of a particular issue of Notes**

Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, (i) all the information set forth in this Securities Note and, in particular, the considerations set forth herein, (ii) all the information contained in the documents incorporated by reference into this Securities Note, and (iii) all the information set forth in the applicable Final Terms. Prospective investors should make such enquiries as they deem necessary, including (without limitation) with their own financial, tax and legal advisers without relying on the Issuer or any Dealer.

The amount paid by the Issuer on redemption of the Notes may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero. Where the Notes are redeemed by the Issuer by delivery of Reference Item(s) the value of the Reference Item(s) may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

Certain Notes that may be issued under the Programme are complex financial instruments that are generally not purchased as stand-alone investments. Such instruments may be purchased as a way to reduce risk or enhance

yield with an understood, measured, appropriate addition of risk to an overall portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how such Notes will perform under changing conditions, the resulting effects on the value of such Notes, the impact this investment will have on the potential investor's overall investment portfolio and whether the potential investor can bear the loss of all or a part of its investment.

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature of Notes is likely to limit the market value and could reduce secondary market liquidity of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

If the Notes have an optional redemption feature, the Issuer may be more likely to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Partly Paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure by an investor to pay any subsequent instalment of the Issue Price in respect of its Notes when required could result in such investor losing all of its investment.

#### ***Variable Coupon Amount Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

#### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***Notes issued at a substantial discount or premium***

The issue price of Notes specified in the applicable Final Terms may be more than the market value of such Notes as of the issue date, and the price, if any, at which a Dealer or any other person is willing to purchase the Notes in secondary market transactions may be lower than the issue price.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing

securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Definitive N Registered Notes***

Definitive N Registered Notes will not be listed, which may have a material effect on the ability of investors to resell the Definitive N Registered Notes in the secondary market.

### ***Basel Capital Requirements Directive***

In order to promote a more resilient banking sector and strengthen global capital standards, the Basel Committee on Banking Supervision (“**BCBS**”) implemented significant capital reform to the regulatory capital framework. The reform is being referred to as Basel III and its objective is to improve the quality of capital and increase the quantity of capital supporting global financial institutions. While Basel III became effective in January 2013, the capital reform is ongoing as the BCBS continues to issue new proposals on numerous topics to further enhance the capital standards in the future. The Issuer currently complies with Basel III capital requirements but the Issuer cannot predict the effects of future regulatory changes on both its own financial performance or the impact on the pricing of the debt or derivative securities issued by the Issuer. Prospective investors should consult their own advisers as to the potential consequences for them and for the Issuer relating to the application of future changes in the Basel III capital framework.

## **Considerations relevant for Reference Item Linked Notes**

The Issuer may issue Notes (“**Reference Item Linked Notes**”) with principal, premium or interest determined by reference to an index or formula, a single security, index or fund, to baskets of indices, securities or funds, to currency prices or commodity prices, to inflation, to preference shares, to movements in currency exchange rates or to other financial variables (each, a “**Reference Item**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. An investment in such Notes entails significant risks that are not associated with similar investments in a conventional fixed rate or floating rate debt security and in some circumstances the value of the Notes may be less than the nominal amount of the Notes and may be zero in which case an investor may lose some or all of the amount it invested in the Notes. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile and the market price of the Notes at any time is likely to be affected primarily by changes in the level of the Reference Item to which the Notes are linked. It is impossible to predict how the level of the Reference Item will vary over time;
- (ii) investors may receive no interest or they may receive interest at a rate that is less than that payable on a conventional fixed rate or floating rate debt security issued at the same time;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal or investment;
- (v) if the principal of and/or premium on such a Note is so indexed, the amount of principal and/or premium payable in respect thereof may be less than the original purchase price of such Note and less than the nominal or face amount of such Note, and the amount of principal and/or premium payable may even be zero;
- (vi) investors should be willing to hold these Notes until the maturity date as the secondary market for such Notes may be limited or non-existent and if there is a limited secondary market then the lack of demand may reduce the market price at which Notes may be sold prior to maturity;
- (vii) the market price will be affected by a number of factors independent of the creditworthiness of the Issuer and will depend on the value of the applicable Reference Item(s) as well as the volatility of the applicable Reference Item(s), the time remaining to the maturity of such Notes, the amount outstanding of such Notes, market interest rates, yield rates and the market for other types of related and unrelated financial instruments and, where the Reference Item(s) are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item;

- (viii) a Reference Item may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other securities, funds or indices and may depend on a number of interrelated factors over which the Issuer has no control, including economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange on which any Reference Item or obligation of the issuer of the Reference Item may be traded. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to such Notes contains a multiplier or leverage factor, the effect of any change in the Reference Item(s) will be increased (or decreased if the multiplier or relevant factor is less than one) and this increase (or decrease) may be significant;
- (ix) the timing of changes in a Reference Item(s) may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Reference Item(s), the greater the effect on yield;
- (x) with respect to Equity Linked Notes, if such Notes are redeemable either by payment of a cash amount or by delivery of the underlying securities in lieu thereof, there is no assurance that the cash amount or value of the securities received will not be less than the purchase price of the Notes;
- (xi) Notes are of limited maturity and, unlike direct investments in a share, index, fund, security, commodity or other asset, investors are not able to hold them beyond the Maturity Date in the expectation of a recovery in the price of the underlying; and
- (xii) the price at which an investor will be able to sell Notes prior to the Maturity Date may be at a substantial discount to the market value of the Notes at the time they are issued depending on the performance of the Reference Item(s).

The historical experience of the relevant currencies, commodities, interest rates, equities, indices, funds or other financial variables should not be taken as an indication of future performance of such currencies, commodities, interest rates, equities, indices, funds or other financial variables during the term of any Note. Prospective investors should consult their own financial and legal advisers as to the risks entailed by an investment in such Notes and the suitability of such Notes in light of their particular circumstances.

Prospective investors in Reference Item Linked Notes should understand the risks of transactions involving such Reference Item Linked Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

As the amount of interest payable periodically and/or principal payable at maturity may be linked to the performance of the Reference Item(s), an investor in such a Reference Item Linked Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Reference Item(s).

Where the applicable Final Terms specify one or more Reference Item(s), the relevant Reference Item Linked Notes will represent an investment linked to the economic performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in such Reference Item Linked Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that while the market value of Reference Item Linked Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Reference Item Linked Notes represent the right to receive payment or delivery, as the case may be, of the relevant cash amount and/or asset amount on the relevant Maturity Date as well as periodic payments of interest (if specified in the applicable Final Terms), all or some of which may be determined by reference to the performance of the relevant Reference Item(s). The applicable Final Terms will set out the provisions for the determination of any cash amount and/or asset amount and of any periodic interest payments.

Reference Item Linked Notes may be principal protected or non-principal protected. Investors in Reference Item Linked Notes that are non-principal protected may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction. Whether or not a Note is principal protected, all

payments on such Note are subject to the Issuer's credit risk and its ability to pay its obligations on the applicable payment dates.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW BOTH ANY CASH AMOUNTS AND/OR ASSET AMOUNTS ARE PAYABLE OR DELIVERABLE AND HOW ANY PERIODIC INTEREST PAYMENTS ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**

Fluctuations in the value and/or volatility of the relevant Reference Item(s) may affect the value of the relevant Reference Item Linked Notes. Investors in Reference Item Linked Notes may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

There is no return on Reference Item Linked Notes other than the potential payment or delivery, as the case may be, of the relevant cash amount and/or asset amount on the Maturity Date and payment of any periodic interest payments.

**The amount paid or the value of the specified assets delivered by the Issuer on redemption of such Notes may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.**

Other factors which may influence the market value of Reference Item Linked Notes include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the level of the relevant Reference Item(s) from time to time, the creditworthiness of the Issuer and/or the issuer of the relevant Reference Item(s) (if applicable), general market sentiment and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Reference Item Linked Notes.

If any of the relevant Reference Item(s) is an index, the value of such Reference Item(s) on any day will reflect the value of its constituents on such day. Changes in the composition of such Reference Item(s) and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of such Reference Item(s) and therefore may affect the return on an investment in Reference Item Linked Notes.

The Issuer may issue several issues of Reference Item Linked Notes relating to particular Reference Item(s). However, no assurance can be given that the Issuer will issue any Reference Item Linked Notes other than the Reference Item Linked Notes to which the applicable Final Terms relate. At any given time, the number of Reference Item Linked Notes outstanding may be substantial. Reference Item Linked Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Reference Item(s) to which such Reference Item Linked Notes relate.

***Principal at risk Notes - Reference Item Linked Notes may not be Principal Protected***

**THE ISSUER MAY ISSUE CERTAIN REFERENCE ITEM LINKED NOTES THAT DO NOT GUARANTEE ANY POSITIVE RETURN OR REPAYMENT OF ALL OF THE PRINCIPAL AMOUNT AT MATURITY. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF SUCH NOTES MAY BE LESS THAN THE PRINCIPAL AMOUNT OF THE NOTES OR THE INITIAL INVESTMENT AMOUNT AND MAY BE ZERO IN CERTAIN CIRCUMSTANCES. INVESTORS COULD LOSE ALL OR SUBSTANTIALLY ALL OF THEIR INVESTMENT IN THE NOTES AND THE REDEMPTION AMOUNT AT MATURITY MAY BE SUBJECT TO A MAXIMUM AMOUNT.**

**THERE CAN BE NO ASSURANCE THAT THE NOTES WILL PROVIDE ANY POSITIVE RETURN. THE VALUE OF THE NOTES WILL FLUCTUATE DURING THE TERM OF THE NOTES. FLUCTUATIONS IN THE VALUE OF ANY REFERENCE ITEM ARE UNPREDICTABLE AND WILL BE INFLUENCED BY FACTORS THAT ARE BEYOND THE CONTROL OF THE ISSUER. HISTORICAL VALUES OF ANY REFERENCE ITEM SHOULD NOT BE CONSIDERED AS ANY INDICATION OF THE FUTURE PERFORMANCE THEREOF.**

***Reference Item Linked Notes may have principal protection only on the Maturity Date***

Prospective investors should note that Reference Item Linked Notes may have a minimum redemption amount at the Maturity Date equal to the Protection Amount. There can be no assurance that the Notes will be redeemed on the Maturity Date at an amount above the Protection Amount set out in the applicable Final Terms. The return on the Notes will depend on the performance of the Reference Item(s). If the value of Reference Item(s) does not increase over the term of the Notes, an investor in the Notes will not receive any return on its initial investment amount. Furthermore, such an investor will have lost the opportunity to earn the profit that it might have earned on a deposit or any investment in fixed income securities of the same amount and the same duration. If the Notes are redeemed prior to their stated Maturity Date by the Issuer, investors in the Notes may not be repaid the amount originally invested by them in the Notes.

***Physical Delivery***

Where the Notes provide for Physical Delivery, the Calculation Agent may determine that a Settlement Disruption Event is subsisting and/or where “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Final Terms, that it is impossible or impracticable to deliver when due some or all of the Asset Amount(s) due to be delivered due to illiquidity in the relevant market. A Settlement Disruption Event is an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the specified Asset Amount(s) to be delivered by, or on behalf of, the Issuer in accordance with the Conditions and/or the applicable Final Terms, is not practicable. Any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes and/or may lead to cash settlement rather than physical settlement in respect of the Notes.

***Expenses for Physical Delivery***

In the case of Notes which provide for Physical Delivery, all expenses arising from the delivery of the specified assets in respect of such Notes shall be for the account for the relevant Noteholders and no delivery of the Reference Item(s) shall be made until all expenses have been paid to the satisfaction of the Issuer and the relevant Noteholders. Physical Delivery may be delayed and this might affect the investor’s ability to deal with the underlying asset.

***Asset Transfer Notices***

In the case of Notes which provide for Physical Delivery, the investor must deliver a duly completed Asset Transfer Notice within 90 calendar days of the Cut-Off Date or the Issuer will be discharged in respect of its obligations under the Notes. Failure to deliver a notice may affect the return for the investor.

***The Issuer may have the right to vary settlement***

In the case of Notes which provide for Physical Delivery, if so indicated in the applicable Final Terms, the Issuer has an option to vary settlement in respect of such Notes. If exercised by the Issuer, this option will lead to Physical Delivery Notes being cash settled or Cash Settled Notes being physically settled. Exercise of such option may adversely affect the value of the Notes.

***No Claim against any Reference Item(s)***

Owning Notes with principal, premium or interest and/or delivery of specified assets determined by reference to a Reference Item(s) is not the same as owning the Reference Item(s). A Note will not represent a claim against any Reference Item(s) and, in the event that the amount paid on redemption of the Notes is less than the nominal amount of the Notes, a Noteholder will not have recourse under a Note to any Reference Item(s). Accordingly, the market value of such Notes may not have a direct relationship with the market price of the Reference Item(s) and changes in the market price of the Reference Item(s) may not result in a comparable change in the market value of the Notes. For example, the market value of such Notes may not increase even if the price of the Reference Item(s) increases. It is also possible for the price of the Reference Item(s) to increase while the market price of such Notes declines.

### ***Certain considerations regarding hedging***

Prospective investors intending to purchase Notes to hedge against the market risk associated with investing in one or more Reference Items should recognise the complexities of utilising the Notes in this manner. For example, the value of the Notes may not exactly correlate with the value of the Reference Item(s). Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the Reference Item(s).

### ***Potential conflicts of interest in relation to hedging and trading***

The Issuer or one or more of its affiliates may hedge the obligations under Reference Item Linked Notes by purchasing or selling the Reference Item(s) or other derivative instruments with returns linked to or related to changes in the value of the Reference Item(s) and may also adjust these hedges by, among other things, purchasing or selling the Reference Item(s) or other derivative instruments at any time and from time to time. Any of these hedging activities may affect the price of the Reference Item(s) and, therefore, the value of associated Reference Item Linked Notes. It is possible that the Issuer or one or more of its affiliates could receive substantial returns from these hedging activities while the value of the Reference Item(s) may decline.

The Issuer or one or more of its affiliates may also engage in trading in the Reference Item(s) on a regular basis as part of general broker-dealer and other businesses of the Issuer or its affiliates, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could affect the price of the Reference Item(s) and, therefore, the value of the associated Reference Item Linked Notes. The Issuer or one or more of its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the value of the Reference Item(s) and the availability of such competing products could adversely affect the value of the Reference Item Linked Notes.

The Calculation Agent for an issue of Notes is the agent of the Issuer and not an agent for the Noteholders. Where the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and the Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Conditions that may influence the amount receivable or specified assets deliverable upon redemption of the Notes. The Calculation Agent will make such determinations and adjustments as it deems appropriate, in accordance with the Conditions of the Notes. In making such determinations and adjustments, the Calculation Agent will be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

The Issuer and any relevant Dealer may, at the date hereof or any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or any Dealer(s) to disclose to Noteholders any such information.

Any additional conflicts of interest with respect to any Notes will be specified in the applicable Final Terms.

### ***Early redemption for Illegality***

In the event that the Issuer determines in good faith that the performance of the Issuer's obligations under the Notes or that any arrangements made to hedge the Issuer's obligations under such Notes have or will become unlawful, illegal, or otherwise prohibited in whole or in part, as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or the interpretation thereof, the Issuer may redeem the Notes prior to their stated maturity at an amount equal to the fair market value of each Note taking into account hedge costs or at the Early Redemption Amount specified in the applicable Final Terms, together if appropriate with accrued interest, and taking into account hedging losses by any affiliate of the Issuer.

### ***No pledge or holding of Reference Item(s)***

Neither the Issuer nor any of its affiliates will pledge or otherwise hold the Reference Item(s) or other derivative instruments for the benefit of Noteholders in order to enable Noteholders to exchange Reference Item Linked Notes for the associated Reference Item(s) or other derivative commitments under any circumstances. Consequently, in the event of a bankruptcy, insolvency or liquidation of the Issuer, any of the Reference Item(s)

or other derivative commitments owned by the Issuer or its affiliates will be subject to the claims of the Issuer's creditors generally and will not be available specifically for the benefit of Noteholders.

### ***Market Disruption Event and Disrupted Day***

If an issue of Notes includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date, an Averaging Date, an Observation Date or a scheduled payment date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date, an Averaging Date, an Observation Date or a scheduled payment date, any consequential postponement of the Valuation Date, Averaging Date, an Observation Date or a scheduled payment date or any alternative provisions for valuation or payment provided in any Notes may have an adverse effect on the value of or payment received on such Notes.

### ***Post-Issuance Information***

The Issuer will not provide post-issuance information in relation to the relevant Reference Item and the information relating to the relevant Reference Item will therefore not be up to date beyond the date of the applicable Final Terms.

### ***Tax Treatment***

The tax treatment of Reference Item Linked Notes is uncertain and the tax treatment applicable to such Notes may change before the maturity, exercise or redemption (as applicable) of the Notes. Prospective investors should consult their own independent tax advisors before making an investment in Reference Item Linked Notes.

## **Risks relating to Specific Reference Item Linked Notes**

### **Commodity Linked Notes**

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon the price or changes in the price of a commodity or basket of commodities or where, depending on the price or change in the price of the commodity or basket of commodities, on maturity or redemption the Issuer may be obliged to deliver specified assets ("**Commodity Linked Notes**"). Potential investors in any such Notes should be aware that depending on the terms of the Commodity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and/or (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the commodity or commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the commodity or basket of commodities may affect the actual yield to investors, even if the average level is consistent with their expectations. In particular, Commodity Linked Notes, which are related to the value of commodities, tend to be more volatile than traditional securities investments. The market values of commodities tend to be highly volatile. Commodity market values are not related to the value of a future income or earnings stream, as tends to be the case with fixed-income and equity investments, but are subject to variables of specific application to commodities markets. These variables include changes in supply and demand relationships, governmental programmes and policies, national and international monetary, trade, political, judicial and economic events, changes in interest and exchange rates, speculation and trading activities in commodities and related contracts, weather, and agricultural, trade, fiscal and exchange control policies. These factors may have a larger impact on commodity prices and commodity-linked instruments than on traditional fixed-income and equity securities. Further, in general, the earlier the change in the price or prices of the commodities, the greater the effect on yield.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the commodity or commodities on principal, interest payable or the amount of specified assets deliverable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of the commodities. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

## Index Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon the level, or changes in the level, of an index or a basket of indices (“**Index Linked Notes**”).

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

Potential investors in any such Notes should be aware that, depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and/or (iii) they may lose all or a substantial portion of their principal investment. In addition, movements in the level of the index or basket of indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on principal and/or interest payable will be magnified.

Returns on Index Linked Notes that reference indices may not reflect the return an investor would realise if it actually owned the relevant assets comprising the components of the index or owned a different form of interest in the relevant index and in the same proportion as the weighting of such relevant assets in the index or, as the case may be, indices in an index basket. For example, if the components of the indices are equity securities, Noteholders will not receive any dividends paid or distributions made on those equity securities and will not participate in the return on those dividends or distributions unless the relevant index takes dividends into account for purposes of calculating the relevant level. Similarly, an investor in the Notes will not benefit from any voting rights or rights to receive cash dividends or other distributions or rights that it would have benefited in case of direct investment in the securities. Accordingly, holders of Notes that reference indices as Reference Items may receive a lower payment on the redemption/settlement of such Notes than such holders would have received if they had invested in the components of the index directly or other comparable instruments linked to the index.

The Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Conditions) and/or, if Additional Disruption Events is specified as applying in the applicable Final Terms, an Additional Disruption Event has occurred at any relevant time. Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay any applicable payments or settlement. Prospective purchasers should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

The Index Sponsor of any relevant Index can add, delete or substitute the assets comprised in the Index or amend in any other way the methodology of the Index. Investors should be aware that those decisions by the Index Sponsor may adversely affect the value of the Notes (for example, if the components of the indices are equity securities, if a newly added company performs significantly worse or better than the company it replaces).

No Index Sponsor of any relevant Index has to consider interests of Noteholders in calculating and revising the Index.

If an Index Adjustment Event occurs, prospective purchasers should note that the Issuer may redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date and the volatility of the level of the index or indices. The level of the index or indices may be affected by

the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any assets comprising the index or indices may be traded.

### **Equity Linked Notes**

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon the price of or changes in the price of an equity security or a basket of equity securities or where, depending on the price of or change in the price of an equity security or a basket of equity securities, on redemption the Issuer's obligation is to deliver specified assets ("**Equity Linked Notes**").

Potential investors in any such Notes should be aware that, depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and/or (iii) they may lose all or a substantial portion of their investment. In addition, movements in the price of the equity security or basket of equity securities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the equity security or basket of equity securities may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the equity security or equity securities, the greater the effect on yield.

If the amount of principal and/or interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the equity security or equity securities on principal and/or interest payable will be magnified.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the equity security or equity securities, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant equity security or equity securities as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such securities may be traded.

#### ***No issuer of the relevant equity security(ies) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Equity Linked Notes***

No equity issuer will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Equity Linked Notes and neither the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such equity issuer contained in such Final Terms or in the documents from which such information was extracted. The Issuer does not control any equity issuer and is not responsible for any disclosure made by any equity issuer. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the adequacy, accuracy or completeness of the publicly available information described in this paragraph or in any applicable Final Terms) that would affect the trading price of the relevant equity securities will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such equity issuer could affect the trading price of the equity security(ies) and therefore the trading price of the Notes.

#### ***Factors affecting the performance of equity securities may adversely affect the value of the Equity Linked Notes***

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

#### ***Noteholders have no claim against the equity issuers or recourse to the equities***

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

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

Upon determining that a Potential Adjustment Event, Merger Event, Tender Offer, De-listing, Nationalization, Insolvency or Additional Disruption Event has occurred in relation to an underlying equity issuer, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Equity Linked Notes and/ or (ii) (in the case of a Merger Event, Tender Offer, De-listing, Nationalization, Insolvency or an Additional Disruption Event) cause early redemption of the Equity Linked Notes, any of which determinations may have an adverse effect on the value of the Equity Linked Notes. In particular, in the event that the Equity Linked Notes are redeemed early, the amount payable to investors may be significantly less than the investor's initial investment, and may be as low as zero. Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the equity securities, (b) an extraordinary dividend, (c) a call of the Shares that are not fully paid, (d) a repurchase by the Share Company, or an affiliate thereof, of the Shares, (e) a separation of rights from the Shares or (f) any event having a dilutive or concentrative effect on the value of the Shares.

If Additional Disruption Events is specified as applying in the applicable Final Terms, the Calculation Agent may determine that an Additional Disruption Event has occurred at any relevant time. Additional Disruption Events include (1) a change in applicable law since the Trade Date that makes it illegal to hold, acquire or dispose of the Shares or more expensive for the Issuer to hedge its obligations under the relevant Equity Linked Notes, (2) an insolvency filing by or on behalf of any issuer of the relevant Share(s), (3) Increased Cost of Hedging and (4) Hedging Disruption.

Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay any applicable payments. Prospective purchasers should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

***Adoption of the euro***

In respect of Equity Linked Notes relating to an equity security or equity securities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the euro, if such equity security or equity securities is/are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant stock exchange or quotation system, prospective purchasers should note that the Calculation Agent will adjust any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. Prospective purchasers should also note that the Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the relevant Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the relevant Valuation Time.

***Additional considerations relevant for Index Linked Notes or Equity Linked Notes where an equity security, basket of equity securities or equity index is the Reference Item***

Noteholders will not have voting rights or rights to receive dividends or other distributions or any other rights that holders of the reference equity securities would have and Noteholders will not have any beneficial interest in or right to acquire the reference equity securities or any derivative instruments related thereto.

The Calculation Agent may not be required to make an adjustment for every event that can affect the reference index or equity securities. If an event occurs that does not require the Issuer to adjust the amount payable at maturity in respect of the reference equity security or reference index of equity securities, the market price of the associated Reference Item Linked Notes and the amount of interest or the principal amount payable at the maturity may be materially and adversely affected.

The Issuer or one or more of its affiliates may, at present or in the future, engage in business with an issuer of reference equity securities or its competitors, including making loans to or equity investments in an issuer of reference equity securities or its competitors or providing either with investment banking, asset management or other advisory services, including merger and acquisition advisory services. These activities may present a conflict between the Issuer's or its affiliates' obligations and the interests of Noteholders. Moreover, the Issuer

or one or more of its affiliates may have published and may in the future publish research reports on an issuer of reference equity securities or upon any reference index which may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Reference Item Linked Notes. Any of these activities could affect the price of the reference equity securities or index and, therefore, the value of the associated Reference Item Linked Notes.

If the Issuer and its affiliates are not affiliated with the issuers of the reference equity securities, the Issuer will have no ability to control or predict the actions of these issuers, including any corporate actions of the type that would require the Issuer to adjust the amount payable on the Reference Item Linked Notes, and will have no ability to control the public disclosure of these corporate actions or any other events or circumstances affecting the issuers of reference equity securities. The issuers of the reference equity securities will have no obligation to consider the interests of Noteholders in taking any corporate actions that might affect the value of the associated Reference Item Linked Notes. The issuers of the reference equity securities may take actions that will adversely affect the value of the associated Reference Item Linked Notes. None of the money paid for the Reference Item Linked Notes will go to the issuers of the reference equity securities.

Neither the Issuer nor any of its affiliates assumes any responsibility for the adequacy or accuracy of the information about the issuers of the reference equity securities contained in any terms supplement or in any publicly available filings made by the issuers of the reference equity securities. Prospective investors should make their own investigation into the relevant issuers of the reference equity securities.

***Noteholders may receive physical delivery of equity securities in lieu of payment of cash amounts***

Where the Equity Linked Notes include the right of the Issuer, subject to the fulfillment of a particular condition, to redeem the Equity Linked Notes at their maturity by delivering equity securities to the investor, the investors will receive such equity securities rather than a monetary amount upon maturity. Noteholders will, therefore, be exposed to the equity issuer and the risks associated with such equity securities. The investor should not assume that he or she will be able to sell such equity securities for a specific price after the redemption/settlement of the Notes, and in particular not for the purchase price of the Equity Linked Notes. Under certain circumstances the equity securities may only have a very low value or may, in fact, be worthless.

Noteholders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such equity securities. Noteholders may be subject to United Kingdom stamp duty reserve tax if (a) the equity securities are not shares of a body corporate, (b) they are shares of a body corporate but either (i) the body corporate is incorporated in the United Kingdom, (ii) the equity securities are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised or (iii) the equity securities are paired with shares of a body corporate incorporated in the United Kingdom, or (c) the equity securities are issued or raised by a Societas Europaea which, at the time when it falls to be determined whether the securities are chargeable securities, has its registered office in the United Kingdom.

***Noteholders will have no voting rights or may have no right to receive dividends or distributions in respect of the relevant equity securities***

Except as provided in the relevant Conditions in relation to Physical Delivery Notes, holders of Equity Linked Notes will not have voting rights or any other rights with respect to the relevant equity securities to which such Equity Linked Notes relate. Unless the “Dividend Amount Provisions” are applicable for Equity Linked Notes, Holders of Equity Linked Notes will not have rights to receive dividends or distributions. As a result, the return on the Equity Linked Notes may not reflect the return an investor would realize if the investor actually owned those relevant equity securities and received the dividends paid or other distributions made in connection with them.

**FX Linked Notes**

***Factors affecting the performance of the relevant foreign exchange rate may adversely affect the value of the Notes***

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon foreign exchange rates or changes in foreign exchange rates. The foreign exchange rate(s) to which the Notes are linked will affect the nature and value of the investment return on the FX Linked Notes (or any other Notes which expose the investor to foreign exchange risks). The performance of foreign exchange rates is dependent upon the

supply and demand for currencies in the international foreign exchange markets, which are subject to international and domestic political factors, economic factors (including inflation rates in the countries concerned, interest rate differences between the respective countries), economic forecasts, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Measures taken by governments and central banks include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a Specified Currency that would affect exchange rates and the availability of a Specified Currency which would affect return on the FX Linked Note or ability of the Issuer to make delivery in the Specified Currency.

***The Issuer is an active foreign exchange dealer and is subject to conflicts of interest***

Investors should note that the Issuer and its affiliates are regular participants in the foreign exchange markets and in the ordinary course of their business may effect transactions for their own account or for the account of their customers and hold long and short positions in currencies and related derivatives, including in the currencies of the relevant foreign exchange rate(s). Such transactions may affect the relevant foreign exchange rate(s), the market price, liquidity or value of the Notes and could be adverse to the interests of holders. Neither the Issuer nor any of its Affiliates has any duty to enter into such transactions in a manner which is favourable to Noteholders.

***Currencies of emerging markets jurisdictions pose particular risks***

FX Linked Notes linked to emerging market currencies may experience greater volatility and less certainty as to the future levels of such emerging market currencies or their rate of exchange as against other currencies.

**Fund Linked Notes**

The Issuer may issue Notes where the amounts payable are dependent upon the price or changes in the price of one or more Fund Interests or Fund Shares or where, depending on the price or changes in the price of one or more Fund Interests or Fund Shares, the Issuer has an obligation to deliver specified assets. Accordingly, an investment in Fund Linked Notes may bear similar market risks to a direct fund investment and investors should take advice accordingly. Funds may also include exchange traded funds (“ETFs”) and references herein to a Fund includes an ETF where the context so admits.

Potential investors in any such Notes should be aware that depending on the terms of the Fund Linked Notes (i) they may receive no or a limited amount of interest or additional amounts, as applicable, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of one or more Fund Shares or Fund Interests may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the one or more Fund Shares or Fund Interests may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of one or more Fund Shares or Fund Interests, the greater the effect on yield.

***A Fund may be subject to Fund Events which may adversely impact the value of Fund Linked Notes***

If certain events specified as Fund Events occur, the Calculation Agent may replace the Fund by other Funds and thereafter the amount payable in respect of the Fund Linked Notes will depend on and be calculated by reference to the performance of an alternate asset. This may have a considerable impact on the value of the Fund Linked Notes and the amount payable in respect of the Fund Linked Notes. Alternatively, any determination dates and payment dates may be changed by the Calculation Agent, or the amount paid per Fund Linked Notes may be based on the only cash amounts that an investor in the fund actually received, which might be as low as zero.

***Risk from composition and changes to a fund***

Neither the Issuer nor its affiliates have the ability to control or predict the actions of the Fund Adviser or other Fund Service Provider. The Fund Adviser is not involved in the offer of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value

of the Notes. The management company of a Fund (the “**Fund Manager**”) can, without regard to the interests of the investors in the Fund Linked Notes, add, delete or substitute any Funds by reference to which the value of a Fund is calculated or make other methodological changes that could change the investment profile of a Fund. The Fund Manager may also determine to discontinue a Fund. If a Fund is discontinued, it may be replaced by other assets and/or the Fund Linked Notes may be redeemed or exercised early. In the event that a Fund is materially modified or permanently cancelled or the Fund Manager fails to calculate or announce the net asset value of a Fund, the Calculation Agent will either make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions of the Fund Linked Notes as the Calculation Agent determines appropriate to account for the effect on the Fund Linked Notes of such events, or may redeem or exercise the Fund Linked Notes early. Any of these decisions or determinations may adversely impact the value of the Fund Linked Notes. In the event that the Fund Linked Notes are redeemed early, that amount payable to an investor may be less than the investor's initial investment, and may be as low as zero.

***Funds may be subject to transfer restrictions and illiquidity***

Funds and the assets thereof may be subject to transfer restrictions arising by way of applicable securities laws or otherwise. Such restrictions may mean that purchasers of the Fund Linked Notes are not entitled to acquire interests in the Funds directly. Holders of units or shares in a Fund may have the right to transfer or withdraw their investment in the Funds only at certain times and upon completion of certain documentary formalities and such rights may be subject to suspension or alteration. These circumstances may affect the net asset value of the Funds in question. Potential investors should familiarize themselves with the features of the Funds in this regard.

***Events which affect the value of a Fund will affect the value of Fund Linked Notes***

The occurrence of any of the following events could materially and adversely affect the value of shares or units in a Fund, and have a consequent material and adverse effect on the value of Fund Linked Notes:

- *Valuation:* The valuation of Funds is generally controlled by the management company of the Fund. Valuations are performed in accordance the terms and conditions governing the Fund. Such valuations may be based upon the unaudited financial records of the Fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the Fund and accounts. The Fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable net asset values may be difficult to obtain. In consequence, the management company may vary certain quotations for such investments held by the Fund in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustment upward or downward. Uncertainties as to the valuation of Fund assets and/or accounts may have an adverse effect on the net asset value of the Fund where such judgements regarding valuations prove to be incorrect.
- *Trading charges:* The performance of a Fund will be affected by the charges incurred thereby relating to the investments of such Fund. The Fund may engage in short-term trading which may result in increased turnover and associated higher than normal brokerage commissions and other expenses.
- *Legal and regulatory changes:* Future changes to applicable law or regulation may be adverse to a Fund.
- *Investment risk:* All investments risk the loss of capital and/or the diminution of investment returns. A Fund may utilize (*inter alia*) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realizable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses.
- *Illiquidity:* A Fund may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated.
- *Performance risk:* No assurance can be given relating to the present or future performance of a Fund. The performance of a Fund is dependent on the performance of the management company thereof.

Certain management companies may utilize analytical models upon which investment decisions are based. No assurance can be given that these persons will succeed in meeting the investment objectives of the Fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which the Funds have invested or will invest will prove accurate.

- *Effect of exchange rates and exchange controls:* The net asset value of a Fund could be adversely affected not only by hedging costs and changes in exchange rates, but also by local exchange control regulations and other limitations, including currency exchange limitations and political and economic developments in the relevant countries.
- *Market risks:* The markets in which a Fund invests may prove to be highly volatile from time to time as a result of, for example, sudden changes in government policies on taxation and currency repatriation or changes in legislation relating to the value of foreign ownership in companies, and this may affect the net asset value at which a Fund may liquidate positions to meet repurchase requests or other funding requirements.
- *Hedging risks:* A Fund may in certain cases employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses. A Fund may take substantial unhedged positions.
- *Interest rate risks:* The values of securities held by a Fund (or by any underlying Fund) tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding net asset values of a Fund's positions to move in directions which were not initially anticipated. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose a Fund to losses.
- *Absence of regulation:* A Fund will generally not be regulated under the laws of any country or jurisdiction. As a result, certain protections of such laws (which, among other things, may require investment companies to have disinterested directors, require securities to be held in custody and segregated, regulate the relationship between the investment company and its adviser and mandate investor approval before fundamental investment policies may be changed) do not apply to a Fund. This absence of regulation may adversely affect the performance of a Fund.
- *Suspension of trading:* A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for a Fund to liquidate positions and thereby expose a Fund to losses.
- *Dependence on key individuals:* The success of a Fund is dependent on the expertise of its managers. The loss of one or more individuals could have a material adverse effect on the ability of a Fund Manager to direct a fund's portfolio, resulting in losses for a Fund and a decline in the value of a Fund. Indeed, certain fund managers may have only one principal, without whom the relevant Fund Manager could not continue to operate.
- *Experience of Fund Managers:* Certain Funds may be managed by investment managers who have managed hedge funds for a relatively short period of time. The previous experience of such investment managers is typically in trading proprietary accounts of financial institutions or managing unhedged accounts of institutional asset managers or other investment firms. As such investment managers do not have direct experience in managing Funds or hedge funds, including experience with financial, legal or regulatory considerations unique to Fund management, and there is generally less information available on which to base an opinion of such managers' investment and management expertise, investments with such investment managers may be subject to greater risk and uncertainty than investments with more experienced Fund Managers.
- *Risk of fraud:* There is a risk that a Fund Manager could divert or abscond with the assets, fail to follow agreed-upon investment strategies, provide false reports of operations or engage in other misconduct.

- *Performance compensation payable to Fund Managers:* The performance-based compensation paid to a Fund Manager is typically calculated on a basis that includes unrealized appreciation and may consequently be greater than if such compensation were based solely on realized gains. Each Fund generally calculates its own performance compensation based on its individual performance, irrespective of increases in the overall value of the Fund. Furthermore, when the Fund is rebalanced and an unprofitable underlying asset is removed, the loss carried forward by such Fund's trading is eliminated for purposes of calculating subsequent performance compensation due to the Fund Manager of any replacement underlying asset. Thus, there may be substantial incentive compensation due to the relevant Fund Manager even during a period when the portfolio of assets is incurring significant losses.
- *Concentration risk:* As many hedge funds have the authority to concentrate their investments in securities of a single issuer or industry, the overall adverse impact on one or more components of the fund, and correspondingly on the value of the Fund, of adverse movements in the value of such securities could be considerably greater than if the Fund were not permitted to concentrate their investments. Moreover, a number of hedge funds included as components in a Fund might accumulate substantial positions in the same or related instruments at the same time. As information regarding the actual investments made by such funds is not generally available, the management company will be unable to identify any such accumulations, which could expose the relevant Fund to the risk of sudden and severe declines.
- *Risks of leverage:* A Fund may borrow without limitation and typically utilizes various lines of credit and other forms of leverage. In addition, certain of a Fund's investment strategies (primarily those utilizing derivative instruments) may involve indirect forms of leverage. While leverage presents opportunities for increasing a Fund's total return, it increases the potential risk of loss as well. Any event which adversely affects the value of an investment by a Fund is magnified to the extent that such investment is leveraged. Leverage can have a similar effect on issuers in which a Fund invests. The use of leverage by a Fund could result in substantial losses which would be greater than if leverage had not been used. A Fund's assets may be further leveraged or hedged by the use of derivatives. In addition, investments of a fund may include investments in partnerships and other pooled investment vehicles, which themselves employ leverage to a significant extent. Such investments are subject to the same leverage risks as described above and a Fund could lose its entire investment. As a general matter, the banks and dealers that provide financing to a fund can apply essentially discretionary margin, haircut, financing and security and collateral valuation policies. Changes by banks and dealers in these policies may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous net asset values.
- *Non-deductible taxes:* As Funds may be resident in so-called off-shore jurisdictions, which have not entered into any double taxation conventions with other countries, any income of such Fund may be subject to taxation in the countries of origin. As such withholding taxes are non-deductible due to the fact that such Funds are not subject to income taxation in their countries of residence, the Fund's net income may be reduced which may have a negative impact on the performance of such Fund.
- *Investment criteria:* It may be difficult to specify precisely or comprehensively the strategies of a Fund. As a result, it may not sometimes be clear whether or not a Fund fulfills the investment criteria set out in its offering document.
- *Risks of equity investments:* The investment orientation of a Fund may be based to a significant extent on equity investments. Investment in equity securities to aggressively seek capital appreciation is speculative and is generally perceived to encompass greater risks than those involved in connection with an investment in debt securities of comparable issuers.
- *Risks of fixed income investments:* A Fund may invest in fixed income securities and, therefore, may be exposed to the risk of default by the issuers of such securities. Such default may result in delays in payment, or non-payment of interest or principal when due. Furthermore, the net asset value of fixed income securities may also fluctuate with changes in prevailing interest rates and/or in the creditworthiness of the issuer, and these fluctuations may result in a loss of capital by a Fund.
- *Risks of collective investment schemes:* Some Funds may invest in other collective investment schemes. Investment in schemes of this type may afford the investor less transparency in respect of the ultimate assets of the scheme.

- *Large transactions:* Large subscriptions and redemptions may result in the liquidation or dilution of fund assets that may affect the net asset value of such Fund.
- *Emerging markets:* A Fund may invest in securities of governments of, or companies domiciled in, less-developed or emerging markets. Custody arrangements in such countries may also present enhanced risk.
- *Risks of repos:* A Fund may use repurchase agreements. Under a repurchase agreement, a security is sold to a buyer and at the same time the seller of the security agrees to buy back the security at a later date at a higher net asset value. In the event of a bankruptcy or other default of the transferor of securities in a repurchase agreement, a Fund could experience delays in liquidating the underlying securities and losses, including possible declines in the value of the collateral during the period while it seeks to enforce its rights thereto; possible subnormal levels of income and lack of access to income during this period and the expenses of enforcing its rights. In the case of a default by the transferee of securities in a repurchase agreement, the management company bears the risk that the transferee may not deliver the securities when required.
- *Risks of currency speculation:* A Fund may engage in exchange rate speculation. Foreign exchange rates have been highly volatile in recent years. The combination of volatility and leverage gives rise to the possibility of large profit but also carries a high risk of loss. In addition, there is counterparty credit risk since foreign exchange trading is done on a principal to principal basis.
- *Risks of commodity futures:* Commodity futures prices can be highly volatile. As a result of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.
- *Risks of derivative and certain other financial instruments:* A Fund may use derivative and other financial instruments, such as collateralized debt obligations, stripped mortgage-backed securities, options and swaps. There are uncertainties as to how the derivatives market will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Substantial risks are also involved in borrowing and lending against such instruments. The prices of these instruments are volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the positions held by a Fund, thereby causing substantial losses. Most of these instruments are not traded on exchanges but rather through an informal network of banks and dealers. These banks and dealers have no obligation to make markets in these instruments and may apply essentially discretionary margin and credit requirements (and thus, in effect, force a Fund to close out its relevant positions). In addition, such instruments carry the additional risk of failure to perform by the counterparty to the transaction. Government policies, especially those of the U.S. Board of Governors of the Federal Reserve System (the “**Federal Reserve Board**”) and non-U.S. central banks, have profound effects on interest and exchange rates which, in turn, affect prices of derivative instruments. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.
- *Risks of short selling:* A Fund may sell securities short. Short selling exposes a Fund to theoretically unlimited risk due to the lack of an upper limit on the price to which a security may rise. Short selling involves the sale of borrowed stock. If a stock loan is called, the short seller may be forced to repurchase the stock at a loss. In addition, some traders may attempt to profit by forcing short sellers to incur a loss. Traders may make large purchases of a stock that has been sold short. The large purchases are intended to drive up the stock price, and cause the short sellers to incur losses. By doing this, the traders hope the short sellers will limit their losses by repurchasing the stock and force the stock price even higher.
- *Risks of arbitrage:* The use of arbitrage strategies by a Fund in no respect should be taken to imply that such strategies are without risk. Substantial losses may be incurred on “hedge” or “arbitrage” positions, and illiquidity and default on one side of a position may effectively result in the position being transformed into an outright speculation. Every arbitrage strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread

between similar term government bonds or the net asset value spread between different classes of stock for the same underlying firm. Further, there are few examples of “pure” arbitrage Funds. Most Funds also employ limited directional strategies which expose them to market risk.

- *Credit risk:* Many of the markets in which a Fund effects its transactions are “over-the-counter” or “inter-dealer” markets. The participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. To the extent that a Fund invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, such Fund may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which in turn may subject a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such “counterparty risk” is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of a Fund to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses.
- *Risks relating to controlling stakes:* A Fund may take controlling stakes in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability.
- *Price volatility:* The market price of Fund Linked Notes may be volatile and may depend on the time remaining to the redemption date or settlement date (as applicable) and the volatility of the price of Fund share(s) or unit(s). The price of Fund share(s) or unit(s) may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units in the Fund or Funds may be traded.

***Noteholders may receive physical delivery of shares of a Fund in lieu of payment of cash amounts***

Where the Fund Linked Notes include the right of the Issuer, subject to the fulfillment of a particular condition, to redeem the Fund Linked Notes at their maturity by delivering shares of a Fund to the investor, the investors will receive such Fund Shares rather than a monetary amount upon maturity. Noteholders will, therefore, be exposed to the Fund and the risks associated with such Fund Shares. The investor should not assume that he or she will be able to sell such Fund Shares for a specific price after the redemption/settlement of the Notes, and in particular not for the purchase price of the Fund Linked Notes. Under certain circumstances the Fund Shares may only have a very low value or may, in fact, be worthless.

Noteholders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Fund Shares. Noteholders may be subject to United Kingdom stamp duty reserve tax if (a) the Fund Shares are not shares of a body corporate, (b) they are shares of a body corporate but either (i) the body corporate is incorporated in the United Kingdom, (ii) the Fund Shares are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised or (iii) the Fund Shares are paired with shares of a body corporate incorporated in the United Kingdom, or (c) the Fund Shares are issued or raised by a Societas Europaea which, at the time when it falls to be determined whether the securities are chargeable securities, has its registered office in the United Kingdom.

***As the shares of certain Funds may only be redeemable on certain dates, there is a risk of delays or defaults in payment***

The shares of a Fund may only be redeemable on certain redemption dates, subject to the prescribed notice period in respect of such Fund. This gives rise to a time delay between the execution of an order for redemption and payment of the proceeds on such redemption. If the Fund becomes insolvent following the date on which a redemption order would have to be notionally placed or the Calculation Agent determines that the relevant Fund would fail to pay to any shareholder in cash the full redemption proceeds owing to them if they redeemed their shares on the relevant date, an adjustment may be made by the Calculation Agent when calculating the return on the Notes to the net asset value per share of the relevant Fund, thereby reducing the return on the Notes.

## **Additional Risks related to Fund Linked Notes linked to Exchange Traded Funds**

In the case of Fund Linked Notes linked to ETFs, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Fund Linked Notes. Potential investors should review the relevant Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Fund Linked Notes.

In the case of Fund Linked Notes linked to ETFs following the declaration by the ETF of the occurrence of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical relevant Fund Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the relevant Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Notes. In addition, in the case of Fund Linked Notes linked to ETFs, if a Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalization or Insolvency occurs in relation to any Fund Share, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the relevant Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalization or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Notes; or
- (ii) redeem or cancel, as applicable, all of the Fund Linked Notes. In the event of such redemption or cancellation the amount payable to an investor may be less than the investor's initial investment, and may be as low as zero.

## **Inflation Linked Notes**

The Issuer may issue Notes where the amounts payable are dependent upon changes in measures of inflation. A relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the interest payable on the Notes, and in the case of Notes with a settlement/redemption amount linked to inflation, in a reduction of the amount payable on settlement/redemption which in some cases could be less than the amount originally invested.

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant index or indices may affect the actual yield to investors on the Inflation Linked Notes, even if the average level is consistent with their expectations.

An index to which interest payments on an Inflation Linked Note and/or the redemption amount of an Inflation Linked Note are linked is only one measure of inflation for the relevant jurisdiction, and such index may not correlate perfectly with the rate of inflation experienced by Noteholders in such jurisdiction.

## ***FX Quanto Risk***

Notes may incorporate a “quanto” feature because the currency of the Reference Item(s) is different to the currency of the Notes. This feature means when calculating the return of the Notes, the performance of the Reference Item(s) in their base currency is not adjusted to account for the exchange rate between the currencies at such time. Investors should also be aware that movements in interest rates for deposits in such currencies will affect the valuation of a Note including this feature. This exposure to currency exchange fluctuations may come at a cost or benefit the investor depending on how currency exchange rates move during the term of the Note. Currency exchange rates may be volatile and subject to unpredictable changes over the term of the Note.

## ***FX Adjustment Risk***

Notes may incorporate an exchange rate adjustment feature because the currency of the Reference Item(s) is different to the currency of the Notes. This feature provides an adjustment for the effect of exchange rate fluctuations

on the return of the Notes. Hence when calculating the return of the Notes, the performance of the Reference Item(s) in their base currency is adjusted to account for the exchange rate between the currencies at such time. Investors should also be aware that movements in interest rates for deposits in such currencies will affect the valuation of a Note including this feature. This exposure to currency exchange fluctuations may come at a cost or benefit to the Investor depending on how currency exchange rates move during the term of the Notes. Currency exchange rates may be volatile and subject to unpredictable changes over the term of the Note.

### ***Additional Disruption Events***

If Additional Disruption Events are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed upon the occurrence of any of the Additional Disruption Events specified as applying in the applicable Final Terms.

### **Preference Share Linked Notes**

The Issuer may issue Notes (“**Preference Share Linked Notes**”) where the amounts payable are dependent upon the changes in the value of certain preference shares (the “**Preference Shares**”) issued by an issuer named in the applicable Final Terms (the “**Preference Share Issuer**”) which may fluctuate up or down depending on the performance of the Preference Share Underlying (as that term is defined herein) as set out in the Terms of the Preference Shares (as that term is defined herein). If as a result of the performance of the Preference Share Underlying, the performance of the Preference Shares is negative the value of the Preference Share Linked Notes will be adversely affected. Purchasers of Preference Share Linked Notes risk losing all or a part of their investment if the value of the Preference Shares falls.

Potential Investors in any such Notes should be aware that an investment in Preference Share Linked Notes will entail significant risks not associated with a conventional debt or equity security. Potential Investors in Preference Share Linked Notes should conduct their own investigations and, in deciding whether or not to purchase the Preference Share Linked Notes, should form their own views of the merits of an investment linked to the Preference Shares in question based upon such investigations and not in reliance on any information given in this document.

The Preference Share Issuer will be independent of, and not related to or controlled by, the Issuer. As set out below, Preference Share Linked Notes will be subject to early redemption if an Extraordinary Event or, if applicable, an Additional Disruption Event occurs or if an Early Redemption Event occurs. In these circumstances the Issuer may redeem the Notes at the Early Redemption Amount. The Early Redemption Amount may be less (and in certain circumstances, significantly less) than investors' initial investment.

### ***Exposure to the Preference Share Underlying***

The Preference Share Underlying may be a specified index or basket of indices, a specified equity or basket of equities, a specified currency or basket of currencies, a specified commodity or basket of commodities, a specified fund share or unit or basket of fund shares or units or such other underlying instruments, bases of reference or factors as may be determined by the Preference Share Issuer and specified in the relevant Terms of the Preference Shares. ***Consequently Potential Investors should also consider the risk factors set out on pages 22 to 27 in respect of the risks involved in investing in Notes (in this case the Preference Shares) linked to certain Reference Item(s).***

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

Investors should review the Terms of the Preference Shares and consult with their own professional advisers.

### ***Credit and Fraud Risk of Preference Share Issuer***

Preference Share Linked Notes are linked to the performance of the relevant Preference Shares. Investors bear the risk of an investment in the Preference Share Issuer. The value of the Preference Share Linked Notes is dependent on the value of the Preference Shares, which will depend in part on the creditworthiness of the Preference Share Issuer, which may vary over the term of the Preference Share Linked Notes. The Preference

Share Issuer may not be an operating company and may not have any trading assets or generate any significant net income. As its funds may be limited, any misappropriation of funds or other fraudulent action by the Preference Share Issuer or person acting on its behalf could have a significant effect on the value of the preference shares and will affect the value of the Preference Share Linked Notes.

#### ***Potential conflicts of interest***

Unless otherwise specified in the Final Terms, an affiliate of the Issuer will act as the Calculation Agent in respect of Preference Share Linked Notes. As a result of this relationship, potential conflicts of interest may arise. Subject to any relevant regulatory obligations, the Issuer and the Calculation Agent owe no duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder.

#### ***Determination of Extraordinary Events and Additional Disruption Events***

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

#### ***No ownership rights***

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

#### ***Hedging activities of the Issuer and affiliates***

The Issuer or its affiliates may carry out hedging activities related to the Preference Share Linked Notes, including purchasing the Preference Shares and/or purchasing or entering into contracts relating to the Preference Share Underlying, but will not be obliged to do so. Certain of the Issuer's affiliates may also purchase and sell the Preference Shares and/or purchase and sell or enter into contracts relating to the Preference Share Underlying on a regular basis as part of their regular business. Any of these activities could adversely affect the value of the Preference Share Underlying and, accordingly, the value of the Preference Shares and the Preference Share Linked Notes. See also "*Potential conflicts of interest in relation to hedging and trading*" above.

#### ***Noteholders may receive physical delivery of Preference Shares in lieu of payment of cash amounts***

Where the Preference Share Linked Notes include the right of the Issuer, subject to the fulfillment of a particular condition, to redeem the Preference Share Linked Notes at their maturity by delivering Preference Shares to the investor, the investors will receive such Preference Shares rather than a monetary amount upon maturity. Noteholders will, therefore, be exposed to the Preference Share Issuer and the risks associated with such Preference Shares. The investor should not assume that he or she will be able to sell such Preference Shares for a specific price after the redemption/settlement of the Notes, and in particular not for the purchase price of the Preference Share Linked Notes. Under certain circumstances the Preference Shares may only have a very low value or may, in fact, be worthless.

Noteholders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Preference Shares. Noteholders may be subject to United Kingdom stamp duty reserve tax if (a) the Preference Shares are not shares of a body corporate, (b) they are shares of a body corporate but either (i) the body corporate is incorporated in the United Kingdom, (ii) the Preference Shares are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised or (iii) the Preference Shares are paired with shares of a body corporate incorporated in the United Kingdom, or (c) the Preference Shares are issued or raised by a Societas Europaea which, at the time when it falls to be determined whether the securities are chargeable securities, has its registered office in the United Kingdom.

## **Risks related to Notes generally**

Set out below is a brief description of material risks relating to the Notes generally:

### ***Modification, waivers and substitution***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders (and to modify or waive certain terms and conditions of the Notes or covenants and agreements made by the Issuer) including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions permit the substitution of any company that is a Subsidiary of the Issuer for the Issuer as principal debtor under the Notes, without the consent of the Noteholders or the Couponholders, in certain circumstances.

The Conditions also provide that the Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes may be amended by the Issuer and the Agent without the consent of the holder of any Note, Receipt or Coupon (i) for the purpose of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein or to provide for substitution of the Issuer, (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Issuer and the Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons. The Issuer shall only permit any modification of, or any waiver or authorization of any breach or proposed breach of or any failure to comply with, the Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

In relation to Definitive N Registered Notes the Issuer may, without the consent of any holder, correct any manifest, clerical or calculation errors or similar manifest incorrectness in the Conditions and, provided the amendment or supplement is reasonably acceptable to a holder having regard to their interests, may amend or supplement at its reasonable discretion any contradictory or incomplete provisions of the Conditions. The Issuer may also call the Definitive N Registered Notes for redemption in whole, but not in part, if the conditions for avoidance (*Anfechtung*) pursuant to §119 *et seq.* of the German Civil Code (broadly, mistake as to essential characteristics) are fulfilled.

### ***Tax treatment***

The tax treatment of any amount to be paid to a Noteholder in relation to the Notes may reduce such Noteholder's effective yield on such Notes.

Significant aspects of the tax treatment of Reference Item Linked Notes may be uncertain. In addition, tax treatment may change before the maturity or redemption of the Notes. Prospective investors should consult their tax advisers about their own tax situation. Additional aspects of the tax treatment of a specific series of Notes may be described in the applicable Final Terms.

### ***Foreign Account Tax Compliance and Common Reporting Standard***

Sections 1471 through 1474 of the Code and applicable regulations thereunder (commonly referred to as "FATCA") may impose a 30% withholding tax on payments of U.S. source income and, beginning 1 January 2019, on payments of gross proceeds from the sale, exchange or redemption of property that gives rise to U.S. source dividends or interest, in each case to (i) certain non-U.S. financial institutions ("FFIs") that do not enter into and comply with an agreement to provide the IRS information about their accountholders (as defined for purposes of FATCA), comply with rules or law implementing an intergovernmental agreement ("IGA") between the United States and the non-U.S. financial institution's jurisdiction implementing FATCA with respect to such jurisdiction or otherwise qualify for an exemption from, or are deemed to comply with, FATCA (an institution meeting such requirements, a "Compliant FFI") and (ii) certain other non-U.S. entities ("NFFEs") that do not provide payors information about their substantial U.S. holders or establish that they have no substantial U.S. holders.

The United States and a number of other jurisdictions have reached, agreed in substance to or announced their intention to negotiate IGAs to facilitate the implementation of FATCA with respect to FFIs in such jurisdictions.

Under the “Model 1” IGA released by the United States, an FFI in an IGA signatory country that complies with requirements under the IGA could be treated as a Reporting Financial Institution (“**Reporting FI**”) not subject to withholding under FATCA on any payments it receives. Further, a Reporting FI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes. Under the Model 1 IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government. The United States and Canada have entered into an agreement (the “**US-Canada IGA**”) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Canada IGA. However, the FATCA rules, and in particular the rules governing foreign passthru payments, have not yet been fully developed, so the future application of FATCA to the Issuer and the holders of Notes is uncertain. Noteholders may be required to provide certain information to the Issuer or other payors in order (i) for holders to avoid FATCA withholding from payments on the Notes, (ii) for the Issuer to avoid the imposition of a FATCA withholding tax on payments it receives or (iii) for the Issuer to comply with the rules under FATCA or an applicable IGA (including laws implementing such an IGA). If a holder (including an intermediary) fails to provide the Issuer, or any other agent of the Issuer with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and/or to prevent the imposition of FATCA withholding tax, the Issuer may withhold amounts otherwise distributable to the holder.

The requirements of the US-Canada IGA have been implemented through amendments to the *Income Tax Act* (Canada) and the enactment of the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (the “**US-Canada IGA Implementation Act**”). Under the provisions of the US-Canada IGA Implementation Act, CIBC is required to determine whether financial accounts are held by U.S. persons and must report information on certain accounts owned or controlled by U.S. taxpayers, directly to the Canada Revenue Agency (the “**CRA**”). CIBC may be required to collect information from holders of Notes (other than Notes that are regularly traded on an established securities market for purposes of the IGA), including such holders’ status as a “Specified U.S. Persons” (as defined in the IGA) and report information regarding such holder’s investment in the Notes to the CRA. The CRA would then communicate this information to the IRS under the existing provisions of the Canada-United States Tax Convention (1980) (as amended). For this purpose, a Note is not considered to be “regularly traded” if the holder (other than certain financial institutions acting as intermediary) is registered on the books of CIBC.

No additional amounts will be paid in respect of any U.S. tax withheld under the FATCA rules from payments on the Notes. Potential investors should consult their tax advisers regarding the implications of the FATCA rules for their investment in Notes, including the implications resulting from the status under these rules of each financial intermediary through which they hold Notes.

While the Notes are in global form and held within Euroclear, Clearstream, Luxembourg or DTC (together, the “**Clearing Systems**”), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the applicable Clearing System (see “*Taxation – United States – U.S. Alien Holders – FATCA*”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the depository, common depository or common safekeeper for the relevant Clearing System(s) (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the relevant Clearing Systems and custodians or intermediaries. Potential investors should refer to the section “*Taxation – United States – U.S. Alien Holders – FATCA*”.

No additional amounts will be paid in respect of any U.S. tax withheld under the FATCA rules from payments on the Notes. Potential investors should consult their tax advisers regarding the implications of the FATCA rules

for their investment in Notes, including the implications resulting from the status under these rules of each financial intermediary through which they hold Notes.

Similar to FATCA, under the Organisation for Economic Co-operation and Development's ("OECD") initiative for the automatic exchange of information, many countries have committed to automatic exchange of information relating to accounts held by tax residents of signatory countries, using a common reporting standard.

Canada is one of over 90 countries that has signed the OECD's Multilateral Competent Authority Agreement and Common Reporting Standard ("CRS"), which provides for the implementation of the automatic exchange of tax information. On April 15, 2016, draft legislation to implement the CRS in Canada was released, which will require Canadian financial institutions to report certain information concerning certain investors resident in participating countries to the Canada Revenue Agency and to follow certain due diligence procedures. The Canada Revenue Agency will then provide such information to the tax authorities in the applicable investors' countries of residence, where required under CRS. The CRS will be intended to be effective in Canada as of July 1, 2017, with the first exchanges of financial account information beginning in 2018. Similar implementing legislation is expected to be introduced by other signatory countries to the CRS. The Issuer will meet all obligations imposed under FATCA, the CRS and other tax information regimes, in accordance with local law, in all applicable jurisdictions in which it operates.

### ***Canadian Usury Laws***

The *Criminal Code* (Canada) prohibits the receipt of "interest" at a "criminal rate" (namely, an effective annual rate of interest of 60%). Accordingly, provisions for the payment of interest or for the payment of a redemption amount in excess of the aggregate principal amount of Notes may not be enforceable if such provisions provide for the payment of "interest" (as calculated for the purposes of such statute) which is in excess of an effective annual rate of interest of 60%.

### ***Insolvency procedures***

In the event that the Issuer becomes insolvent, insolvency proceedings will be generally governed by the insolvency laws of Canada. The insolvency laws of Canada may be different from the insolvency laws of an investor's home jurisdiction and the treatment and ranking of holders of Notes issued by the Issuer and the Issuer's other creditors and shareholders under the insolvency laws of Canada may be different from the treatment and ranking of holders of those Notes and the Issuer's other creditors and shareholders if the Issuer was subject to the insolvency laws of the investor's home jurisdiction.

Notes issued by the Issuer do not evidence or constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

### ***No obligation to maintain listing***

Not all Notes will be listed on the Euro MTF and the Issuer may, in certain circumstances, seek to delist Notes which are listed on the Euro MTF or another securities exchange or market provided that in such cases the Issuer will be required to use its reasonable endeavours to obtain and maintain a listing of such Notes on an alternative stock exchange or exchanges (which may be outside the European Union) as agreed between the Issuer and the Dealers. These circumstances include any future law, rule of the Exchange or any other securities exchange or any EU Directive imposing other requirements (including new corporate governance requirements) on the Issuer or any of its affiliates that the Issuer in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Notes issued under the Programme on the Exchange or the relevant exchange.

In these circumstances, the Issuer may, in its sole discretion, determine that it is impractical or unduly burdensome to maintain such listing and seek to terminate the listing of such Notes provided it uses all reasonable endeavours to seek an alternative admission to listing, trading and/or quotation of such Notes by another listing authority, securities exchange and/or quotation system that it deems appropriate. However, if such alternative listing is not available or, in the opinion of the Issuer is impractical or unduly burdensome, an alternative listing may not be obtained.

Although there is no assurance as to the liquidity of any Notes as a result of the listing on a stock exchange or quotation system in the European Union, delisting such Notes may have a material effect on the ability of investors to (a) continue to hold such Notes or (b) resell the Notes in the secondary market.

### ***Change of Law***

The Terms and Conditions of the Notes are based on the laws of the Province of Ontario and the federal laws of Canada applicable therein (“**Ontario Law**”) or (if the applicable Final Terms indicates the Notes are governed by English law), English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario or the federal laws of Canada applicable therein or English law, as applicable, or administrative practice after the date of issue of the relevant Notes and such judicial decision or change to the laws may affect the enforceability of the Notes, time limits within which to bring claims or result in early redemption of the Notes. Upon an early redemption of the Notes an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

### ***Integral multiples and Definitive Notes***

In relation to any issue of Notes that has a specified denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, (i) should Definitive Notes be required to be issued, a Noteholder who holds Notes in the relevant clearing system(s) in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a nominal amount of Notes such that such Noteholder’s holding is an integral multiple of a Specified Denomination and (ii) a Noteholder who does not have at least the minimum Specified Denomination in its account with the relevant clearing system(s) at the relevant time will not be able to exercise any direct rights against the Bank under the Deed of Covenant.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***The return on an investment in Notes will be affected by charges incurred by investors***

An investor’s total return on an investment in Notes will be affected by the level of fees charged to the investor, including fees charged to the investor as a result of the Notes being held in a clearing system. Such fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Notes. Investors should carefully investigate these fees before making their investment decision.

### ***Notes in New Global Note form***

The New Global Note form has been introduced to allow for the possibility of notes being issued and held in a manner which will permit them to be recognized as eligible collateral for monetary policy of the central banking system for the euro (the “**Eurosystem**”) and intra-day credit operations by the Eurosystem either upon issue or at any or all items during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

### ***Investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities***

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

### *Additional issuances of Notes*

The Issuer may issue additional Notes with terms identical to those of a series of outstanding notes. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, may be treated as a separate series for Canadian income tax purposes and, in some cases may be treated as a separate series for U.S. federal income tax purposes. If the additional Notes are issued with original issue discount for U.S. federal income tax purposes where the original Notes had no original issue discount for U.S. federal income tax purposes, or the additional Notes have a greater amount of original issue discount for U.S. federal income tax purposes than the original Notes, these differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

### **Notes denominated in Renminbi are subject to additional risks**

Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. RMB Notes are subject to particular risks:

***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of RMB Notes***

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar. However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although starting from 1 October 2016, the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to liberalize control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilization will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorized as capital accounts items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under RMB Notes.

Current and future restrictions on the convertibility of Renminbi may make it difficult for the Issuer to obtain Renminbi for the purpose of servicing RMB Notes. If the Issuer is unable to source Renminbi, it may pay Noteholders in U.S. dollars pursuant to the Conditions. Investors that receive payments in Renminbi should also be aware of the restrictions on the convertibility of Renminbi into foreign currencies.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service RMB Notes***

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While the People's Bank of China (the "**PBoC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Bank only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the or the settlement agreements between the relevant RMB Clearing Bank and PBoC will not be terminated or amended in the future so as to have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Notes. There is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the terms and conditions applicable to RMB Notes, the Issuer can make payments in U.S. dollars as set out in the Conditions.

***Investment in RMB Notes is subject to exchange rate risks***

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBoC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account the previous day's closing rate and market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. Except in the limited circumstances stipulated in Condition 15(c), all payments of interest and principal with respect to RMB Notes will be made in Renminbi. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another currency, the value in that currency of the investment made by a holder of RMB Notes will decline.

***Investment in RMB Notes is subject to currency risk***

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on RMB Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in Condition 5), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in RMB Notes is subject to interest rate risks***

The PRC Government has gradually liberalized its regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

If RMB Notes carry a fixed interest rate, the trading price of such RMB Notes will vary with the fluctuations in the Renminbi interest rates. If holders of such RMB Notes tries to sell their RMB Notes, they may receive an offer lower than the amount they have invested.

***Payments with respect to RMB Notes may be made only in the manner specified for such RMB Notes in the Conditions***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Except in the limited circumstances described in Condition 15(c), all payments to investors in respect of RMB Notes will be made solely (i) for so long as RMB Notes are represented by a global note by transfer to a Renminbi bank account maintained in Hong Kong, in accordance with prevailing rules and procedures of Euroclear Bank SA/NV, Clearstream Banking S.A. or any alternative clearing system as applicable, or (ii) for so long as RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in Conditions 15(c), the Issuer cannot be required to make payment by any other means

(including in any other currency or in bank instruments, by cheque or draft or by transfer to a bank account in the PRC).

### ***Gains on the transfer of RMB Notes may become subject to income taxes under PRC tax laws***

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules as amended from time to time, any gain realized on the transfer of Renminbi-denominated Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is regarded as income derived from sources within the PRC. While the PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Noteholders from the transfer of the Notes, its implementation rules have reduced the enterprise income tax rate to 10 per cent. In accordance with the PRC Individual Income Tax Law and its implementation rules (as amended from time to time), any gain realized by a non-PRC resident individual Noteholder from the transfer of the Notes may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholder from the transfer of the Notes. However, uncertainty remains as to whether the gain realized from the transfer of Renminbi-denominated Notes by a non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for the avoidance of double taxation, holders of Notes who are residents of Hong Kong including enterprise holders and individual holders, will not be subject to EIT or IIT on any capital gains derived from a sale or exchange of Renminbi-denominated Notes.

Therefore, if non-PRC resident enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi-denominated Notes (such EIT is currently levied at the rate of 10 per cent. of gains realized and such IIT is currently levied at the rate of 20 per cent. of gains realized (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of Renminbi-denominated Notes reside that reduces or exempts the relevant EIT or IIT (however, qualified holders may not enjoy the treaty benefit automatically but through a successful application with the PRC tax authorities)), the value of their investment in Renminbi-denominated Notes may be materially and adversely affected.

### ***Remittance of proceeds into or out of the PRC in Renminbi***

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalize the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under Renminbi-denominated Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

### ***Current Account Items***

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012.

On 5 July 2013, the PBoC promulgated the *Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures* (the "**2013 PBoC Circular**") which simplified the procedures for cross-

border Renminbi trade settlement under current account items. On 1 November 2014, PBoC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for the entire group. On 5 September 2015, PBoC promulgated the *Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups* (the "**2015 PBoC Circular**"), which, among others, has lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBoC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone ("**Shanghai FTZ**") may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

### ***Capital Account Items***

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by PBoC, the Ministry of Commerce of the PRC ("**MOFCOM**") and the State Administration of Foreign Exchange of the PRC ("**SAFE**"), foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. In addition, the 2015 SAFE Circular allows foreign-invested enterprises to settle 100 per cent. (subject to future adjustment at the discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the Circular. In particular, a foreign invested enterprise with investment as its main business is permitted to use such Renminbi proceeds to make equity contribution to its invested enterprises directly, without further filings with SAFE.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "foreign debt") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "outbound loans"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "cross-border security"). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBoC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBoC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, offshore group entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement.

Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt proceeds into Renminbi on a voluntary

basis, provided that the proceeds should not be used beyond their business scope or in violation of relevant laws and regulations.

Pilot schemes relating to cross-border Renminbi loans, bonds, or equity investments have also been launched for, among others, enterprises in Shenzhen Qianhai, Jiangsu Kunshan, Jiangsu Suzhou Industrial Park.

Although starting from 1 October 2016 the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorized as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules.

If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorized as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under RMB Notes.

## **Risks related to the market generally**

Set out below is a brief description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

### ***Risks relating to the secondary market generally; lack of liquidity***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors or are not admitted to trading on the Euro MTF or another established securities exchange. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes and investors may suffer losses on the Notes in secondary market transactions even if there is no decline in the performance of the Issuer.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Specified Currency or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls or monetary policies that could adversely affect an applicable currency exchange rate or interest rate. As a result, investors may receive less interest or principal than expected, or no interest or principal or receive payments in a significantly devalued Specified Currency.

### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

### ***Market value of Notes***

The market value of an issue of Notes will be affected by a number of factors independent of the creditworthiness of the Issuer, including, but not limited to:

- (i) the value and volatility of the Reference Item(s);
- (ii) where the Reference Item(s) is/are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item;
- (iii) market interest and yield rates;
- (iv) fluctuations in exchange rates;
- (v) liquidity of the Notes or any Reference Item(s) in the secondary market;
- (vi) the time remaining to any redemption date or the maturity date; and
- (vii) economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Item(s) may be traded.

The price at which a Noteholder will be able to sell any Notes prior to maturity may be at a discount, which could be substantial, to the market value of such Notes on the issue date, if, at such time, the market price of the Reference Item(s) is below, equal to or not sufficiently above the market price of the Reference Item(s) on the issue date. The historical market prices of any Reference Item should not be taken as an indication of such Reference Item's future performance during the term of any Note.

### ***Credit ratings may not reflect all risks***

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such credit ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and credit ratings will be disclosed in the Final Terms.

### ***Interests of Dealers***

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may also have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations including, but

not limited to, entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients or as principal in order to manage their exposure, their general market risk or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates may have a lending relationship with the Issuer and, if so, may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, Dealers and their affiliates that hedge their exposure would do so by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## TERMS AND CONDITIONS OF THE NOTES

*The following (except for the paragraphs in italics) is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the Global Note or Global Certificate, if applicable, and Part A of the applicable Final Terms, shall be applicable to each Tranche of Notes issued under the Programme and shall be incorporated by reference into each Global Note or Global Certificate. For Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series, either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the applicable Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and in either case subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. In addition, the terms and conditions applicable to Global Notes or Global Certificates are modified or supplemented by additional provisions. See “Summary of provisions relating to the Notes while in Global Form” below.*

*All capitalized terms that are not defined in these terms and conditions will have the meanings given to them in Part A of the applicable Final Terms. Part A of the applicable Final Terms (or the relevant provisions thereof) will be endorsed on the Global or definitive Notes or Certificates, as the case may be. References in the terms and conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

*In construing the applicable Final Terms (including, but not limited to, the application of any Business Day Conventions referred to therein) capitalized terms used in such Final Terms shall have the same meanings given to them in these terms and conditions.*

The Notes are issued pursuant to an amended and restated agency agreement dated 4 May 2017 (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Agency Agreement**”) among Canadian Imperial Bank of Commerce (“**CIBC**”), Deutsche Bank AG, London Branch as fiscal agent and the other agents named therein and with the benefit of an amended and restated Deed of Covenant (as amended or supplemented as at the Issue Date of the Notes, the “**Deed of Covenant**”) dated 4 May 2017 executed by CIBC in relation to the Notes. Each fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agents), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**” and together, as the “**Agents**”. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes in bearer form (and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”)) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of and are bound by all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at CIBC’s registered head office at Commerce Court, 199 Bay St., Toronto, Canada M5L 1A2 and at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

The Notes are issued in series (each, a “**Series**”), and each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) of Notes. References in these terms and conditions (the “**Conditions**”), to a Tranche means Notes which are identical in all respects. References in these Conditions to Notes are to Notes of the relevant Series and any references to Coupons and Receipts are to Coupons and Receipts relating to Notes of the relevant Series.

This Note and other Notes issued in the same Tranche as this Note are subject to Part A of the applicable Final Terms for the Tranche (the “**Final Terms**”), a copy of which (or the relevant provisions thereof) is attached to or endorsed on the Note. The Final Terms supplement these Conditions and these Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Final Terms. The applicable Final Terms in relation to such Series may specify other Conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note.

References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Note.

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

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown thereon, provided that (i) in the case of any Notes (“**Rule 144A Notes**”) which are issued pursuant to Rule 144A (“**Rule 144A**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), the minimum Specified Denomination shall not be less than US\$200,000 (or its equivalent in another currency at the date of issue of the Notes) and (ii) in the case of any Notes which are issued in the form of Registered Notes in definitive form made out in the name of a specific creditor governed by German law (the “**Definitive N Registered Notes**”) (*Namenschuldverschreibungen*) the minimum denomination shall not be less than €200,000 (or its equivalent in another currency at the date of issue of the Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes. Registered Notes will not be exchangeable for Bearer Notes.

*So long as the Bearer Notes are represented by a temporary Global Note or permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in the applicable Final Terms and (unless otherwise specified in the applicable Final Terms) higher integral multiples of at least 1,000 in the relevant currency as provided in the applicable Final Terms (the “**Integral Amount**”), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. For purposes of these Conditions, the “**Definitive Amount**” shall be equal to two times the lowest Specified Denomination minus the Integral Amount.*

*Bearer Notes shall be issued in the new global note form if so specified in the applicable Final Terms.*

This Note may be a Note bearing interest on a fixed rate basis (“**Fixed Rate Note**”), a Note bearing interest on a floating rate basis (“**Floating Rate Note**”), a Note issued on a non-interest bearing basis (“**Zero Coupon Note**”), a Note with respect to which interest or principal is calculated by reference to the level of a commodity index or a basket of such indices, or the price of a single commodity (such as gold, oil, aluminum, copper, lead or wheat) (“**Commodity Linked Note**”), a Note with respect to which interest or principal is calculated by reference to an index and/or a formula (“**Index Linked Note**”), a Note with respect to which interest or principal is calculated by reference to a single equity security or a basket of equity securities (an “**Equity Linked Note**”), a Note with respect to which interest or principal is calculated by reference to a currency or basket of currencies (“**FX Linked Note**”), a Note with respect to which interest or principal is calculated by reference to a single fund or a basket of funds (“**Fund Linked Note**”), a Note with respect to which principal is calculated by reference to specified preference shares of a Preference Share Issuer (“**Preference Share Linked Note**”), a Note with respect to which interest or principal is calculated by reference to an inflation index and/or a formula (“**Inflation Linked Note**” and Commodity Linked Notes, Index Linked Notes, Equity Linked Notes, FX Linked Notes, Fund Linked Notes, Preference Share Linked Notes and Inflation Linked Notes, together “**Reference Item Linked Notes**”), a Note redeemable in instalments (“**Instalment Note**”), a Note with respect to which principal and/or interest is payable in one or more Specified Currencies other than the Specified Currency in which it is denominated (“**Dual Currency Note**”), a Note which is issued on a partly paid basis (“**Partly Paid Note**”), a variable rate Note whose coupon and value increases as a benchmark interest rate declines (“**Inverse Floating Rate Note**”), a Fixed/Floating Rate Note, or a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis and/or Redemption/Payment Basis specified in the applicable Final Terms.

The Notes are denominated in the currency specified in the applicable Final Terms.

### (a) **Bearer Notes**

Bearer Notes are serially numbered and, if so specified in the applicable Final Terms, have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the

payment of interest save in certain circumstances specified herein, and, where so specified in the applicable Final Terms, shall also have attached thereto at the time of their initial delivery a Talon for further coupons except that in the case of Zero Coupon Notes no Coupons or Talons shall be attached thereto and references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. The expression “Coupons” shall, where the context so requires, include Talons.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery.

(b) ***Registered Notes***

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2, each Certificate shall represent the entire holding of Registered Notes by the same holder. Rule 144A Notes will initially be represented by one or more permanent restricted global certificates (each, a “**Restricted Global Certificate**”). Registered Notes, if specified in the applicable Final Terms, will be issued in the form of one or more Restricted Global Certificates and may be registered in the name of, or in the name of a nominee for, The Depository Trust Company (“**DTC**”).

Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).

(c) ***Instalment Notes***

Instalment Notes, the principal amount of which is repayable by instalments in such amounts as may be specified in, or determined in accordance with, the provisions of the applicable Final Terms (each an “**Instalment Amount**”), have endorsed thereon a grid for recording the repayment of Instalment Amounts or, if so specified in the applicable Final Terms, have attached thereto, at the time of their initial delivery, payment Receipts in respect of the Instalment Amounts repaid.

(d) ***Holder***

Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Note, Receipt, Coupon or Talon 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, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the Holder.

In these Conditions, “**Noteholder**” or “**Holder**” means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalized terms have the meanings given to them herein or in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

For greater certainty, any Note or Certificate delivered or issued by the Issuer pursuant to Condition 2, any permanent Global Note delivered or issued upon an exchange of a temporary Global Note in accordance with the terms thereof and any direct rights arising under the Deed of Covenant shall not constitute new indebtedness but rather shall in each case evidence the same indebtedness of the Issuer evidenced by the prior existing Note or Certificate.

**2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

(a) ***Exchange of Exchangeable Bearer Notes***

Subject as provided in Condition 2(f), Notes which are designated in the applicable Final Terms to be Exchangeable Bearer Notes may be exchanged for the same Nominal Amount of Registered Notes at the request in writing of the relevant Noteholder who shall deliver an exchange notice in the form set out in Part B of Schedule 4 to the Agency Agreement to the specified office (which shall in no case be within the United States of America) of the Registrar or any Transfer Agent and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in

Condition 15(b)) for any payment of interest and prior to the due date for such payment, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or such other form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

Prior to the 40th day after the later of the commencement of the offering of the particular Tranche of Notes and the issue date (such period through and including the 40th day, the “**Distribution Compliance Period**”), transfers by an owner of a beneficial interest in a permanent registered global certificate (an “**Unrestricted Global Certificate**”) to a transferee who takes delivery of such interest through a Restricted Global Certificate will be made only in accordance with the applicable procedures of DTC and upon receipt by the Registrar or any Transfer Agent of a written certification from Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) as the case may be (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer (“**QIB**”) within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any State of the United States or any other jurisdiction and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates. This certification will no longer be required after the expiration of the Distribution Compliance Period.

Transfers by an owner of a beneficial interest in a Restricted Global Certificate to a transferee who takes delivery of that interest through an Unrestricted Global Certificate, whether before or after the expiration of the Distribution Compliance Period, will be made only upon receipt by the Registrar or any Transfer Agent of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act (“**Regulation S**”) or (if available) Rule 144A and that, if such transfer is being made prior to the expiration of the Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Exchanges of beneficial interests in a Global Certificate for interests in another Global Certificate will be subject to the applicable rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg and their direct and indirect participants. Any beneficial interest in one of the Global Certificates that is transferred to a person who takes delivery in the form of an interest in another Global Certificate will, upon transfer, cease to be an interest in that Global Certificate and become an interest in the Global Certificate to which the beneficial interest is transferred and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in the Global Certificate to which the beneficial interest is transferred for as long as it remains an interest in that Global Certificate.

(c) ***Exercise of Options and Puts or Partial Redemption in Respect of Registered Notes***

In the case of a Call Option or a Put Option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the Holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case

of a partial exercise of either a Call Option or a Put Option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a Holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 5(e)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as such Holder may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) ***Exchange Free of Charge***

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of either a Call Option or Put Option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called by the Issuer for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 15(b)(ii)). An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

**3. Status of Notes**

Notes and the Coupons relating to them will constitute deposit liabilities of CIBC for purposes of the Bank Act (Canada) (the “**Bank Act**”) and constitute legal, valid and binding unconditional and unsecured obligations of CIBC and will rank *pari passu* with all deposit liabilities of CIBC (except as otherwise prescribed by law) without any preference amongst themselves. Such Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*. The deposits evidenced by Notes have been issued by the branch of CIBC specified as the Branch of Account in the applicable Final Terms (or, if no Branch of Account is specified, by the head office of CIBC in Toronto which shall be the Branch of Account), such branch being the branch of account for the purposes of the Bank Act.

#### 4. Interest and Other Calculations

##### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from the Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Rate(s) of Interest, such interest being payable in arrear on each Interest Payment Date and on the Maturity Date. The amount of interest payable shall be calculated in accordance with Condition 4(i).

Unless otherwise specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on, but excluding such date will amount to the Fixed Coupon Amount. Payments of Interest on any Interest Payment Date will, if so specified in the applicable Final terms, amount to the Broken Amount so specified.

##### (b) *Interest on Floating Rate Notes and Reference Item Linked Notes*

###### (i) Interest Payment Dates

If so indicated in the applicable Final Terms, each Floating Rate Note and each Commodity Linked, Index Linked, Equity Linked, FX Linked, Fund Linked and Inflation Linked Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid-up) from and including the Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Rate(s) of Interest determined in the manner specified in the applicable Final Terms, such interest being payable in arrear on each Interest Payment Date in each year. Such Interest Payment Date(s) is/are either specified in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, “**Interest Payment Date**” shall mean each date which falls the number of months or other period specified in the applicable Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, subject in each case to adjustment in accordance with the applicable Business Day Convention. The amount of interest payable shall be determined in accordance with Condition 4(i).

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from and including an Interest Payment Date (or the Interest Commencement Date or, if no Interest Commencement Date is indicated in the applicable Final Terms, the Issue Date) to, but excluding, the next (or first) Interest Payment Date and on the Maturity Date).

###### (ii) Rate of Interest

The Rate of Interest in respect of Floating Rate Notes and Reference Item Linked Notes shall be determined in the manner specified in the applicable Final Terms and, in the case of Floating Rate Notes, the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

###### (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate (adjusted as required by Condition 4(h)). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction governed by an agreement in the form of an ISDA Agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Final Terms;
- (y) the Designated Maturity is a period specified in the applicable Final Terms; and

(z) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London Interbank Offer Rate (LIBOR) or the Euro-zone Interbank Offer Rate (EURIBOR) for a currency, the first day of that Interest Accrual Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (as set forth in the applicable Final Terms) as at the Relevant Time (as set forth in the applicable Final Terms) on the Interest Determination Date (as defined below) in question as determined by the Calculation Agent (adjusted as required by Condition 4(h)). Unless otherwise specified in the applicable Final Terms if five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

If the Relevant Screen Page is not available or if sub-paragraph (1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent (adjusted as required by Condition 4(h)); and

If the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at the Relevant Time on the relevant Interest Determination Date, loans in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at the Relevant Time, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, (adjusted as required by Condition 4(h)) provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the

last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as specified in the applicable Final Terms.

(c) ***Interest on Zero Coupon Notes***

As from the Maturity Date, the Rate of Interest for any overdue principal of a Zero Coupon Note shall be a rate per annum (expressed as a percentage) equal to the Amortization Yield (as defined in Condition 5(b)(i)(B)).

(d) ***Interest on Dual Currency Notes***

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(e) ***Interest on Partly Paid Notes***

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up Nominal Amount of such Notes and otherwise as specified in the applicable Final Terms.

(f) ***Other Notes***

The Rate(s) of Interest or amount of interest in respect of Notes with other customized interest rate provisions for each Interest Period or Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and interest will accrue by reference to a price, index, formula and/or set of definitions as specified in the applicable Final Terms. The applicable Final Terms shall specify the dates on which interest shall be payable on such Note and the basis for calculation of each amount of interest payable in respect of such Note on each such date and on any other date on which interest becomes payable in respect of such Note. Interest Amounts may be calculated by reference to such price, index, formula and/or set of definitions as the Issuer and the relevant Dealer(s) agree, such price, index, formula and/or set of definitions to be specified, together with such other supplemental terms and conditions, in the applicable Final Terms.

Wherever Notes with customized provisions relating to payment of principal are issued to bear interest on a fixed or floating rate basis or on a non-interest bearing basis, the provisions in these Conditions relating to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes, respectively, shall where the context so permits, apply to such other Notes.

(g) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest (if any) shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 16(b)).

(h) ***Margin, Maximum/Minimum Rates of Interest, Interest Amounts, Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts and Rounding***

- (i) If any Margin is specified in the applicable Final Terms (either (A) generally, or (B) in relation to one or more Interest Periods or Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods or Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next two paragraphs.
- (ii) If any Maximum/Minimum Rate of Interest, Interest Amount, Instalment Amount, Early Redemption Amount or Final Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest, Interest Amount, Instalment Amount, Early Redemption Amount or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be, subject to the next paragraph. For greater certainty, “**Rate of Interest**” here means the rate of interest after adjustment for the applicable Margin. Unless otherwise provided in the applicable Final Terms, the Minimum Rate of Interest and/or Minimum Interest Amount shall be zero.
- (iii) In the case of a Rate of Interest/Interest Amount determined in accordance with Condition 4(b)(ii)(B)(z), where a different Margin or Maximum or Minimum Rate/Interest Amount is to be applied to the next Interest Period from that which applied to the last preceding Interest Period, the relevant Margin or Maximum or Minimum Rate/Interest Amount shall be that for the next Interest Period.

(i) ***Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period or Interest Accrual Period shall be equal to the product of the Rate of Interest (adjusted as required by Condition 4(h)), the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Interest Period or Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, as specified in the applicable Final Terms, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of the relevant Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest sub-unit of the relevant Specified Currency (with halves being rounded up or otherwise in accordance with applicable market convention), save in the case of Japanese yen (“**Yen**”), which shall be rounded down to the nearest sub-unit.

For these purposes “**sub-unit**” means with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(j) ***Business Day Conventions***

If any date referred to in these Conditions or in the applicable Final Terms that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the **Floating Rate Business Day Convention**, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment,

(B) the **Following Business Day Convention**, such date shall be postponed to the next day that is a Business Day,

(C) the **Modified Following Business Day Convention**, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day, or

(D) the **Preceding Business Day Convention**, such date shall be brought forward to the immediately preceding Business Day.

(k) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts***

The Calculation Agent shall as soon as practicable on each Interest Determination Date, or such other time on each such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine such rates and calculate the Interest Amounts for the relevant Interest Period or Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date is subject to adjustment pursuant to Condition 4(j), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(l) ***Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a Specified Currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for such currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and each other place (if any) specified in the applicable Final Terms as a Business Centre; and/or
- (ii) in the case of euro, a TARGET Business Day and a day on which commercial banks are open for business in each place (if any) specified in the applicable Final Terms as a Business Centre; and/or
- (iii) in the case of Renminbi any day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are generally open for business and settlement of Renminbi

payments in Hong Kong and such other place (if any) specified in the applicable Final Terms as a Business Centre.

Unless otherwise provided in the applicable Final Terms, the principal financial centre of any country for the purpose of these Conditions shall be as provided in the ISDA Definitions (except that if the Specified Currency is Australian dollars or New Zealand dollars, the principal financial centre shall be Sydney or Auckland, respectively).

“**Calculation Agent**” shall have the meaning specified in the applicable Final Terms.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” or is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/Actual(ICMA)**” is specified in the applicable Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (B) if the Calculation Period is longer than the Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year,
- (iv) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if “**Actual/365 Sterling**” is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366
- (vi) “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**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;

- (vii) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**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;

- (viii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**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>1</sub> will be 30;

- (ix) if “**30/360 (Fixed)**” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days consisting of twelve months of 30 days each) divided by 360; and
- (x) if “**1/1**” is specified in the applicable Final Terms, one.

“**Determination Date**” means such dates as specified in the applicable Final Terms.

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**Euro-zone**” means the region comprised of member states of the European Union that participate in the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

“**Governmental Authority**” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**Illiquidity**” means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result thereof, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay an amount due (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers.

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date (or, if earlier, any CNY Issue Trade Date as specified in the relevant Final Terms) and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means the amount of interest payable per Calculation Amount calculated in accordance with Condition 4(i) or as specified in the applicable Final Terms, and in the case of Fixed Rate Notes, shall mean the Fixed Coupon Amount(s) and/or Broken Amount(s), if any, specified in the applicable Final Terms.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Final Terms.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Period or Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such period if the Specified Currency is sterling or (ii) the day falling two Business Days in London prior to the first day of such period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such period if the Specified Currency is euro.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

**“ISDA Definitions”** means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., as amended, supplemented and updated as at the Issue Date of the first Tranche of Notes of the relevant Series, unless otherwise specified in the applicable Final Terms.

**“ISDA Agreement”** means the 2002 ISDA Master Agreement as published by the International Swaps and Derivatives Association, Inc., as amended, supplemented and updated as at the Issue Date of the first Tranche of Notes of the relevant Series, unless otherwise specified in the applicable Final Terms.

**“Nominal Amount”** means the Nominal Amount specified in the applicable Final Terms.

**“Non-transferability”** means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date (or, if earlier, any CNY Issue Trade Date as specified in the relevant Final Terms) and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“PRC”** means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

**“Principal Protected”** means the Notes will be redeemed at the Maturity Date at a Final Redemption Amount equal to 100 per cent. of the Calculation Amount. For the avoidance of doubt, the protection of principal does not apply if the Notes are redeemed prior to the stated Maturity Date or sold by an investor prior to the stated Maturity Date.

**“Protection Amount”** means, in respect of a Series to which a Protection Amount is specified as applicable in the applicable Final Terms, that the Final Redemption Amount will, subject to the applicable Final Terms, in no circumstances be repayable at the stated Maturity Date, at less than the Protection Amount specified in the applicable Final Terms. For the avoidance of doubt, the Protection Amount will not apply in the event that Notes are redeemed prior to their stated Maturity Date or upon the occurrence of an early redemption for taxation reasons, an Index Adjustment Event, a Potential Adjustment Event, or an Event of Default.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the Conditions.

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms.

**“Reference Rate”** means the rate specified as such in the applicable Final Terms.

“**Relevant Determination Date**” means the day which is two relevant Business Days before the due date for any payment of the relevant amount under these Conditions.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organization providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

“**Renminbi**” means the lawful currency of the PRC.

“**Renminbi Dealer**” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

“**Specified Currency**” means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated.

“**Spot Rate**” means, on any date, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Relevant Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Relevant Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Relevant Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on 19 November 2007.

“**TARGET Business Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

“**U.S. Dollar Equivalent**” means, in relation to any Renminbi amount payable under the Notes on any date, such Renminbi amount converted into U.S. dollars using the Spot Rate for the Relevant Determination Date.

(m) ***Calculation Agent***

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount or the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount (as the case may be) or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap, over-the-counter index options, commodities or commodities-related market or exchange) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

The determination of each Rate of Interest, Interest Amount, Final Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

## 5. Redemption, Purchase and Options

### (a) *Redemption by Instalments and Final Redemption*

- (i) Unless previously redeemed or purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Final Terms. The outstanding Nominal Amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the Nominal Amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount
- (ii) Unless previously redeemed or purchased and cancelled as provided below, each Note (unless it is a Reference Item Linked Note or if otherwise specified in the applicable Final Terms) shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount. The applicable Final Terms may specify the basis for calculation of the amount payable upon redemption under this Condition 5(a), Condition 5(b) or Condition 5(c), or under Conditions 6 to 14 upon the Note becoming due and payable (such amount, the “**Redemption Amount**”), failing which the Final Redemption Amount of such Note shall be its Nominal Amount.
- (iii) In the case of Reference Item Linked Notes, if Protection Amount is specified as applicable in the applicable Final Terms, the Final Redemption Amount paid on the Maturity Date of such Note shall not be less than the Protection Amount.

### (b) *Early Redemption*

#### (i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 18 shall be the Amortized Face Amount (as defined below) of such Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortized Face Amount of any such Note shall be equal to the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortization Yield (as specified in the applicable Final Terms or if none is specified in the applicable Final Terms, the Amortization Yield shall be such rate as would produce an Amortized Face Amount equal to the issue price of the Notes if the Final Redemption Amount were discounted back at such rate from the Maturity Date to the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 18 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortized Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date (as defined in

Condition 16(b)). The calculation of the Amortized Face Amount in accordance with this subparagraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where any such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Final Terms.

(ii) *Reference Item Linked Notes*

In the case of a Reference Item Linked Note, the Early Redemption Amount in respect of each nominal amount of such Notes equal to the Calculation Amount will be determined by reference to the provisions in the applicable Final Terms.

(iii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than the Notes described in (i) and (ii) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 18 shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms.

(c) ***Redemption for Taxation Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note, Index Linked Note, Equity Linked Note, Commodity Linked Note or other Reference Item Linked Note) or at any time (if this Note is not a Floating Rate Note, Index Linked Note, Equity Linked Note, Commodity Linked Note or other Reference Item Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount as described in Condition 5(b) above, together with interest accrued, if any, to (but excluding) the date fixed for redemption, if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 16 as a result of any change in, or amendment to, the laws or regulations of Canada or, in the case of Notes issued by CIBC acting through a Branch of Account outside Canada, of the country in which such Branch of Account is located, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the relevant Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors or senior officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or may become obliged to pay such additional amounts as a result of such change or amendment.

*Note: Prior to issuance of any Reference Item Linked Note the Issuer should obtain an opinion of counsel or otherwise obtain confirmation that the Issuer is not obliged to withhold or deduct amounts from payments of principal or interest on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Canada or, in addition, if CIBC's Branch of Account is located outside Canada, the country in which such Branch of Account is located or any political subdivision or authority therein or thereof having power to tax. Condition 5(c) should not apply if there is any withholding or deduction required under the laws in existence at the time of issuance of the relevant Tranche of the Notes but Condition 5(c) would apply if the Issuer is obliged to withhold or deduct such amounts as a result of a change of law or administrative policy made in Canada (or, if CIBC's Branch of Account is located*

*outside Canada, the country in which such Branch of Account is located) after the date on which agreement is reached to issue the relevant Tranche of the Notes.*

(d) ***Redemption at the Option of the Issuer (“Call Option”)***

If a Call Option is specified as applying in the applicable Final Terms, the Issuer may on giving not less than 10 nor more than 30 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 22 redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount, as specified in the applicable Final Terms, together with interest accrued, if any, to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer’s option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer’s option, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the Holder(s) of such Registered Notes, to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements. So long as the Notes are listed on the Luxembourg Stock Exchange’s Euro MTF Market and the rules of that stock exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in London a notice specifying the aggregate Nominal Amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

Any such redemption must relate to Notes of a Nominal Amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

(e) ***Redemption at the Option of Noteholders (“Put Option”)***

If a Put Option is specified as applying in the applicable Final Terms, the Issuer shall, at the option of the Holder of any such Note, upon the Holder of such Note giving not less than 15 nor more than 30 days’ notice to the Issuer (or such other Notice Period as may be specified in the applicable Final Terms) (the “**Noteholders Option Period**”) redeem such Note on the Option Redemption Date(s) at its Optional Redemption Amount, as specified in the applicable Final Terms, together with interest accrued, if any, to (but excluding) the date fixed for redemption.

To exercise such option the Holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (“**Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders’ Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) ***Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 5 and the provisions specified in the applicable Final Terms.

(g) ***Instalment Notes***

Any Instalment Note will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of definitive Bearer Notes, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be

presented with the Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note, all as more fully described in Condition 15.

(h) **Purchases**

The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(i) **Cancellation**

All Notes purchased by or on behalf of the Issuer and any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

For the purposes of these Conditions, “**Subsidiary**” has the meaning provided in the Bank Act.

## 6. **Commodity Linked Notes**

Provisions relating to Commodity Linked Notes will be set out in the applicable Final Terms.

## 7. **Index Linked Notes**

(a) **Definitions**

For the purposes of this Condition 7:

“**Disrupted Day**” means:

- (i) where the Index is not specified in the applicable Final Terms as being a Designated 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; or
- (ii) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which (A) the Index Sponsor fails to publish the level of the Index, (B) any Related Exchange fails to open for trading during its regular trading session or (C) a Market Disruption Event has occurred.

“**Exchange**” means:

- (i) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); or
- (ii) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, in relation to each component security of that Index (each a “**Component Security**”), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

**“Exchange Business Day”** means:

- (i) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or
- (ii) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) each Related Exchange is open for trading during its regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

**“Indices”** and **“Index”** mean, subject to adjustment in accordance with Condition 7(c), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**“Index Sponsor”** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**“Market Disruption Event”** means:

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

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

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

- (ii) in respect of a Designated Multi-Exchange Index either:
- (A) the occurrence or existence, in respect of any Component Security, of:
    - (x) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;
    - (y) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or
    - (z) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; and

the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or
  - (B) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange, (B) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange or (C) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

As used above:

**“Early Closure”** means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or any 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 the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

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

**“Trading Disruption”** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on any Related Exchange.

For the purposes of determining whether a Market Disruption Event in respect of an Index or a Component Security exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index or such Component Security at that time, then the relevant percentage contribution of that security/commodity or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is a Designated Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where the Index is a Designated Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market **“opening data”**.

“**Redemption Amount**” means, in relation to an Index Linked Note, the Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount equal to:

(i) in the case of a Call Index Linked Note:

(A) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price} \times \text{Specified Amount}}{\text{Strike Price}}; \text{ or}$$

(B) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Note in the applicable Final Terms, is equal to or less than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount}; \text{ or}$$

(ii) in the case of a Put Index Linked Note:

(A) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Note in the applicable Final Terms, is less than the Strike Price:

$$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}; \text{ or}$$

(B) if the Reference Price, in relation to the Valuation Date specified for such Index Linked Note in the applicable Final Terms, is equal to or greater than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount},$$

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Yen, half of one unit) being rounded upwards.

“**Reference Price**” means, in relation to a Valuation Date:

(i) where the Notes are specified in the applicable Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on that Valuation Date (as defined below), without regard to any subsequently published correction; and

(ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on that Valuation Date, without regard to any subsequently published correction, multiplied by the relevant Multiplier specified in the applicable Final Terms.

“**Related Exchange**” means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that

where “**All Exchanges**” is specified as the Related Exchange in the applicable Final Terms, “**Related Exchange**” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

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

“**Scheduled Trading Day**” means:

- (i) where the Index is not specified in the applicable Final Terms as being a Designated 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 sessions; or
- (ii) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, (i) any day on which the Index Sponsor is scheduled to publish the level of that Index and (ii) each Related Exchange is scheduled to be open for trading for its regular trading session.

“**Scheduled Valuation Date**” means, in relation to a Valuation Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date.

“**Strike Price**” means the amount specified as such in the applicable Final Terms.

“**Valuation Date**” means the date or, in the case of Index Linked Notes, each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Index, that 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 is a Disrupted Day. In that case (i) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price by determining the level of the Index as of the Valuation 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 Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, that Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and that Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an “**Affected Index**”) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected 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 Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where applicable, determine the Reference Price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, using the level of that Index as of the Valuation 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 Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

“**Valuation Time**” means:

- (i) where the Index is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (ii) where the Index is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant 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. If, for the purposes of (i) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

(b) ***Redemption of Index Linked Notes***

Unless previously redeemed or purchased and cancelled, each nominal amount (the “**Specified Amount**”) of the Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer at its Final Redemption Amount (as set out in the applicable Final Terms) on the Maturity Date.

(c) ***Adjustments to an Index***

(i) ***Successor Index Sponsor Calculates and Reports an Index***

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

(ii) ***Modification and Cessation of Calculation of an Index***

If (x) on or prior to a Valuation Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization, contracts or commodities and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”), or (y) on a Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an “**Index Disruption**” and, together with an Index Modification and an Index Cancellation, each an “**Index Adjustment Event**”), then the Issuer may take the action described in (A) or (B) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the Reference Price using, in

lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or

- (B) give notice to the Noteholders in accordance with Condition 22 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

(iii) *Correction of an Index*

If Correction of Index Levels is specified as applying in the applicable Final Terms and the official closing level of an Index published on a Valuation Date is subsequently corrected and the correction (the “**Corrected Index Level**”) is published by the Index Sponsor or (if applicable) the Successor Index Sponsor prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Index Level shall be deemed to be the closing level for such Index for that Valuation Date and the Calculation Agent shall use such Corrected Index Level in determining the relevant Interest Amount and/or Redemption Amount.

(iv) *Notice*

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 22 giving details of the action proposed to be taken in relation thereto.

## 8. **Equity Linked Notes**

(a) **Definitions**

For the purposes of this Condition 8:

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

“**Equity Issuer**” means, in relation to an Underlying Equity, the issuer of such Underlying Equity.

“**Exchange**” means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

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

“**Market Disruption Event**” means, in respect of an Underlying Equity:

- (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise;
  - (x) relating to the Underlying Equity on the Exchange; or

- (y) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
- (B) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,

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

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

“**Redemption Amount**” means, in relation to an Equity Linked Note, the Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

- (i) in the case of a Call Equity Linked Note:
  - (A) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Note in the applicable Final Terms, is greater than the Strike Price:

$$\frac{\text{Reference Price} \times \text{Specified Amount}}{\text{Strike Price}}$$

- (B) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Note in the applicable Final Terms, is equal to or less than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount; or}$$

- (ii) in the case of a Put Equity Linked Note:
  - (A) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Note in the applicable Final Terms, is less than the Strike Price:

$$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount; or}$$

- (B) if the Reference Price, in relation to the Valuation Date specified for such Equity Linked Note in the applicable Final Terms, is equal to or greater than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount,}$$

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Yen, half of one unit) being rounded upwards.

“**Reference Price**” means, in relation to a Valuation Date:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, an amount equal to the official closing price on that Valuation Date (or, if so specified in the applicable Final Terms the price at the Valuation Time on that Valuation Date) of the

Underlying Equity quoted on the Exchange without regard to any subsequently published correction as determined by the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, no such official closing price) can be determined at such time and, if either Disrupted Day is specified as applying in the applicable Final Terms and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applying in the applicable Final Terms, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the fair market buying price at the Valuation Time on that Valuation Date and the fair market selling price at the Valuation Time on that Valuation Date for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and

- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Equity as the official closing price on that Valuation Date (or, if so specified in the applicable Final Terms, the price at the Valuation Time on that Valuation Date) of the Underlying Equity quoted on the relevant Exchange without regard to any subsequently published correction as determined by the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, any such official closing price) can be determined at such time and, if Disrupted Day is specified as applying in the applicable Final Terms, and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applying in the applicable Final Terms, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the fair market buying price at the Valuation Time (or, as the case may be, of the closing fair market buying price) on that Valuation Date and the fair market selling price at the Valuation Time (or, as the case may be, of the closing fair market selling price) on that Valuation Date for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide), multiplied by the Multiplier specified in the applicable Final Terms. Each value determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Reference Price.

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

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

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

**“Scheduled Valuation Date”** means, in relation to a Valuation Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been that Valuation Date.

“**Strike Price**” means the amount specified as such in the applicable Final Terms.

“**Underlying Equities**” and “**Underlying Equity**” mean, subject to adjustment in accordance with Condition 8(c), the equity securities or equity security specified as such in the applicable Final Terms and related expressions shall be construed accordingly.

“**Valuation Date**” means the date or, in the case of Equity Linked Notes, each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, that 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 is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be that Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, that Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and that Valuation Date for each Underlying Equity affected (each an “**Affected Equity**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case (i) that eighth Scheduled Trading Day shall be deemed to be that Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price using, in relation to the Affected Equity, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, using its good faith estimate of the value for the Affected Equity as of the Valuation Time on that eighth Scheduled Trading Day and otherwise in accordance with the above provisions.

“**Valuation Time**” means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

(b) ***Redemption of Equity Linked Notes***

Unless previously redeemed or purchased and cancelled as specified below, each nominal amount (the “**Specified Amount**”) of Equity Linked Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer (A) if Cash Settlement is specified as applying in the applicable Final Terms, by payment of the Redemption Amount on the Maturity Date or (B) if Physical Delivery is specified as applying in the applicable Final Terms, by delivery of the Asset Amount on the Maturity Date or (C) if Cash Settlement and/or Physical Delivery is specified as applying in the applicable Final Terms, by payment of the Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Final Terms, in each case on the Maturity Date, in each case subject as provided below.

(c) ***Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalization and Insolvency, Correction of Share Prices and Adjustments for Equity Linked Notes in respect of Underlying Equities quoted in European Currencies***

- (i) If Potential Adjustment Events are specified as applying in the applicable Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event,

the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the Underlying Equities and, if so, will (a) make the corresponding adjustment, if any, to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting, concentrative or other effect (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 Underlying Equity) and (b) determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 22, stating the adjustment to the relevant Interest Amount and/or Redemption Amount and/or the Asset Amount, the Strike Price and/or the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

For the purposes of this Condition 8(c)(i):

**“Potential Adjustment Event”** means any of the following:

- (A) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalization or similar issue;
- (B) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (1) such Underlying Equities or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (C) an extraordinary dividend as determined by the Calculation Agent;
- (D) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
- (E) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (F) in respect of an Equity 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 such Equity 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 Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (G) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

- (ii) If (x) De-listing, Merger Event, Nationalization and Insolvency is specified as applying in the applicable Final Terms and/or (y) if Tender Offer is specified as applying in the applicable Final Terms and (in the case of (x)), a De-listing, Merger Event, Nationalization or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:
- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalization or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Equities; or
  - (B) give notice to the Noteholders in accordance with Condition 22 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

If the provisions of Condition 8(c)(ii)(A) apply the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Delisting, Merger Event, Tender Offer, Nationalization or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalization or Insolvency, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 22 stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalization or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

For the purposes of this Condition 8(c)(ii):

**“De-Listing”** means, in respect of any relevant Underlying Equities, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equities 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);

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, an Equity Issuer (A) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them;

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

**“Merger Event”** means, in respect of any relevant Underlying Equities, any (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer, all such Underlying Equities outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all such Underlying Equities 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 Underlying Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event, in each case if the Merger Date is on or before the relevant Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date;

“**Nationalization**” means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

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

- (iii) If Correction of Share Prices is specified as applying in the applicable Final Terms and the price of an Underlying Equity published on a Valuation Date is subsequently corrected and the correction (the “**Corrected Share Price**”) is published on the relevant Exchange prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Share Price shall be deemed to be the closing price for such Underlying Equity for that Valuation Date and the Calculation Agent shall use such Corrected Share Price in determining the relevant Interest Amount and/or Redemption Amount.
- (iv) In respect of Equity Linked Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 8(b)(iv) will affect the currency denomination of any payments in respect of the Notes.

## **9. FX Linked Notes**

### **(a) Definitions**

For the purpose of this Condition 9:

“**Averaging Cut-Off Date**” means, in respect of an Averaging Date, the fifth FX Business Day immediately following the original date on which the final Averaging Date was scheduled to fall, or, if earlier, the FX Business Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Averaging Date, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which such final Averaging Date was scheduled to fall.

“**Averaging Date**” means each Averaging Date specified in the applicable Final Terms, or, if that is not an FX Business Day the first following day which is an FX Business Day, or, if earlier the Averaging Cut-Off Date (such day, the “**Scheduled Averaging Date**” corresponding to such Averaging Date). If an Averaging Date falls on the Averaging Cut-Off Date, then, subject to the applicable Final Terms, the next applicable Disruption Fallback specified as a consequence of an FX Market Disruption Event shall apply (as if an FX Market Disruption Event had occurred), or, if none is specified, Calculation Agent Calculation shall be deemed to apply.

“**Base Currency**” means the currency specified as such in the applicable Final Terms.

“**Calculation Agent Determination**” means, in respect of a Currency Price and any relevant day, that such Currency Price for such relevant day (or a method for determining such Currency Price) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.

“**Currency Price**” means, in relation to each Note, as the case may be, the Currency Price specified in the applicable Final Terms, or if not so specified in the applicable Final Terms, in respect of each Subject Currency, an amount equal to the spot rate of exchange appearing on the FX Price Source at the Valuation Time on (a) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

“**Currency-Reference Dealers**” means, in respect of any relevant day, that the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate at which it will buy one unit of the Base Currency in units of the Subject Currency at the applicable Valuation Time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable Valuation Time on such relevant day.

“**Disruption Fallback**” means, in respect of a Currency Price, Calculation Agent Determination, Currency-Reference Dealers, EM Fallback Valuation Postponement, EM Valuation Postponement, Fallback Reference Price, Other Published Sources, Postponement and/or such other sources or methods specified as such or otherwise determined as an alternative basis for determining such Currency Price as may be provided in the applicable Final Terms. The applicable Disruption Fallback in respect of a Currency Price shall be as specified in the applicable Final Terms, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Currency Price cannot be determined by applying one Disruption Fallback, then the next Disruption Fallback specified shall apply.

“**Fallback Reference Price(s)**” means, in respect of a Currency Price, that the Currency Price for the relevant date will be the alternate price source(s) specified in the applicable Final Terms for such Currency Price, applied in the order specified in the applicable Final Terms.

“**FX Business Day**” means, in respect of a Currency Price, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of an FX Market Disruption Event in respect of such Currency Price would have settled payments and been open for general business, in each of the Specified Financial Centers for such Currency Price, as specified in the applicable Final Terms.

“**FX Disrupted Day**” means any FX Business Day on which a FX Market Disruption Event occurs.

“**FX Market Disruption Event**” means:

- (i) in respect of a Currency Price, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if specified as applicable in the Final Terms, any

Inconvertibility Event and/or any other event specified as applicable in the applicable Final Terms; and

- (ii) if the applicable Final Terms provide that the EM Currency Provisions shall apply to a Currency Price, in respect of such Currency Price, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption, Price Materiality Event and/or, if specified as applicable in the applicable Final Terms, any Inconvertibility Event and/or Non-Transferability Event and/or any other event specified as applicable in the applicable Final Terms.

**“FX Price Source(s)”** means, in respect of a Currency Price, the price source(s) specified in the applicable Final Terms for such Currency Price, or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

**“FX Price Source Disruption”** means it becomes impossible or otherwise impracticable to obtain and/or execute the relevant rate(s) required to calculate the Currency Price on the Averaging Date or Valuation Date or other relevant date, or, if different, the day on which rates for that Averaging Date or Valuation Date or other relevant date, as the case may be, would in the ordinary course be published or announced by the relevant FX Price Source.

**“FX Trading Suspension or Limitation”** means the suspension of and/or limitation of trading in the rate(s) required to calculate the relevant Currency Price in the Interbank Market provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent.

**“Inconvertibility Event”** means the occurrence, as determined by the Calculation Agent in its sole and absolute discretion, of any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (i) has the direct or indirect effect of hindering, limiting or restricting (i) the convertibility of the relevant Subject Currency into the Base Currency, or (ii) the transfer of the Subject Currency or the Base Currency to countries other than the countries for which the Subject Currency or the Base Currency, as the case may be, is the lawful currency(including without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions); and/or
- (ii) results in the unavailability of any relevant Base Currency or Subject Currency in the interbank foreign exchange market in any Specified Financial Centre(s) in accordance with normal commercial practice.

**“Interbank Market”** means the over-the-counter foreign exchange spot market open continuously from and including 5.00 a.m., Sydney time, on a Monday in any week to and including 5.00 p.m., New York time, on the Friday of such week.

**“Maximum Days of Postponement”** means five (5) FX Business Days or such other number of FX Business Days (or other type of days) as specified in the applicable Final Terms.

**“Non-Transferability Event”** means the occurrence, as determined by the Calculation Agent in its sole and absolute discretion, of any event that generally makes it impossible to deliver (a) the Base Currency from accounts inside the Subject Currency Jurisdiction to accounts outside the Subject Currency Jurisdiction or (b) the Subject Currency between accounts inside the Subject Currency Jurisdiction or to a party that is a non-resident of the Subject Currency Jurisdiction.

**“Other Published Sources”** means, in respect of any relevant day, that the Calculation Agent will determine the Currency Price on such relevant day on the basis of the exchange rate for one unit of the Base Currency in terms of the Subject Currency published by available recognized financial information vendors (as selected by the Calculation Agent) other than the applicable FX Price Source, at or around the applicable Valuation Time on such relevant day.

**“Postponement”** means, in respect of a Valuation Date or an Averaging Date, if such day (or, if applicable, if the original day on which such Valuation Date or an Averaging Date, as the case may be, is scheduled to fall (as specified in the applicable Final Terms) is postponed on account of such original day not being an FX Business Day, such postponed day) is an FX Disrupted Day, then:

- (i) where the FX Linked Notes relate to a single Currency Price, such Valuation Date or Averaging Date, as the case may be, shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, is an FX Disrupted Day. In that case, (i) that last consecutive FX Business Day shall be deemed to be the Valuation Date or the Averaging Date, as the case may be (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply; or
- (ii) where the FX Linked Notes relate to a Basket of Currency Prices, such Valuation Date or Averaging Date, as the case may be, for each Currency Price not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, and the Valuation Date for each Currency Price affected (each an **“Affected Currency Price”**) by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Currency Price, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, is an FX Disrupted Day. In that case for each Affected Currency Price, (i) that last consecutive FX Business Day shall be deemed to be the Valuation Date or the Averaging Date, as the case may be (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply.

**“Price Materiality Event”** means, in respect of a Currency Price and a Valuation Date, Averaging Date or other relevant date, that the FX Price Source differs from the Fallback Reference Price by at least the Price Materiality Percentage (and if both an FX Price Source Disruption and a Price Materiality Event occur or exist on any day, it shall be deemed that an FX Price Source Disruption and not a Price Materiality Event occurred or existed on such day).

**“Price Materiality Percentage”** means the percentage specified as such in the applicable Final Terms.

**“Reference Dealers”** means, in respect of each Subject Currency, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent (or any other number of dealers as specified in the applicable Final Terms).

**“Specified Financial Centre(s)”** means the financial centre(s) specified in the applicable Final Terms.

**“Subject Currency”** means the currency specified as such in the applicable Final Terms.

**“Subject Currency Jurisdiction”** means the country for which the Subject Currency is the lawful currency.

**“Valuation Cut-Off Date”** means, in respect of a Valuation Date, the fifth FX Business Day immediately following the original date on which such Valuation Date was scheduled to fall, or, if earlier, the FX Business Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

**“Valuation Date”** means:

- (i) if the applicable Final Terms specify that the EM Currency Provisions shall not apply to a Currency Price, each Valuation Date specified in the applicable Final Terms or if that is not an

FX Business Day the first following day which is an FX Business Day, or, if earlier the Valuation Cut-Off Date (such day, the “**Scheduled Valuation Date**” corresponding to such Valuation Date). If a Valuation Date falls on the Valuation Cut-Off Date, then, subject to the applicable Final Terms, the first applicable Disruption Fallback specified as a consequence of an FX Market Disruption Event shall apply (as if an FX Market Disruption Event had occurred), or, if none is specified, Calculation Agent Determination shall be deemed to apply; or

- (ii) if the applicable Final Terms specify that the EM Currency Provisions shall apply to a Currency Price, each Valuation Date specified in the applicable Final Terms (the “**Scheduled Valuation Date**” in respect of such Currency Price, if such day is an FX Business Day for such Currency Price, or if such day is not an FX Business Day only by reason of being an Unscheduled Holiday for such Currency Price), or the immediately preceding FX Business Day for such Currency Price, as determined by the Calculation Agent (the “**Scheduled Valuation Date**” in respect of such Currency Price, if such day is not an FX Business Day and is not an Unscheduled Holiday for such Currency Price), provided that such Valuation Date shall be subject to adjustment in accordance with Condition 9(c) and Condition 9(d).

“**Valuation Time**” means the Valuation Time specified in the applicable Final Terms.

(b) ***Consequences of an FX Disrupted Day***

If the Calculation Agent determines that any Valuation Date or Averaging Date is an FX Disrupted Day, then the Currency Price for such Valuation Date or Averaging Date will be determined in accordance with the terms of the first applicable Disruption Fallback. The applicable Final Terms may provide that one or more Disruption Fallbacks may apply to any Valuation Date or Averaging Date and that such applicable Disruption Fallbacks may apply concurrently or sequentially, in such manner as specified in the applicable Final Terms.

(c) ***EM Currency Provisions: Unscheduled Holiday***

- (i) If the applicable Final Terms provide that the EM Currency Provisions shall apply to a Currency Price or Fallback Reference Price, as applicable, and any Valuation Date or Averaging Date, and that Unscheduled Holidays shall be applicable, then, if the Calculation Agent determines that the relevant Scheduled Valuation Date or Scheduled Averaging Date, as applicable (each, a “**Scheduled Reference Date**”), is an Unscheduled Holiday for such Currency Price or Fallback Reference Price, then the Valuation Date or Averaging Date shall be postponed to the first FX Business Day falling after the Scheduled Reference Date (the “**Adjusted Scheduled Reference Date**”), provided that if such first FX Business Day has not occurred on or before the last day of the Maximum Days of Deferral, then the next day after the Last Deferred Day that would have been an FX Business Day but for a Unscheduled Holiday shall be deemed to be the Adjusted Scheduled Reference Date.

- (ii) The following terms and expressions shall have the following meanings:

“**Last Deferred Day**” means, in respect of any postponement by a number of days equal to the Maximum Days of Deferral, the last day to which such day is postponed.

“**Maximum Days of Deferral**” means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

“**Unscheduled Holiday**” means, in respect of a Currency Price or Fallback Reference Price, as applicable, a day that is not an FX Business Day and 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 Specified Financial Centre in respect of such Currency Price or Fallback Reference Price, two FX Business Days prior to such day.

(d) ***EM Currency Provisions: EM Valuation Postponement***

If the applicable Final Terms provide that the EM Currency Provisions shall apply to a Currency Price (which term shall include, where the Final Terms provide that the prior applicable Disruption Fallback is “Fallback Reference Price”, the Currency Price determined using the applicable Fallback Reference Price) and any Valuation Date or Averaging Date, and that EM Valuation Postponement shall be applicable, then, if the Calculation Agent determines that the relevant Scheduled Reference Date (if the Scheduled Reference Date is not an Unscheduled Holiday for the Currency Price) or the Adjusted Scheduled Reference Date (if the Scheduled Reference Date is an Unscheduled Holiday for the Currency Price) is an FX Disrupted Day, then such Valuation Date or Averaging Date shall be the first FX Business Day which is not an FX Disrupted Day unless an FX Market Disruption Event continues to exist (measured from such Scheduled Reference Date or Adjusted Scheduled Reference Date, as applicable) for a consecutive number of calendar days equal to the Maximum Days of EM Valuation Postponement. In that case, the Currency Price will be determined on the next FX Business Day after the Maximum Days of EM Valuation Postponement in accordance with the next applicable Disruption Fallback as specified in the applicable Final Terms.

Where “**Maximum Days of EM Valuation Postponement**” means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

(e) ***EM Currency Provisions: EM Fallback Valuation Postponement***

If the applicable Final Terms provide that the EM Currency Provisions shall apply and that EM Fallback Valuation Postponement shall be applicable and where the Final Terms provide that the prior applicable Disruption Fallback is “Fallback Reference Price”, if the Calculation Agent determines that the Currency Price (as determined by reference to the applicable Fallback Reference Price) is not available on (a) the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement (where an FX Market Disruption Event has occurred or exists in respect of the Currency Price throughout the Maximum Days of EM Valuation Postponement) or (b) on the Adjusted Scheduled Reference Date (where the Adjusted Scheduled Reference Date falls after the Last Deferred Day) then the Valuation Date or Averaging Date shall be the first succeeding FX Business Day which is not an FX Disrupted Day in respect of the Currency Price unless an FX Market Disruption Event continues to exist throughout the Fallback Maximum Period of Postponement. In that case, the Currency Price will be determined on the Last Fallback Postponement Date in accordance with the next applicable Disruption Fallback.

Where:

“**Fallback Maximum Period of Postponement**” means the period commencing on, and including:

- (i) if an FX Market Disruption Event has occurred or exists in respect of the Currency Price throughout the Maximum Days of EM Valuation Postponement, the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement; or
- (ii) if the Adjusted Scheduled Reference Date falls after the Last Deferred Day, the Adjusted Scheduled Reference Date,

and ending on, and including, the third FX Business Day (or such other day as specified in the applicable Final Terms) following such date as specified in paragraphs (a) and (b) above, as applicable (such date, the “**Last Fallback Postponement Date**”).

(f) ***EM Currency Provisions: Cumulative Events***

If the applicable Final Terms provide that the EM Currency Provisions shall apply to a Currency Price and any Valuation Date or Averaging Date, and that Cumulative Events shall be applicable, then the total number of consecutive calendar days during which (a) such Valuation Date or Averaging Date is deferred due to an Unscheduled Holiday, (b) an EM Valuation Postponement shall occur in respect of such Valuation Date or Averaging Date, or (c) an EM Fallback Valuation Postponement shall occur in respect of such Valuation Date or Averaging Date (or any combination of (a), (b) and (c)), shall not exceed the Maximum Days of Cumulative Postponement in the aggregate. Accordingly, (i) if such Valuation Date or Averaging Date is postponed by the

number of calendar days equal to the Maximum Days of Cumulative Postponement owing to an EM Valuation Postponement or EM Fallback Valuation Postponement (or both), and an Unscheduled Holiday shall have occurred or be continuing on the day following the relevant Last Postponed Day that otherwise would have been an FX Business Day, then such day shall be deemed to be such Valuation Date or Averaging Date and (ii) if such Valuation Date or Averaging Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement owing to Unscheduled Holidays, and on the first day after the Last Postponed Day, an applicable FX Market Disruption Event shall have occurred or be continuing, then the Currency Price in respect of such Valuation Date or Averaging Date or other relevant date shall be determined in accordance with the next applicable Disruption Fallback.

Where:

“**Last Postponed Day**” means, in respect of any postponement by a number of days equal to the Maximum Days of Cumulative Postponement, the last day to which such day is postponed; and

“**Maximum Days of Cumulative Postponement**” means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

(g) ***Corrections to Published and Displayed Rates***

- (i) In any case where a Currency Price is based on information obtained from the Reuters Monitor Money Rates Service, or any other financial information service, the Currency Price will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.
- (ii) Notwithstanding Condition 9(g)(i), in any case where the Currency Price is based on information published or announced by any governmental authority in a relevant country, the Currency Price will be subject to the corrections, if any, to that information subsequently published or announced by that source within five calendar days of the relevant date, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

(h) ***Successor Currency***

Where the applicable Final Terms specify that “Successor Currency” is applicable in respect of a Currency Price, then:

- (i) each Subject Currency and Base Currency will be deemed to include any lawful successor currency to the Subject Currency or Base Currency (the “**Successor Currency**”);
- (ii) if the Calculation Agent determines that on or after the Issue Date (or such other date as specified in the applicable Final Terms) but on or before any relevant date under the Notes on which an amount may be payable, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the “**Original Currency**”) for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);
- (iii) notwithstanding paragraph (ii) above but subject to paragraph (iv) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in its sole and absolute discretion, select such other exchange rate or other basis for the conversion of an

amount of the Original Currency to the Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Notes to account for such elimination, conversion, redenomination or exchange of the Subject Currency or Base Currency, as the case may be; and

- (iv) notwithstanding the foregoing provisions, with respect to any Subject Currency or Base Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.

(i) ***Rebasing of Notes***

If the applicable Final Terms specify that “Rebasing” is applicable, then if, on or prior to any Valuation Date or Averaging Date or any other relevant date, the Calculation Agent is unable to obtain a value for a Subject Currency (because the Subject Currency and/or Base Currency ceases to exist, or for any other reason other than a temporary disruption, as determined by the Calculation Agent), the Calculation Agent may rebase the Notes against another foreign exchange rate determined by the Calculation Agent, in its sole and absolute discretion, to be a comparable foreign exchange rate. If the Calculation Agent determines in its sole and absolute discretion that there is no such a comparable foreign exchange rate, the Issuer may give notice to Holders in accordance with Condition 22 and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

**10. Fund Linked Notes**

(a) ***General Definitions***

“**Averaging Date**” means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Final Terms.

“**Valuation Date**” means each Valuation Date specified in the applicable Final Terms.

(b) ***Provisions relating to Funds other than Exchange Traded Funds***

Conditions 10(c), (d) and (e) apply in respect of Funds other than Exchange Traded Funds.

(c) ***Definitions (Funds other than Exchange Traded Funds)***

“**Basket of Funds**” means a basket composed of Funds in the relative proportions or number of Funds, as specified in the applicable Final Terms.

“**Fund**” means, subject to adjustment in accordance with these Conditions, each fund specified in the applicable Final Terms and related expressions shall be construed accordingly.

“**Fund Administrator**” means the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for a Fund according to the relevant Fund Documents.

“**Fund Adviser**” means 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).

“**Fund Documents**” means the constitutive and governing documents, subscription agreements and other agreements of a Fund specifying the terms and conditions relating to the related Fund Interest, as amended from time to time.

“**Fund Interest**” means, subject to adjustment in accordance with these Conditions, each fund interest specified in the applicable Final Terms and related expressions shall be construed accordingly.

“**Fund Redemption Valuation Date**” means, in respect of a Fund Interest, the date as of which a Fund (or its Fund Service Provider that generally determines such value) would determine 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 and timely notice for redemption of Fund Interests based on the value determined as of such date.

“**Fund Service Provider**” means any person who is appointed to provide services, directly or indirectly, to a Fund, whether or not specified in the relevant Fund Documents, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

“**Fund Valuation Date**” means a date as of which a Fund (or its Fund Service Provider that generally determines such value) determines the value of the related Fund Interest.

“**Hypothetical Investor**” means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in Fund Interests which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding Fund Interests at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organized in any jurisdiction, and to be, without limitation, the Issuer, the Calculation Agent or any of their affiliates (as determined by the Calculation Agent in the context of the relevant situation).

“**Removal Date**” means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realization of such Affected Fund Interest effected as soon as reasonably practicable following the occurrence of the relevant Fund Event.

“**Removal Value**” means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive in cash on the redemption or realization of such Affected Fund Interest at the relevant time, provided that if any such redemption proceeds would comprise non-monetary assets the Removal Value may, at the sole and absolute discretion of the Calculation Agent, include only such amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realization (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

“**Scheduled Fund Redemption Valuation Date**” means the date as of which a Fund (or its Fund Service Provider that generally determine such value) is scheduled, according to the relevant 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 the related Fund Interest for 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.

“**Scheduled Fund Valuation Date**” means, in respect of a Fund Interest, a date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to the relevant 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 value of the related Fund Interest or, if the Fund only reports its aggregate net asset value, the date as of which such Fund is scheduled to determine its aggregate net asset value.

(d) **Fund Events**

“**Fund Event**” means the occurrence of each of an Additional Disruption Event, a Fund Disruption Event and/or a Fund Extraordinary Event as determined by the Calculation Agent.

“**Fund Disruption Event**” means at any time the occurrence or continuance of any of the following events, as determined by the Calculation Agent in its sole and absolute discretion, if the Calculation Agent determines any such event is material:

- (i) “**Fund Valuation Disruption**” means (A) any continued postponement of any Scheduled Valuation Date due to such Scheduled Valuation Date not being a Scheduled Fund

Redemption Valuation Date, (B) the failure of a Scheduled Fund Redemption Valuation Date in respect of a Fund Interest to be a Fund Redemption Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Redemption Valuation Date, or (C) the failure of a Scheduled Fund Valuation Date in respect of a Fund Interest to be a Fund Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Valuation Date;

- (ii) “**Fund Settlement Disruption**” means a failure by a Fund on any day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests).

“**Fund Extraordinary Event**” means each of the following events:

- (i) “**Nationalization**” means that all the Fund Interests or all or substantially all the assets of a Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
- (ii) “**Insolvency**” means that 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 or redeeming them;
- (iii) “**Fund Insolvency Event**” means a Fund or relevant Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding-up or 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) (I) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) 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 clause (I) above and either (aa) 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 (bb) is not dismissed, discharged, stayed or restrained in each case within fifteen calendar 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 of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen calendar 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 paragraphs (E) and (F) above;
- (iv) “**NAV Trigger Event**” means that (A) the aggregate net asset value of a Fund has decreased by an amount equal to or greater than 30 per cent. since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or (B) a Fund has violated any leverage restriction that is applicable to, or affecting, it 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 relevant Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;

- (v) “**Adviser Resignation Event**” means the resignation, termination of appointment, or replacement of a Fund's Fund Adviser;
- (vi) “**Fund Modification**” means any change or modification of the relevant Fund Documents that could reasonably be expected to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of Fund Interests;
- (vii) “**Strategy Breach**” means any breach or violation of any strategy or investment guidelines stated in the relevant Fund Documents that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent); or any change of the nature of a Fund, including but not limited to the type of investments, the duration, the credit risk and diversification of the investments to which that Fund is exposed, which, in the opinion of the Calculation Agent, results in a material deterioration of the risk profile of that Fund;
- (viii) “**Regulatory Action**” means (A) the cancellation, suspension or revocation of the registration or approval of a Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (B) any change in the legal, tax, accounting, or regulatory treatments of a Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Calculation Agent), or (C) a Fund or any of its Fund Administrator or Fund Adviser becoming subject to investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser;
- (ix) “**Reporting Disruption**” means (A) the occurrence of any event affecting a Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest in respect of a Scheduled Fund Valuation Date or a Scheduled Fund Redemption Valuation Date, and such event continues for at least two consecutive Scheduled Fund Valuation Dates or Scheduled Fund Redemption Valuation Dates, as the case may be; (B) any failure of a Fund to deliver, or cause to be delivered, (I) information that such Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Fund Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (II) information that has been previously delivered to the Calculation Agent, in accordance with such Fund's, or its authorized representative's, normal practice and that the Calculation Agent deems necessary to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the related Fund Interests;
- (x) “**Fund Service Provider Cessation**” means that one or more Fund Service Provider(s) in respect of a Fund ceases to provide the service as outlined in the relevant Fund Documents prevailing on the Trade Date or, where the related Fund Interest is a Replacement Fund Interest, the relevant replacement date, and any such Fund Service Provider is not immediately replaced by another service provider acceptable to the Calculation Agent;
- (xi) “**Fund Administrator Disruption**” means any event or circumstances compromising the independence of a Fund Administrator performing services for a Fund from the relevant Fund Adviser; or
- (xii) “**Related Agreement Termination**” means a Fund or any of its Fund Administrator or Fund Adviser is in breach of or has terminated any existing agreement with the Calculation Agent in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing.

Following the occurrence of a Fund Event, the Issuer may take the action described in (i) or (ii) below such that the Calculation Agent, in its sole and absolute discretion, determines to be practicable, which

may be determined by the Calculation Agent after all necessary information has been obtained and/or released by the Fund:

- (i) require the Calculation Agent to make such determinations and/or adjustments to the Conditions and/or the applicable Final Terms as it determines appropriate to account for the Fund Event, which may include, without limitation,
  - (A) delaying any determination date (including any Valuation Date or Averaging Date) and/ or any date on which payment might otherwise have to be made under the terms of the applicable Final Terms until it determines that no Fund Event exists;
  - (B) determining that, in the sole and absolute discretion of the Calculation Agent, one or more Fund Events may continue until or after any scheduled determination dates and/or payment dates as set out in the applicable Final Terms, and thereafter determining to fix any determination date (including any Valuation or Averaging Date) and/or date on which payment should be made, and making payment on such date of such amount as is appropriate, as determined in the sole and absolute discretion of the Calculation Agent, taking into account the Fund Event, and which may be based solely on any amounts of cash that a Hypothetical Investor in the Fund actually received from the Fund during the relevant period or periods (and which may be less than any relevant net asset value published for the Fund, and may be as low as zero);
  - (C) calculating the value of a Fund Interest and/or replacing a Fund Interest (the “**Affected Fund Interest**”) with a replacement fund interest (the “**Replacement Fund Interest**”) with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Fund Event; or
- (ii) on giving notice to the Holders in accordance with Condition 22, redeem all (but not less than all) of the Notes, each Note being redeemed at the Early Redemption Amount.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest.

Upon the occurrence of a Fund Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Condition 22, giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action.

(e) ***Fund Potential Adjustment Events***

“**Fund Potential Adjustment Event**” means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Fund Interests or a free distribution or dividend of any such Fund Interests to existing holders by way of bonus, capitalization or similar issue;
- (b) a distribution, issue or dividend to existing holders of relevant Fund Interests of (I) such Fund Interests or (II) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the related Fund equally or proportionately with such payments to holders of such Fund Interests or (III) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the related Fund as a result of a spin-off or other similar transaction or (IV) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (c) an extraordinary dividend as determined by the Calculation Agent;
- (d) a repurchase by a Fund of relevant Fund Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than where such repurchase is a redemption of Fund Interests initiated by an investor in such Fund Interests and consistent with the relevant Fund Documents; or
- (e) any other event that may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of relevant Fund Interests.

Following the declaration by a Fund of the terms of any Fund Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Fund Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interest and, if so, will make the corresponding adjustment, if any, to any one or more of any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion, determines appropriate to account for that diluting, concentrative or other 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 determine the effective date of that adjustment.

Upon the making of any such adjustment by the Calculation Agent, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Condition 22 stating the adjustment to any of the Conditions, and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

(f) ***Provisions relating to Exchange Traded Funds***

The following provisions apply to Exchange Traded Funds:

**“Averaging Cut-Off Date”** means the eighth Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, or on account of such date not being a Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall be applicable, a Common Scheduled Trading Day), would have been the final Averaging Date, or, if earlier, the Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on the relevant Averaging Dates, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which the final Averaging Date was scheduled to fall.

**“Averaging Date”** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall be applicable, the immediately following Common Scheduled Trading Day), or, if earlier, the Averaging Cut-Off Date. If any such day is a Disrupted Day:

- (a) if **“Omission”** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price; provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant price on the final Averaging Date, as if such final Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **“Postponement”** is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant price on that Averaging Date as if such Averaging Date were a Valuation Date that was a

Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

- (c) if “**Modified Postponement**” is specified as applying in the applicable Final Terms then:
- (i) where the Fund Linked Notes relate to a single Fund, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Fund, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;
  - (ii) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall not be applicable, the Averaging Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Scheduled Trading Day, if applicable) (the “**Scheduled Averaging Date**”) and the Averaging Date for a Fund Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Fund Share. If the first succeeding Valid Date in relation to such Fund Share has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Fund Share, then:
    - (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date) in relation to such Fund Share, and
    - (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with subparagraph (b)(ii) of the definition of “Valuation Date” below;
  - (iii) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Averaging Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Common Scheduled Trading Day, if applicable) (the “**Scheduled Averaging Date**”) and the Averaging Date for a Fund Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Fund Share. If the first succeeding Valid Date in relation to such Fund Share has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut- Off Date is already an Averaging Date) in relation to such Fund Share, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (c)(ii) of the definition of “Valuation Date” below; or
  - (iv) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” and “Common Disrupted Days” shall be applicable, the Averaging Date for each Fund Share shall be the first succeeding Common Valid Date in relation to such Fund Share.

If the first succeeding Common Valid Date has not occurred as of the Valuation Time on the Averaging Cut- Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, then:

(A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and

(B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (d)(ii) of the definition of “Valuation Date” below,

and, for the purposes of these Conditions “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur, and “**Common Valid Date**” means a Common Scheduled Trading Day that is not a Disrupted Day for any Fund Share and on which another Averaging Date does not or is deemed not to occur.

“**Barrier Event Determination Day**” means, in respect of each Fund Share:

(a) if the applicable Final Terms provide that the Barrier Event (intraday) provisions shall apply, unless otherwise specified in the applicable Final Terms, each day on which the price of such Fund Share is quoted on the relevant Exchange during the relevant Observation Period, regardless of whether or not such day is a Scheduled Trading Day for such Fund Share (and, for the avoidance of doubt, if the Calculation Agent in its sole and absolute discretion determines that a Market Disruption Event is occurring at any time on any Barrier Event Determination Day, it shall disregard the period during which it determines in its sole and absolute discretion that such Market Disruption Event has occurred and is continuing for the purposes of determining whether or not a Barrier Event (intraday) has occurred); or

(b) if the applicable Final Terms provide that the Barrier Event (closing) provisions shall apply each day specified as such in the applicable Final Terms.

“**Barrier Event Valuation Time (closing)**” means, in respect of each Fund Share to be valued, the Scheduled Closing Time on the relevant Exchange on the relevant Barrier Event Determination Day. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Barrier Event Valuation Time (closing) is after the actual closing time for its regular trading session, then the Barrier Event Valuation Time (closing) shall be such actual closing time.

“**Barrier Event Valuation Time (intraday)**” means any time during the regular trading session (without regard to any after hours or any other trading outside of the regular session) on the Exchange.

“**Barrier Level**” means, in respect of a Fund Share, such price for such Fund Share as is specified in the applicable Final Terms.

“**Basket of Funds**” means a basket composed of Fund Shares in their relative proportions or number of Fund Shares, as specified in the applicable Final Terms.

“**Common Scheduled Trading Day**” means, in respect of a Basket of Funds, each day which is a Scheduled Trading Day for all the Fund Shares in the Basket of Funds.

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

“**ETF**” means any fund which is an exchange traded fund as specified in the applicable Final Terms, or if not so specified, any fund which the Calculation Agent determines to be an Exchange Traded Fund.

“**Exchange**” means, in relation to a Fund Share, the exchange or principal trading market for such ETF specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such ETF has temporarily relocated.

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

**“Final Price”** means, in respect of a Fund Share, unless otherwise specified in the applicable Final Terms, the Fund Share Closing Price of such Fund Share on the Valuation Date, subject to adjustment in accordance with these Conditions.

**“Fund Performance”** means unless otherwise specified in the applicable Final Terms, in respect of a Fund Share and any relevant date, an amount (expressed as a percentage) determined by the Calculation Agent equal to (a) the Fund Share Closing Price of such Fund Share on such day, divided by (b) the Initial Price of such Fund Share.

**“Fund Share”** means a share of each ETF, and references to **“holder of Fund Shares”** and **“Fund Shareholder”** shall be construed accordingly.

**“Fund Share Closing Price”** means, in respect of a Fund Share and any relevant date, subject to these Conditions, an amount equal to the official closing price of such Fund Share quoted on the relevant Exchange as determined by the Calculation Agent on such date.

**“Fund Share Price”** means, in respect of a Fund Share and a time on a Scheduled Trading Day and subject to these Conditions, the price of such Fund Share at such time on such day as determined by the Calculation Agent.

**“Initial Price”** means, in respect of a Fund Share, unless otherwise specified in the applicable Final Terms, the Fund Share Closing Price of such Fund Share on the Strike Date or Pricing Date (as applicable), subject to adjustment in accordance with these Conditions.

**“Observation Cut-Off Date”** means the eighth Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Observation Date or, if earlier, the Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Observation Date, provided that the Observation Cut-Off Date shall not fall prior to the original date on which such Observation Date was scheduled to fall.

**“Observation Date”** means each date specified as such in the applicable Final Terms, or, if such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall be applicable, the immediately following Common Scheduled Trading Day), or, if earlier, the Observation Cut-Off Date. If any such day is a Disrupted Day, then:

- (a) where the Fund Linked Notes relate to a single Fund, the Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to, and including, the Observation Cut-Off Date is a Disrupted Day. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Fund Share, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Observation Cut-Off Date;
- (b) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provide that “Common Scheduled Trading Days” shall not be applicable, the Observation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the

Scheduled Observation Date (or, if earlier, the Observation Cut-Off Date) and the Observation Date for each Fund Share affected (each an “**Affected Fund Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Fund Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to, and including, the Observation Cut-Off Date is a Disrupted Day relating to the Affected Fund Share. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Fund Share, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date for such Fund Share (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Fund Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Fund Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions;

- (c) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Observation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date (or if the Scheduled Observation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day, or in either case, if earlier, the Observation Cut-Off Date) and the Observation Date for each Fund Share affected (each an “**Affected Fund Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Fund Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date (or if the Scheduled Observation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day) up to, and including, the Observation Cut-Off Date is a Disrupted Day relating to the Affected Fund Share. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date for such Fund Share (notwithstanding the fact that such day may be a Disrupted Day for a Fund Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Fund Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Fund Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions; or
- (d) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “Common Scheduled Trading Days” and “Common Disrupted Days” shall be applicable, the Observation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Fund Share, unless each of the Common Scheduled Trading Days immediately following the Scheduled Observation Date up to, and including, the Observation Cut-Off Date is a Disrupted Day for one or more Fund Shares. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date (notwithstanding the fact that such day may be a Disrupted Day for a Fund Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Fund Share for which the Observation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Fund Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

“**Observation Period**” means, in respect of a Fund Share:

- (a) if the consequence of “**Extension**” is specified in the applicable Final Terms to be applicable, each period commencing on, the Observation Period Start Date, following adjustment of such

date pursuant to these Conditions or as specified in the applicable Final Terms, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Final Terms) and ending on the immediately following Observation Period End Date, following adjustment of such date pursuant to these Conditions or as specified in the applicable Final Terms, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Final Terms); or

- (b) if the consequence of “**No Extension**” is specified in the applicable Final Terms to be applicable, each period commencing on the Observation Period Start Date, prior to any adjustment of such date pursuant to these Conditions or as specified in the applicable Final Terms, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Final Terms) and ending on the immediately following Observation Period End Date, prior to any adjustment of such date pursuant to these Conditions or as specified in the applicable Final Terms, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Final Terms).

“**Observation Period End Date**” means, in respect of a Fund Share, each date specified as such in the applicable Final Terms, subject to adjustment in accordance with the provisions of “**Observation Date**”, “**Valuation Date**” or otherwise as specified in the applicable Final Terms, if applicable.

“**Observation Period Start Date**” means, in respect of a Fund Share, each date specified as such in the applicable Final Terms, subject to adjustment in accordance with the provisions of “**Observation Date**”, “**Valuation Date**” or otherwise as specified in the applicable Final Terms, if applicable.

“**Pricing Date**” means the date specified as such in the Final Terms.

“**Related Exchange**” means, in relation to a Fund Share, each exchange or principal trading market specified as such for such Fund Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such Fund Share has temporarily relocated (provided the Calculation Agent has determined that there is comparable liquidity relative to such Fund Shares on such temporary substitute exchange or quotation system as on the original Related Exchange), provided however, that where “**All Exchanges**” is specified as the Related Exchange in the applicable Final Terms, “**Related Exchange**” shall mean each exchange or principal trading market where trading has a material effect (as determined by the Calculation Agent) on the overall market for such Fund 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 the regular trading session hours.

“**Scheduled Observation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

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

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

“**Strike Date**” means the date specified as such in the applicable Final Terms.

“**Underlying Index**” means the underlying index specified in the applicable Final Terms.

“**Valuation Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “**Common Scheduled Trading Days**” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Valuation Date, or, if earlier, the Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “**Common Scheduled Trading Days**” shall be applicable, the Common Scheduled Trading Day) falling on or immediately

preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

“**Valuation Date**” means each Valuation Date specified in the applicable Final Terms, or if that is not a Scheduled Trading Day the immediately following Scheduled Trading Day (or, where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the immediately following Common Scheduled Trading Day), or, if earlier, the Valuation Cut-Off Date. If such day is a Disrupted Day, then:

- (a) where the Fund Linked Notes relate to a single Fund, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to, and including, the Valuation Cut-Off Date is a Disrupted Day. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Fund Share, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date;
- (b) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “Common Scheduled Trading Days” shall not be applicable, the Valuation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or, if earlier, the Valuation Cut-Off Date) and the Valuation Date for each Fund Share affected (each an “**Affected Fund Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Fund Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Fund Share. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Fund Share, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Fund Share (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Fund Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Fund Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions;
- (c) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Valuation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or if the Scheduled Valuation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day, or in either case, if earlier, the Valuation Cut-Off Date) and the Valuation Date for each Fund Share affected (each an “**Affected Fund Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Fund Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date (or if the Scheduled Valuation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day) up to, and including, the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Fund Share. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Fund Share (notwithstanding the fact that such day may be a Disrupted Day for a Fund Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Fund Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its

good faith estimate of the price for such Fund Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions; or

- (d) where the Fund Linked Notes relate to a Basket of Funds and the applicable Final Terms provides that “Common Scheduled Trading Days” and “Common Disrupted Days” shall be applicable, the Valuation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Fund Share, unless each of the Common Scheduled Trading Days immediately following the Scheduled Valuation Date up to, and including, the Valuation Cut-Off Date is a Disrupted Day for one or more Fund Shares. In that case, or if the Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day for a Fund Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Fund Share for which the Valuation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Fund Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

“**Valuation Time**” means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Fund Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

“**Worst Performing Fund Share**” means, in respect of a Basket of Funds and the Valuation Date (unless otherwise specified in the applicable Final Terms), the Fund Share with the lowest Fund Performance on such day, as determined by the Calculation Agent (provided that if two or more Fund Shares have the same lowest Fund Performance on such day, the Calculation Agent shall determine which Fund Share shall be the Worst Performing Fund Share in its sole and absolute discretion, and such Fund Share shall be the Worst Performing Fund Share).

(g) ***Barrier Event***

“**Barrier Event (intraday)**” means (and a Barrier Event (intraday) shall be deemed to occur if), in respect of a Fund Share, the Calculation Agent determines that the Fund Share Price of such Fund Share as of the Barrier Event Valuation Time (intraday) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Fund Share and such Barrier Event Determination Day. For the purpose of determining whether a Barrier Event (intraday) has occurred on any day, the definition of Market Disruption Event specified in Condition 10(h) shall be amended such that (i) all references to “during the one-hour period that ends at the relevant Valuation Time” shall be deleted, and (ii) in sub-paragraph (b) each reference to “Valuation Time” and “Scheduled Closing Time” shall be construed as a reference to “Barrier Event Valuation Time (intraday)”.

“**Barrier Event (closing)**” means (and a Barrier Event (closing) shall be deemed to occur if), in respect of a Fund Share, the Calculation Agent determines that the Fund Share Closing Price of any Fund Share as of the Barrier Event Valuation Time (closing) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Fund Share and such Barrier Event Determination Day.

(h) ***Market Disruption***

“**Market Disruption Event**” means, in respect of a Fund Share:

- (a) the occurrence or existence at any time during the one-hour period that ends at the relevant Valuation Time:
- (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price

exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:

- (A) relating to the relevant Fund Share on such Exchange; or
  - (B) relating to securities that comprise 20 per cent. or more of the level of the relevant Underlying Index or any relevant successor index; or
  - (C) in futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange, or
- (ii) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (A) effect transactions in, or obtain market values for, the Fund Shares on the Exchange, (B) effect transactions in, or obtain market values for securities that comprise 20 per cent. or more of the level of the relevant Underlying Index, or (C) to effect transactions in, or obtain market values for, futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange on such Exchange Business Day or, if earlier, (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in respect of a Fund Share at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the relevant Underlying Index at that time, then the relevant percentage contribution of that security, to the level of the relevant Underlying Index shall be based on a comparison of (a) the portion of the level of the relevant Underlying Index attributable to that security, and (b) the overall level of the relevant Underlying Index immediately before the occurrence of such Market Disruption Event. The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 22 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Disrupted Day.

(i) ***Potential Adjustment Event***

“**Potential Adjustment Event**” means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Fund Shares (unless resulting in a Merger Event or Tender Offer), or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalization or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Fund Shares of (i) such Fund Shares or (ii) other share capital or securities granting the right to payment of dividends and/ or the proceeds of liquidation of the ETF equally or proportionately with such payments to holders of such Fund Shares or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent;

- (d) a call by the ETF in respect of relevant Fund Shares that are not fully paid;
- (e) a repurchase by the ETF or any of its subsidiaries of relevant Fund Shares, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of an ETF, an event that results in any shareholder rights being distributed or becoming separated from Fund Shares of common stock or other shares of the capital stock of the ETF pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Shares.

Following a Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (b) determine the effective date(s) of that adjustment(s). The Calculation Agent may, but need not, determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Fund Shares traded on such options exchange.

Upon the making of any such adjustment, the Calculation Agent shall as soon as is reasonably practicable under the circumstances give notice to the Holders in accordance with Condition 22 stating the adjustment made and giving brief details of the Potential Adjustment Event, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

(j) ***De-Listing, Insolvency, Material Underlying Event, Merger Date, Merger Event, Nationalization, Tender Offer***

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

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an ETF, (a) all the Fund Shares of that ETF are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Fund Shares of that ETF become legally prohibited from transferring them.

“**Material Underlying Event**” means any of the following:

- (a) the investment objectives and/or policies in respect of the ETF are materially changed;
- (b) an illegality occurs or a relevant authorization or licence is revoked in respect of the ETF and/or the ETF is required by a competent authority (other than any holder of the Fund Shares) to redeem any Fund Shares;
- (c) there is a change in any relevant jurisdiction in respect of any payments made by the ETF in respect of any Fund Share as a result of which the amounts paid or to be paid by the Issuer in connection with hedging arrangements relating to the Notes are materially reduced or otherwise adversely affected; and/or

- (d) any other event occurs in relation to the ETF and/or the Fund Shares which is materially prejudicial to the Issuer in connection with the issue of the Notes or any hedging arrangements relating to the Notes,

as determined by the Calculation Agent.

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

“**Merger Event**” means, in respect of any relevant Fund Shares, any (a) reclassification or change of such Fund Shares that results in a transfer of or an irrevocable commitment to transfer all of such Fund Shares outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of the ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such ETF is the continuing entity and which does not result in any such reclassification or change of all such Fund Shares outstanding) or (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 Fund Shares of the relevant ETF that results in a transfer of or an irrevocable commitment to transfer all such Fund Shares (other than such Fund Shares owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the ETF or its subsidiaries with or into another entity in which the ETF is the continuing entity and which does not result in a reclassification or change of all such Fund Shares outstanding but results in the outstanding Fund Shares (other than Fund Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Fund Shares immediately following such event (a “**Reverse Merger**”), in each case if the Merger Date is on or before the Valuation Date (or such other date as is specified in the applicable Final Terms).

“**Nationalization**” means that all the Fund Shares or all or substantially all the assets of an ETF are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

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

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

If a De-Listing, Merger Event, Tender Offer, Nationalization, Insolvency or Material Underlying Event occurs in relation to any Fund Share, the Issuer in its sole and absolute discretion may take the action described in (a), (b) or (c) below:

- (a) require the Calculation Agent, in its sole and absolute discretion, to determine the appropriate adjustment(s), if any, to be made to any one or more of the terms of the Conditions and/ or the applicable Final Terms to account for the De-Listing, Merger Event, Tender Offer, Nationalization, Insolvency or Material Underlying Event, as the case may be, and determine the effective date(s) of that adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of the De-Listing, Merger Event, Tender Offer, Nationalization, Insolvency or Material Underlying Event made by any options exchange to options on the relevant Fund Share traded on that options exchange;
- (b) give notice to the Noteholders in accordance with Condition 22, and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount, taking into account the Merger Event, Tender

Offer, De-listing, Nationalization, Insolvency or Material Underlying Event, as the case may be, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion; or

- (c) following such adjustment to the settlement terms of options on the Fund Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the “**Options Exchange**”), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Fund Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalization, Insolvency or Material Underlying Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalization, Insolvency or Material Underlying Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 22 stating the occurrence of the Merger Event, Tender Offer, Nationalization, De-listing, Insolvency or Material Underlying Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalization, Insolvency or Material Underlying Event, as the case may be.

## 11. Inflation Linked Notes

### (a) *Definitions*

For the purpose of this Condition 11:

“**Cut-Off Date**” means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the applicable Final Terms.

“**Delayed Index Level Event**” means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the “**Relevant Level**”) in respect of any Reference Month which is to be utilized in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Cut-Off Date.

“**Determination Date**” means each date specified as such in the applicable Final Terms.

“**End Date**” means each date specified as such in the applicable Final Terms.

“**Fallback Bond**” means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates, and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the same day as the End Date as specified in the applicable Final Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation 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 Calculation Agent will select the Fallback Bond from those inflation linked bonds issued on or before the Issue Date and,

if there is more than one inflation linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation 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).

“**Inflation Index**” means each inflation index specified in the applicable Final Terms and related expressions shall be construed accordingly.

“**Inflation Index Sponsor**” means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Final Terms.

“**Reference Month**” means the calendar month for which the level of the Inflation Index was reported, regardless of when this information is published or announced. If the period for which the level of the Inflation Index was reported is a period other than a month, the Reference Month shall be the period for which the level of the Inflation Index was reported.

“**Related Bond**” means, in respect of an Inflation Index, the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is “Fallback Bond”, then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and “Fallback Bond: Not Applicable” is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date, unless “Fallback Bond: Not Applicable” is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

(b) ***Inflation Index Adjustments***

(i) Delay in Publication

Subject to Condition 11(b)(ii), if the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index the subject of such Delayed Index Level Event (the “**Substitute Index Level**”) shall be determined by the Calculation Agent as follows:

- (a) if Related Bond is specified as applicable for such Inflation Index in the applicable Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond; or
- (b) if (A) Related Bond is not specified as applicable for such Inflation Index in the applicable Final Terms, or (B) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level})$$

where:

“**Base Level**” means, in respect of an Inflation Index, the level of such Inflation Index (excluding any “flash” estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

“**Latest Level**” means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any “flash” estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

“**Reference Level**” means, in respect of an Inflation Index, the level of such Inflation Index (excluding any “flash” estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to Holders in accordance with Condition 22 of any Substitute Index Level calculated pursuant to this Condition 11.

(ii) Cessation of Publication

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

- (a) if, at any time, a successor index has been designated by the Calculation Agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a “Successor Index” notwithstanding that any other Successor Index may previously have been determined under paragraphs (b), (c) or (d) below; or
- (b) if a Successor Index has not been determined pursuant to Condition 11(b)(ii)(a) and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Linked Notes from the date that such replacement Inflation Index comes into effect; or
- (c) if a Successor Index has not been determined pursuant to paragraph (a) or paragraph (b) above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the “Successor Inflation Index”. If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the “Successor Inflation Index”. If fewer than three responses are received, the Calculation Agent will proceed to paragraph (d) below; or
- (d) if no replacement index or Successor Inflation Index has been deemed under paragraphs (a), (b) or (c) above, by the next occurring Cut-Off Date the Calculation Agent will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a “**Successor Inflation Index**”; or
- (e) if the Calculation Agent determines that there is no appropriate alternative index, the Issuer shall give notice to the Holders in accordance with Condition 22 and redeem all (but not less than all) of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount; or

(iii) Rebasing of the Inflation Index

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the “**Rebased Index**”) will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if Related Bond is specified as applicable in the applicable Final Terms, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if Related Bond is not specified as applicable in the applicable Final

Terms the Calculation 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 Inflation Index before it was rebased.

(iv) **Material Modification Prior to Last Occurring Cut-Off**

If, on or prior to the last occurring Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if Related Bond is specified as applicable in the applicable Final Terms, consistent with adjustments made to the Related Bond, or, if Related Bond is not specified as applicable in the applicable Final Terms, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

**12. Preference Share Linked Notes**

(a) **Definitions**

For the purposes of this Condition 12:

“**Early Redemption Amount**” means, in respect of a Note, an amount in the Specified Currency calculated by the Calculation Agent on the same basis as the Final Redemption Amount, as set out in the applicable Final Terms, except that the definition of Preference Share Value<sub>final</sub> shall be the Preference Share Value on the Early Redemption Valuation Date.

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

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

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

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

“**Early Preference Share Redemption Notice**” means a 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, Nationalization, a Tender Offer and/or Insolvency or such other event specified as such in the applicable Final Terms.

“**Final Valuation Date**” means the date specified as such in the applicable Final Terms or, if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any 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 Calculation Agent.

“**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 Calculation Agent.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the 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.

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

“**Merger Event**” means 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 the Preference Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the 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 the Preference Share Issuer with or into another entity in which the 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.

“**Nationalization**” means that all the Preference Shares or all or substantially all the assets of the Preference Share Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**Preference Share Issuer**” has the meaning specified in the applicable Final Terms.

“**Preference Shares**” means the preferences shares of the Preference Share Issuer, each as specified in the applicable Final Terms.

“**Preference Share Value**” means, in respect of any day, the market value of Preference Share at the Valuation Time on such day as determined by the Calculation Agent.

“**Preference Share Value** <sup>early</sup>” means the Preference Share Value on the Early Redemption Valuation Date.”

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

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

(b) ***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, or determined in the manner specified in, the applicable Final Terms on the Maturity Date.

(c) ***Early Redemption for Taxation Reasons***

If the Preference Share Linked Notes are redeemed pursuant to Condition 5(c), each Preference Share Linked Note shall be redeemed at the Early Redemption Amount.

(d) ***Call Option***

If Call Option is specified in the applicable Final Terms as being applicable the provisions of Condition 5(d) shall apply to the Preference Share Linked Notes as if the words “in whole or, if so specified in the applicable Final Terms, in part” in the second and third lines were replaced with the words “in whole (but not in part)”.

(e) ***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 22 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.

(f) ***Extraordinary Events***

If, in the determination of the Calculation Agent, an Extraordinary Event occurs, the Issuer may (but is not obliged to) give notice to the Noteholders in accordance with Condition 22 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 Calculation Agent.

(g) ***Additional Disruption Events***

If, in the determination of the Calculation Agent, an Additional Disruption Event occurs, the Issuer may (but is not obliged to) give notice to Noteholders in accordance with Condition 22 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 Calculation Agent.

(h) ***Payments – General Provisions***

Condition 15(f) shall not apply to the Preference Share-Linked Notes.

(i) ***Calculations and Determinations***

The Calculation Agent will make the calculations and determinations as described in this Condition 12 in such a manner as the Calculation 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 12 may be expressed to be on a certain date, the Calculation 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 12 the Calculation 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 Calculation Agent also may exercise certain discretions.

(j) ***Rounding***: The second paragraph of Condition 4(i) shall not apply to the Preference Share-Linked Notes.

**13. Additional Disruption Events**

(a) ***Additional Disruption Events***

If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the relevant Interest Amount and/or the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) give notice to the Noteholders in accordance with Condition 22 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount on the tenth Business Day immediately following the date on which such determination is made by the Calculation Agent.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 22 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(b) ***Consequences of an Additional Disruption Event***

If the applicable Final Terms specify that Additional Disruption Events shall be applicable, then:

- (a) following the determination by the Calculation Agent that an Additional Disruption Event has occurred, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Condition 22 and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
- (b) upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 22 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event; and

If the Notes are Commodity Linked Notes and Additional Disruption Events are specified as applicable in the applicable Final Terms, the action to be taken if an Additional Disruption Event occurs will be specified in the applicable Final Terms.

(c) ***Definitions applicable to Additional Disruption Events***

“**Additional Disruption Event**” means with respect to any Series of Notes any of (i) Change in Law, (ii) (in the case of Fund Linked Notes) Fund Hedging Disruption, (iii) Hedging Disruption, (iv) Increased Cost of Hedging, (v) (in the case of Equity Linked Notes and Preference Share Linked Notes only) Insolvency Filing, and/or (vi) (in the case of Equity Linked Notes or Index Linked Notes) Increased Cost of Stock Borrow and/or Loss of Stock Borrow, and any further event of events as may be specified in the applicable Final Terms, in each case if specified as applicable in the applicable Final Terms.

“**Change in Law**” means that, on or after the Trade Date (or such other date as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant Underlying Equity (in the case of Equity Linked Notes) or any relevant

security/commodity comprised in an Index (in the case of Index Linked Notes), Fund Share or Fund Interest (in the case of Fund Linked Notes), currency (in the case of FX Linked Notes) or asset or any Preference Share or (Y) the Issuer or any Affiliate(s) of the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

“**Fund Hedging Disruption**” means that the Issuer or any of its Affiliates or agents is unable, or it is impractical for the Issuer or any of its Affiliates or agents, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to any Fund Interest of the Issuer issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by a Fund on an investor's ability to redeem the related Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of a Fund Interest imposed by the related Fund (in each case other than any restriction in existence on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date).

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

“**Hedging Shares**” means the number of Underlying Equities (in the case of Equity Linked Notes) or securities/commodities comprised in an Index (in the case of Index Linked Notes) that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

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

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

“**Initial Stock Loan Rate**” means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the Initial Stock Loan Rate specified in relation to such Underlying Equity, security or commodity in the applicable Final Terms.

“**Insolvency Filing**” means that an Equity Issuer or Preference Share Issuer, as applicable, institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, 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 the Equity Issuer or the Preference Share Issuer, as applicable, shall not be deemed an Insolvency Filing.

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

“**Maximum Stock Loan Rate**” means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the Maximum Stock Loan Rate specified in the applicable Final Terms.

#### **14. Physical Delivery**

##### **(a) Interpretation**

The following provisions apply to Notes where Physical Delivery is specified in the applicable Final Terms.

##### **(b) Delivery of Entitlement and Asset Transfer Notices**

In order to obtain delivery of the Asset Amount(s) in respect of any Note:

- (i) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice substantially in the form set out in the Agency Agreement (the “**Asset Transfer Notice**”); and
- (ii) if such Note is in definitive form, the relevant Noteholder must deliver to any Paying Agent, with a copy to the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

The delivery of the Asset Amount shall be made at the risk of the relevant Noteholder in the manner and in the place (if any) specified in the applicable Final Terms or in such other commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery and shall notify to the Noteholders in accordance with Condition 22.

All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together, “**Delivery Expenses**”) arising from the redemption of the Notes and the delivery and/or transfer of any Asset Amount shall be for the account of the relevant Noteholder and no delivery and/or transfer of any Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

An Asset Transfer Notice must:

(i) specify the name, address and contact telephone number of the relevant Noteholder, any account details required for delivery as set out in the applicable Final Terms and the person from whom the Issuer may obtain details for the delivery of the Asset Amount if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;

(ii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorize Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Maturity Date;

(iii) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Delivery Expenses;

(iv) include such details as are required by the applicable Final Terms for delivery of the Asset Amount, which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered and specify the name and number of the Holder's account to be credited with any cash payable by the Issuer, in respect of any cash amount constituting the Asset Amount or any dividends relating to the Asset Amount, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price;

(v) certify that the beneficial owner of each Note is not a United States Person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a United States Person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a United States Person in connection with any redemption thereof; and

(vi) authorize the production of such notice in any applicable administrative or legal proceedings.

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

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified nominal amount of Notes according to its books.

Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Fiscal Agent or, in the case of Registered Notes, the Registrar, the series number and number of Notes the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Asset Amount in respect of each such Note. Upon receipt of such confirmation, the Fiscal Agent or, in the case of Registered Notes, the Registrar will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Delivery Date (defined below) debit the securities account of the relevant Holder with the Notes the subject of the relevant Asset Transfer Notice.

Failure to complete properly and deliver an Asset Transfer 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 in these Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, after consultation with the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Notes in definitive form, by the

relevant Paying Agent after consultation with the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Euroclear or Clearstream, Luxembourg, as the case may be, or the relevant Paying Agent, in each case in consultation with the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

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

Subject as provided in this Condition, the Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the “**Delivery Date**”), provided that the Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If an Asset Transfer Notice is delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided above. If in respect of a Note an Asset Transfer Notice is not delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Fiscal Agent or, in the case of Registered Notes, the Registrar and the Issuer, later than the close of business in each place of receipt on the 90<sup>th</sup> calendar day following the Cut-off Date the Issuer's obligations in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the originally designated Delivery Date and no liability in respect thereof shall attach to the Issuer.

Delivery of the Asset Amount in respect of the Notes is subject to all applicable laws, regulations and practices in force on the Delivery Date, and none of the Issuer or any of its Affiliates or agents, the Paying Agents or the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer or any of its Affiliates or agents, the Paying Agents or the Registrar shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Notes.

For such period of time after the Maturity Date as any person other than the relevant Noteholder shall continue to be the legal owner of the securities, assets or obligations comprising the Asset Amount (the “**Intervening Period**”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Noteholder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or except as provided herein, payment whatsoever received by that person in respect of such securities, assets or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities, assets or obligations during the Intervening Period or (iii) be under any liability to the relevant Noteholder, or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Noteholder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities, assets or obligations during such Intervening Period.

Where the Asset Amount comprises equity securities, any dividend or other distribution in respect of such Asset Amount will be payable to the party that would receive such dividend or other distribution according to market practice for a sale of the Underlying Equity executed on the Delivery Date and to be delivered in the same manner as the Asset Amount. Any such dividend or other distribution to be paid to a Noteholder shall be paid to the account specified in the relevant Asset Transfer Notice.

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Noteholders will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Noteholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Asset Amount), and in respect of the amount of Relevant Assets not capable of being delivered, an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate).

(c) ***Settlement Disruption Event***

If, prior to the delivery of the Asset Amount in accordance with this Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the next Settlement Business Day on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder, in accordance with Condition 22. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount pursuant to this Condition 14. Where delivery of the Asset Amount has been postponed as provided in this paragraph the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the “**Election Notice**”) is given to the Noteholders in accordance with Condition 22. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 22.

For the purposes of this Condition 14(c):

“**Disruption Cash Settlement Price**” means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the fair market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to Conditions 4 and 15) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above less the costs to the Issuer and/or any Affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realizing any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the Asset Amount by or on behalf of the Issuer in accordance with these Conditions and/or the applicable Final Terms is not practicable.

(d) ***Failure to Deliver due to Illiquidity***

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

- (i) subject as provided elsewhere in these Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Delivery Date in accordance with this Condition 14; and
- (ii) in respect of any Affected Relevant Assets, notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Noteholder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Noteholders in accordance with Condition 22. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 22. The Issuer shall give notice (such notice a “**Failure to Deliver Notice**”) as soon as reasonably practicable to the Noteholders in accordance with Condition 22 that the provisions of this Condition 14(d) apply.

(e) ***Option to Vary Settlement***

If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the Asset Amount to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Asset Amount or make payment of the Final Redemption Amount on the Maturity Date to the relevant Holders, as the case may be. Notification of such election will be given to Holders in accordance with Condition 22.

In these Conditions:

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

“**Failure to Deliver Settlement Price**” means, in respect of each nominal amount of the Notes equal to the Calculation Amount, the fair market value of the Affected Relevant Assets on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost to the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Notes, all as calculated by the Calculation Agent in its sole and absolute discretion.

**15. Payments and Talons**

(a) ***Bearer Notes***

- (i) Payments of principal (or, as the case may be, Final Redemption Amounts, Early Redemption Amounts or Optional Redemption Amounts) and interest in respect of Bearer Notes (other than Dual Currency Notes) shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 15(h)(v)) or Coupons (in the case of interest, save as specified in Condition 15(h)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the Holder, by credit or transfer to an account denominated in that currency maintained by or as directed by the Holder with, a bank in the principal financial centre of that currency, provided that:
  - a. payments in a currency other than euro, U.S. dollars or Renminbi, will be made by credit or transfer to an account in the relevant currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or at the option of the payee by a cheque in such currency drawn on, a bank in the principal financial centre of the country of such currency (which, if the currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively);

- b. payments in euro will be made by credit or transfer to a euro account maintained outside the United States (or any other account to which euro may be credited or transferred) specified by the payee, or at the option of the payee, by euro cheque;
  - c. payments in U.S. dollars, except as provided by Condition 15(d), shall be made by credit or transfer to a U.S. dollar account outside the United States specified by the payee; and
  - d. payments in Renminbi shall be made by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in Hong Kong).
- (ii) The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relevant Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.
  - (iii) A cheque may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in, the United States of America or its possessions by any office or agency of the Issuer, the Fiscal Agent or any Paying Agent except as provided by Condition 15(d).
- (b) **Registered Notes**
- (i) Payments of principal (which for the purposes of this Condition 15(b) shall include final Instalment Amounts but not other Instalment Amounts, the Final Redemption Amounts, Early Redemption Amounts or Optional Redemption Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest (which for the purpose of this Condition 15(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register (i) in relation to Registered Notes in global form, at the close of business on the first Business Day before the due date for payment thereof or (ii) in relation to Registered Notes in definitive form at the close of business on the 15th day before the due date for payment thereof or (iii) in the case of Registered Notes to be cleared through DTC, on the 15th DTC Business Day before the due date for payment thereof (each the “**Record Date**”). “**DTC Business Day**” means any day on which DTC is open for business.
  - (iii) Save as provided in paragraph (iv) below, payments of interest and principal on each Registered Note, will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned (which, if the currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) and mailed to the Holder (or to the first named of joint Holders) of such Note at its address appearing in the Register. Upon application by the Holder to the specified office of the Registrar or any Transfer Agent before the Record Date:
    - a. payments in a currency other than euro or Renminbi may be made by credit or transfer to an account in the relevant currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by or as directed by the Holder with a bank in the principal financial centre of the country of such currency (which, if the currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively);
    - b. payments in euro may be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee; and

- c. payments in Renminbi may be made by credit or transfer to a Renminbi account maintained by or on behalf of the Holder with a bank in Hong Kong in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in Hong Kong).
- (iv) Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and payable in a currency other than U.S. dollars will be made or procured to be made by the Fiscal Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Fiscal Agent or its agent to DTC or DTC's nominee with respect to Registered Notes held by DTC or DTC's nominee will be received from the Issuer by the Fiscal Agent who will make payments in such currency by wire transfer of same day funds to, in the case of Notes registered in the name of DTC's nominee, to such nominee, or otherwise to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of payments or principal, at least 12 DTC Business Days prior to the relevant payment date, to receive that payment in such currency. The Fiscal Agent, after an exchange agent has converted amounts in such currency into U.S. dollars, will cause such exchange agent to deliver such U.S. dollar amount in same day funds to DTC's nominee for payment through the DTC settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

(c) ***Renminbi-denominated Notes - Payment of U.S. Dollar Equivalent***

This Condition 15(c) only applies to Notes in relation to which the Specified Currency of denomination and payment is Renminbi.

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, the Issuer may, on giving not less than five or more than thirty calendar days' irrevocable notice to the Fiscal Agent and Holders in accordance with Condition 22 (Notices) prior to the due date for payment, settle any such payment in U.S. dollars on the due date (or if such date is not a Business Day, on the next succeeding Business Day) at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 15(c) by the Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and all Holders.

(d) ***Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) ***Payments Subject to Fiscal Laws***

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 16 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the

United States Internal Revenue Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 16 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(f) ***Unavailable Currency***

This Condition 15(f) does not apply to FX Linked Notes or Notes in relation to which the currency of payment is Renminbi. Unless specified otherwise in the applicable Final Terms, if the Issuer is due to make a payment in a currency (the “**original currency**”) other than U.S. dollars in respect of any Instrument, Coupon or Receipt and the original currency is not available on the foreign exchange markets due to the imposition of exchange controls, the original currency’s replacement or disuse or other circumstances beyond the Issuer’s control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in U.S. dollars on the basis of the spot exchange rate (the “**US FX Rate**”) at which the original currency is offered in exchange for U.S. dollars in the London foreign exchange market (or, at the option of the Issuer or its designated Calculation Agent, in the foreign exchange market of any other financial centre which is then open for business) at noon, London time, two Business Days prior to the date on which payment is due, or if the US FX Rate is not available on that date, on the basis of a substitute exchange rate determined by the Issuer or by its designated Calculation Agent acting in its absolute discretion from such source(s) and at such time as it may select. For the avoidance of doubt, the US FX Rate or substitute exchange rate as aforesaid may be such that the resulting U.S. dollars amount is zero and in such event no amount of U.S. dollars or the original currency will be payable. Any payment made in U.S. dollars or non-payment in accordance with this paragraph will not constitute an Event of Default.

(g) ***Appointment of Agents***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agents initially appointed by the Issuer and their respective specified offices are indicated in the applicable Final Terms. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agents and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least one major continental European city (which shall be Luxembourg so long as the Notes are admitted to trading on the Euro MTF and, if the Notes are listed on another stock exchange, in the city where such stock exchange is located), and (vi) such other agents as may be required by the rules of any stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change in the identity of the Fiscal Agent, other Paying Agent, Registrar, Transfer Agents or Calculation Agent or any change of any specified office of any such persons shall promptly be given to the Noteholders in accordance with Condition 22.

(h) ***Unmatured Coupons and Receipts and unexchanged Talons***

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes, Reference Item Linked Notes or Notes with customized interest rate provisions and as specified in the applicable Final Terms), the Bearer Note should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of two years (in

the case where the relevant Notes are governed by Ontario Law (as defined in Condition 25) or five years (in the case where the relevant Notes are governed by English law) from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 17).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note, Reference Item Linked Note or a Note with customized interest rate provisions and as specified in the applicable Final Terms, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Where any Bearer Note that provides that the related unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be (together with, if applicable, unmatured Coupons pursuant to Condition 15(h)(i)). Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (vi) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(i) ***Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 17).

(j) ***Non-Business Days***

Unless otherwise provided in the applicable Final Terms, if any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” in the applicable Final Terms and:

- (i) in the case of a payment in a Specified Currency other than euro or Renminbi, where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such currency, or
- (ii) in the case of a payment in euro, which is a TARGET Business Day, or

- (iii) if the currency of payment is Renminbi, any day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong and such other principal financial centre as may be agreed from time to time by the Issuer and the relevant Dealer(s) are open for business

(k) ***Interpretation of Principal and Interest***

Any reference in these Conditions to “**principal**” in respect of the Notes shall be deemed to include, as applicable:

- (i) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes;
- (ii) any additional amounts which may be payable with respect to principal under Condition 16(a);
- (iii) all Instalment Amounts (in relation to Notes redeemable in instalments), Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortized Face Amounts (in relation to Zero Coupon Notes) and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it the Final Redemption Amount;
- (iv) in relation to Equity Linked Notes, the Failure to Deliver Settlement Price (if any); and
- (v) in relation to Equity Linked Notes, the Disruption Cash Settlement Price (if any).

Any reference in these Conditions to “**interest**” in respect of the Notes shall be deemed to include, as applicable, all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and any additional amounts which may be payable with respect to interest under Condition 16(a).

(l) ***Set-off***

Any payments under or pursuant to the Definitive N Registered Notes shall be made by the Issuer free of set-off and withholding if and to the extent so specified in the applicable Final Terms.

**16. Taxation**

- (a) All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Canada or in addition, if the Issuer’s Branch of Account is located outside Canada, the country in which such Branch of Account is located or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:
  - (i) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Canada or, if the Issuer’s Branch of Account is located outside Canada, the country in which such Branch of Account is located, other than the mere holding of the Note, Receipt or Coupon; or
  - (ii) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority or paying agent in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or

- (iii) to, or to a third party on behalf of, a Holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the Holder being a person with whom CIBC is not dealing at arm's length (within the meaning of the Income Tax Act (Canada)); or
  - (iv) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such additional amounts on presenting it for payment on the 30<sup>th</sup> such day, assuming that day to have been a Payment Date; or
  - (v) in respect of a debt or other obligation to pay an amount to a person with whom the applicable payor is not dealing at arm's length within the meaning of the Income Tax Act (Canada); or
  - (vi) where such withholding or deduction is imposed under Sections 1471 through 1474 of the United States Internal Revenue Code (or any amended or successor provisions), any current or future regulations or official interpretations thereunder or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the United States Internal Revenue Code, any applicable intergovernmental agreement entered into in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement ("**FATCA Withholding**"); or
  - (vii) where such withholding or deduction is imposed with respect to any Reference Item Linked Notes on or with respect to the "dividend equivalent" payment pursuant to section 871 or 881 of the United States Internal Revenue Code.
- (b) As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.
- (c) If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to Canada or the country in which the relevant Branch of Account is located, references in these Conditions to Canada or the country in which the relevant Branch of Account is located shall be read and construed as references to Canada or the country in which such branch is located and/or to such other jurisdiction(s).

## 17. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons shall be prescribed and become void unless made within (a) two years (in the case where the relevant Notes are governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein ("**Ontario Law**"), (b) ten years (in the case of claims in respect of principal where the relevant Notes are governed by English or German law) or (c) five years (in the case of claims in respect of interest where the relevant Notes are governed by English or German law) from the appropriate Relevant Date in respect of them.

## 18. Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the Holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) default is made for more than 30 calendar days in the payment on the due date of interest;

- (b) default is made for more than seven calendar days in the payment on the due date of principal or in the delivery when due of the Asset Amount in respect of any such Notes (whether at maturity or upon redemption or otherwise); or
- (c) if the Issuer shall become insolvent or bankrupt, or if a liquidator, receiver or receiver and manager of the Issuer or any other officer having similar powers shall be appointed

Upon the occurrence of any Event of Default, a Holder of any Note will not be required to present such Note, demand payment or serve legal process or any similar procedure at the Branch of Account of CIBC which issued such Note.

## **19. Meetings of Noteholders and Modifications**

### **(a) *Meetings of Noteholders***

The Agency Agreement contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by one or more Noteholders holding not less than 10 per cent. in Nominal Amount of the Notes of the relevant Series for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in Nominal Amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the Nominal Amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the Nominal Amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount, Early Redemption Amount or Redemption Amount is specified in the applicable Final Terms, to reduce or cancel any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortized Face Amount, (vi) subject to any applicable redenomination provisions specified in the applicable Final Terms, to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in Nominal Amount of the Notes for the time being outstanding. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 75 per cent. in Nominal Amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

### **(b) *Modification of Agency Agreement, Notes, Receipts and Coupons***

The Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes may be amended by the Issuer and the Fiscal Agent without the consent of the holder of any Note, Receipt or Coupon (i) for the purpose of curing any ambiguity or manifest error, or for curing, correcting or supplementing any defective provision contained therein, or to provide for substitution of the Issuer as provided in Condition 19(c), (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Issuer and the Fiscal Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons. The Issuer shall only permit any modification of, or any waiver or authorization of any breach or proposed breach of or any failure to comply with, the Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) ***Substitution***

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the “**Substitute**”) that is a Subsidiary of the Issuer, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder, Couponholder and Receiptholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by CIBC, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and that all action, conditions and things required to be later fulfilled are done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons, Deed of Covenant and any guarantee provided by CIBC represents its valid, legally binding and enforceable obligations have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement in its capacity as Issuer, with any appropriate consequential amendments, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfillment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 18 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and the events listed in Condition 18 shall be deemed to include any guarantee provided in connection with such substitution not being (or being claimed not to be) in full force and effect. For the purpose of this Condition 19(c) “**Subsidiary**” has the meaning provided in the Bank Act.

(d) ***Branch of Account***

CIBC may change the branch designated as the Branch of Account for the deposits evidenced by the Notes for purposes of the Bank Act, upon not less than 14 days’ prior notice to the Noteholders subject to the following terms and conditions:

- (i) if this Note is denominated in Yen, the Branch of Account shall not be in Japan;
- (ii) CIBC shall indemnify each Noteholder, Couponholder and Receiptholder against any tax, duty, assessment or governmental charge that is imposed on it as a consequence of such change, and shall pay the reasonable costs and expenses of the Fiscal Agent in connection with such change; and
- (iii) notwithstanding (ii) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (a) no Event of Default, and no event which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (b) payments of principal and interest on Notes of this Series and Coupons and Receipts relating thereto to Holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of counsel to CIBC, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an “**Excluded Holder**” means a Holder of a Note of this Series or Coupon or Receipt relating thereto who is subject to taxes by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of a Note

of this Series or Coupon or Receipt as a non-resident of such Relevant Jurisdiction. “**Relevant Jurisdiction**” means Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and “**taxes**” means and includes any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

## **20. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **21. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes or the same in all respects save for the Issue Date and amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

## **22. Notices**

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the seventh weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, if and for so long as the Notes are listed on the Luxembourg Stock Exchange, such notices shall also be published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or on the Luxembourg Stock Exchange’s website at [www.bourse.lu](http://www.bourse.lu).

Notices to the Holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or on the Luxembourg Stock Exchange’s website at [www.bourse.lu](http://www.bourse.lu). The Issuer shall also ensure that notices are duly published in the manner which complies with the rules and regulations of any other stock exchange on which the Notes are, for the time being, listed or other applicable authority to which it is subject. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes in accordance with this Condition.

## **23. Currency Indemnity**

Save as provided in Condition 9 and Condition 15, any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall

indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

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

No person shall have any right to enforce any term or condition of any Notes which are governed by English law under the Contracts (Rights of Third Parties) Act 1999.

#### **25. Governing Law and Jurisdiction**

- (a) Other than in relation to Definitive N Registered Notes, unless otherwise specified in the applicable Final Terms, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, Ontario Law.
- (b) Definitive N Registered Notes will be governed by, and shall be construed in accordance with German law, as specified in the applicable Final Terms.
- (c) If specified in the applicable Final Terms, Notes issued on a non-syndicated basis and the Receipts, Coupons, Talons and any non-contractual obligations arising out of or in connection with them, shall be governed by, and shall be construed in accordance with, English law except that the provisions of Condition 3(b) are governed by, and shall be construed in accordance with, Ontario Law.
- (d) If the governing law for Notes issued on a non-syndicated basis and the Receipts, Coupons and Talons relating thereto, is specified in the applicable Final Terms as being English law (i) the Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with such Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with such Notes, Receipts, Coupons or Talons (“**Proceedings**”) may be brought in such courts and (ii) the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Holders of the Notes, Receipts, Coupons and Talons governed by English law and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not). The Issuer irrevocably appoints CIBC World Markets plc of 150 Cheapside, London EC2V 6ET, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any such Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 22. Nothing shall affect the right to serve process in any manner permitted by law.

#### **26. Terms and Conditions of Definitive N Registered Notes**

- (a) *Generally.* If in the applicable Final Terms it is specified that Definitive N Registered Notes are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Conditions 1 until and including Condition 25 above. In the event of any inconsistency between Conditions 1 until and including Condition 25 and this Condition 26, this Condition 26 will prevail with regard to Definitive N Registered Notes.

- (b) *Interpretation.* For the purposes of this Condition 26, “**Holder**” means the registered holder of a Definitive N Registered Note. Any reference herein to Holder in plural form shall constitute a reference to Holder in singular form. Any reference herein to Definitive N Registered Notes includes, unless the context otherwise requires, any new Definitive N Registered Note that has been issued upon transfer of a Definitive N Registered Note. With respect to Definitive N Registered Notes, any applicable reference herein to Notes, Definitive Note, or Definitive N Registered Notes in plural form shall constitute a reference to Note, Definitive Note or Definitive N Registered Note in singular form. All grammatical and other changes required by the use of the singular form shall be deemed to have been made herein and the provisions hereof shall be applied so as to give effect to such change.
- (c) *Currency and Principal Amount.* Definitive N Registered Notes may be issued by the Issuer in a specified currency and in a principal amount as specified in the applicable Final Terms.
- (d) *Form.* Each Definitive N Registered Note will be issued in registered form and signed manually by one authorized signatory of the Issuer and authenticated manually by or on behalf of the Registrar.
- (e) *Payment.* Payment of principal and interest in respect of a Definitive N Registered Note shall be made on the respective due date thereof to the person shown on the Register as Holder of such Definitive N Registered Note at the close of business on the fifteenth (15<sup>th</sup>) calendar day before such date (the “**N Note Record Date**”). Payments of principal and interest on each Definitive N Registered Note shall be made in the Specified Currency in which such payments are due by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of that currency. The Holder shall surrender the Definitive N Registered Certificate to the Issuer upon payment of principal and interest in full.
- (f) *Transfer:*
- (i) Any transfer of the Holder claims evidenced by a Definitive N Registered Certificate and title to a Definitive N Registered Note shall be in the form of an assignment (*Abtretung*) in written form and registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, any applicable Agents and the Registrar shall deem and treat the registered Holder of a Definitive N Registered Note as the absolute Holder thereof and of the rights evidenced thereby for all purposes.
- (ii) The rights of the Holder evidenced by a Definitive N Registered Certificate and title to a Definitive N Registered Note itself may be transferred in whole or in part upon the surrender of a Definitive N Registered Certificate, together with the form of assignment and notification endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of a Definitive N Registered Note in whole and upon surrender of the relevant Definitive N Registered Certificate, a new Definitive N Registered Certificate will be issued to the transferee upon request of the transferee. In the case of a transfer of part only of a Definitive N Registered Note and upon surrender of the relevant Definitive N Registered Certificate, a new Definitive N Registered Certificate in respect of the amount transferred will be issued to the transferee and a new Definitive N Registered Certificate in respect of the remaining amount will be issued to the transferor. Any transfer of part only of a Definitive N Registered Note is permitted only for a minimum nominal amount or an integral multiple thereof if so specified in the relevant Final Terms.
- (iii) Each new Definitive N Registered Certificate to be issued upon transfer of a Definitive N Registered Note will, within seven business days (being a day other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar) of delivery of such Definitive N Registered Certificate and the duly completed and executed form of assignment and notification, be available for collection at the specified office of the Registrar or, at the request of

the Holder making such delivery and as specified in the relevant form of assignment, be mailed at the risk of the new Holder entitled to the new Definitive N Registered Certificate to such address as may be specified in the form of assignment.

- (iv) Transfers will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment (or the giving of such indemnity as may be required from the Issuer, any applicable Agents or the Registrar) in respect of any tax, duty or other charges which may be imposed in relation to it.
- (v) The Holder may not require the transfer of a Definitive N Registered Note to be registered (i) during the period from and including the 15<sup>th</sup> Business Day prior to the due date for any payment of principal (for the purposes of this subparagraph only, the “**Due Date**”) to, and including, the Due Date, (ii) during the period from and including the 15<sup>th</sup> Business Day prior to any date on which a Definitive N Registered Note may be redeemed at the option of the Issuer (for the purposes of this subparagraph only, the “**Redemption Day**”) to, and including, the Redemption Day or (iii) after the Definitive N Registered Note has been called for redemption in whole or in part.

(g) *Applicable Law. Place of Jurisdiction. Process Agent.*

Unless otherwise specified in the applicable Final Terms:

- (i) the Definitive N Registered Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law; and
- (ii) the District Court (*Landgericht*) in Frankfurt am Main shall have nonexclusive jurisdiction for any Proceedings arising out of or in connection with the Definitive N Registered Notes.

For any Proceedings before German courts, the Issuer has appointed Wilmington Trust SP Services (Frankfurt) GmbH, as its authorized agent for service of process in Germany.

(h) *Modification of Definitive N Registered Note without Holders' consent:*

- (i) The Issuer may, without the consent of the Holders, correct any manifest, clerical or calculation errors or similar manifest incorrectness in the Conditions (in particular in the Final Terms). A clerical or calculation error or similar incorrectness shall be deemed manifest if a Holder who is well-informed in the relevant type of securities is able to perceive such error, especially when taking into account the issue price and the further factors that determine the value of the Definitive N Registered Notes. Any corrections within the meaning of this paragraph h(i) shall be effective and binding upon notification to the Holders in accordance with Condition 22 (*Notices*).
- (ii) In addition, the Issuer may, without the consent of the Holders, amend or supplement at its reasonable discretion (*billiges Ermessen*, § 315 of the German Civil Code (“**BGB**”)) any contradictory or incomplete provisions of the Conditions, provided that only amendments and supplements which are reasonably acceptable to the Holder having regard to their interests shall be permitted, namely those which do not materially prejudice the interests of the Holders or which when read together with the other information included in the Securities Note and the relevant Final Terms are manifest within the meaning of paragraph (i). Any corrections within the meaning of this paragraph (ii) shall be effective and binding upon notification to the Holders in accordance with Condition 22 (*Notices*).
- (iii) In the event of a correction pursuant to paragraph (i) or an amendment or supplement pursuant to paragraph (ii), that adversely affects a Holder, such Holder may terminate its Definitive N Registered Notes with immediate effect by written termination notice to the Fiscal Agent at any time during the period of six weeks following notification of such correction, amendment or supplement. In the notice pursuant to paragraph

(a) or paragraph (b), as applicable, the issuer shall advise the Holder of its potential termination right at the Early Redemption Amount. The termination by the Holder requires the following to be effective:

- (a) the receipt of a termination notice bearing a legally binding signature and
  - (A) the transfer of the Definitive N Registered Notes to the account of the Fiscal Agent; or
  - (B) the irrevocable instruction to the Fiscal Agent to withdraw the Definitive N Registered Notes from a securities account maintained with the Fiscal Agent (by transfer posting or assignment), in each case within such six-week period,
- (b) the termination notice must contain the following information:
  - (A) the name of the Holder, as applicable,
  - (B) the designation and number of the Definitive N Registered Notes terminated, and
  - (C) a specification of the bank account to which the Early Redemption Amount shall be credited.

The termination date for the purposes of this paragraph (iii) shall be the day on which the termination notice or the Definitive N Registered Notes is/are received by the Fiscal Agent, whichever occurs later.

- (iv) In addition, the Issuer may call the Definitive N Registered Notes for redemption in whole, but not in part, by giving notice in accordance with Condition 22 (*Notices*) if the conditions for avoidance (*Anfechtung*) pursuant to § 119 et seq. BGB are fulfilled in relation to the Holders. The termination date for the purposes of this paragraph (iv) shall be the day on which the notice is given. Notice of termination must be given immediately after the Issuer has gained knowledge of the reason for termination.
- (v) If an effective termination pursuant to paragraphs (iii) or (iv) has been made, the Issuer will pay the Early Redemption Amount per Definitive N Registered Note to the Holders. The provisions regarding payments shall apply mutatis mutandis to the payment of such Early Redemption Amount. Upon payment of the Early Redemption Amount, all rights arising from the surrendered Definitive N Registered Notes shall be extinguished. The foregoing shall not affect any rights of the Holder to claim damages (*Ersatz eines Vertrauensschadens*) pursuant to § 122 para. 1 BGB unless such claims are excluded due to knowledge or negligent lack of knowledge of the reason of termination on the part of the Holder pursuant to § 122 para. 2 BGB.
- (vi) The provisions of the BGB on the interpretation (*Auslegung*) and avoidance (*Anfechtung*) of declarations of intent shall remain unaffected.

This condition shall be without prejudice to any avoidance rights which a Holder may have under general provisions of law.

(i) *Modification of Definitive N Registered Note with Holders' consent*

The applicable Final Terms will specify whether the provisions of Condition 19(a) or other provisions regarding Noteholder meetings shall apply.

## FORMS OF NOTES

The Notes of each Series will be in either bearer form or registered form. Bearer Notes will only be issued outside the United States in reliance on Regulation S and Registered Notes may be issued outside the United States in reliance on Regulation S and/or within the United States in reliance on Rule 144A.

### Form of the Notes

#### *Bearer Notes*

Each tranche of Notes in bearer form (“**Bearer Notes**”) will be issued in compliance with requirements necessary to qualify such Notes as “foreign targeted obligations” that will be exempt from Code Section 4701 excise tax. In order to comply with such requirements, Bearer Notes with a maturity of more than one year will be issued in compliance with, or rules substantially identical to U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) or rules substantially identical thereto (such rules, the “**D Rules**”) unless (i) the applicable Final Terms state that the Bearer Notes are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) or rules substantially identical thereto (the “**C Rules**”) or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Bearer Notes will not constitute “*registration required obligations*” under section 4701(b) of the United States Internal Revenue Code (an “**Excluded Issue**”), which circumstances will be referred to in the applicable Final Terms as an Excluded Issue.

Each Tranche of Bearer Notes having an original maturity of more than one year and being issued in compliance with the D Rules will initially be represented by a temporary global note (a “**Temporary Global Note**”) without receipts, interest coupons or talons or, if so specified in the applicable Final Terms (including Bearer Notes having an original maturity of one year or less) by a permanent global note (a “**Permanent Global Note**” and together with the Temporary Global Note, the “**Global Bearer Notes**”), without receipts, interest coupons or talons, which, in either case, will:

- (i) if the Global Bearer Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (a “**Common Safekeeper**”) for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Bearer Notes are not intended to be issued in NGN form or are Exchangeable Bearer Notes, be delivered on or prior to the issue date thereof to a common depositary (the “**Common Depositary**”) on behalf of Euroclear, Clearstream, Luxembourg or any other agreed clearing system.

If the Global Bearer Note is not an NGN, upon the initial deposit of the Global Bearer Note with a Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Bearer Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Bearer Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Tranches intended to be delivered to an alternate clearing system or outside a clearing system shall be delivered as agreed between the Issuer and the relevant Dealer(s). Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

While any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to an Exchange Date (defined below) will be made (against presentation if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not United States Persons or persons who have purchased for resale to any United States Person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream Luxembourg and Euroclear and/or Clearstream Luxembourg, as applicable, has given a like certification (based on certifications it has received) to the Fiscal Agent.

## Exchange

### 1. *Temporary Global Notes*

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) in whole or in part for interests in a Permanent Global Note of the same Series or,
- (b) if so provided in the applicable Final Terms, for Notes in definitive form (“**Definitive Bearer Notes**”) of the same Series with, where applicable receipts, interest coupons and talons attached (as indicated in the applicable Final Terms);

in each case against certification of beneficial ownership as described above, unless such certification has been given.

Each Temporary Global Note that is also an Exchangeable Bearer Note will, in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable, be exchangeable for Registered Notes in accordance with the Conditions and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of a Temporary Global Note for an interest in a Permanent Global Note or for Definitive Bearer Global Notes or Registered Notes is improperly withheld or refused.

### 2. *Permanent Global Notes*

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*”, in part for Definitive Notes with, where applicable, receipts, interest coupons and talons attached, or, in the case of 2(b) below, Registered Notes:

- (a) where the applicable Final Terms provide that the Notes will have only one Specified Denomination and that such Permanent Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange;
- (b) if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Permanent Global Note for Registered Notes; and
- (c) otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) an Event of Default (as defined in the Conditions) has occurred and is continuing, by the holder giving notice to the Fiscal Agent of its election for such exchange (an “**Exchange Event**”).

In the event that a Permanent Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to at least the minimum Specified Denomination.

In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 calendar days after the date of receipt of the first relevant notice by the Fiscal Agent.

Payments of principal, interest or any other amounts on a Permanent Global Note will be made outside the United States through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case

may be) of the Permanent Global Note if the Permanent Global note is not intended to be issued in NGN form) without any requirement for certification.

### **3. Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) on the occurrence of an Exchange Event or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the applicable Final Terms) relating to Partly Paid Notes.

#### **Delivery of Notes**

If the Global Note is not in NGN form, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate Nominal Amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate Nominal Amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be.

If the Global Note is in NGN form, on or after any due date for exchange, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system.

Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement.

“**Exchange Date**” means, in relation to (i) a Temporary Global Note, the first day falling on or after the day that is 40 days after the later of the commencement of the offering and the relevant issue date, or (ii) in relation to a Permanent Global Note, a specified day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given, which day is, in each case, a day on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange of a Temporary Global Note, in the city in which the relevant clearing system is located.

#### **Registered Notes**

Registered Notes may be offered and sold in reliance on Regulation S or in reliance on Rule 144A. Registered Notes offered and sold in reliance on Regulation S may only be offered and sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form, without receipts, interest coupons or talons (an “**Unrestricted Global Certificate**”) which will be deposited with a common depositary or depositary, as the case may be, for, and registered in the name of a common nominee or nominee of, Euroclear and Clearstream, Luxembourg or such other clearing system as may be agreed between the Issuer and the relevant Dealer and specified in the Final Terms. Prior to expiry of the Distribution Compliance Period (as defined in “*Terms and Conditions of the Notes*”) applicable to each Tranche of Notes, beneficial interests in an Unrestricted Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg (or such other clearing system as may be agreed between the Issuer and the relevant Dealer and specified in the Final Terms) and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes offered and sold in reliance on Rule 144A may only be offered and sold to QIBs and will be represented by a global note in registered form, without receipts, interest coupons or talons (a “**Restricted Global Certificate**”) and, together with an Unrestricted Global Certificate, the “**Global Certificates**”) which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate, in amounts of US\$200,000 (or its equivalent in another currency as at the date of issue of the Notes) rounded upwards as agreed between the Issuer and the relevant Dealer(s), or integral multiples of US\$1,000 in excess thereof, in certain limited circumstances. The minimum denomination of each Definitive N Registered Note will be not less than €200,000 (or its equivalent in another currency as at the date of issue of the Notes) as stated in the applicable Final Terms.

### **Unrestricted Global Certificates**

If the applicable Final Terms state that the Notes are to be represented by a permanent Unrestricted Global Certificate on issue, transfers of the holding of Notes represented by any Unrestricted Global Certificate pursuant to Condition 2(b) may only be made in part for Individual Certificates:

- (a) if the Notes represented by the Unrestricted Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) an Event of Default (as defined in the Conditions) has occurred and is continuing; or
- (c) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### **Restricted Global Certificates**

If the applicable Final Terms state that the Notes are to be represented by a permanent Restricted Global Certificate on issue, transfers of the holding of Notes represented by any Restricted Global Certificate pursuant to Condition 2(b) may only be made in part for Individual Certificates:

- (a) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (b) an Event of Default (as defined in the Conditions) has occurred and is continuing; or
- (c) with the consent of the Issuer; or
  - (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and
  - (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made to a qualified institutional buyer in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A,

provided that, in the case of the first transfer of part of a holding pursuant to (a) and (b) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Subscription and Sale*".

Whenever the Global Registered Note is to be exchanged for Individual Certificates, the Issuer shall procure that Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five Business Days of the delivery by or on behalf of the registered holder of the Global Certificate to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth calendar day after they are due to be issued and delivered in accordance with the terms of the Global Certificate; or

(b) any of the Notes represented by a Global Certificate (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Certificate in accordance with the terms of the Global Certificate on the due date for payment,

then the Global Certificate (including the obligation to deliver Individual Certificates) will become void at 5.00 p.m. (London time) on such thirtieth calendar day (in the case of (a) immediately above) or at 5.00 p.m. (London time) on such due date (in the case of (b) immediately above) and the holder of the Global Certificate will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Certificate or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Certificate became void, they had been the holders of Individual Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### **Definitive N Registered Notes**

Definitive N Registered Notes will be issued to each holder (unless otherwise specified in the applicable Final Terms) by a Definitive N Registered Notes Deed.

### **Transfers of Registered Notes**

Transfers of interests in Global Certificates within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some States in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period (as used in "*Subscription and Sale*") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate

from Euroclear or Clearstream, Luxembourg, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any State of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Certificate to the Fiscal Agent of details of that account at either Euroclear or Clearstream, Luxembourg or DTC to be credited with the relevant interest in the Restricted Global Certificate.

Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Securities Note. The following is a summary of certain of those provisions:

### **(a) Payments**

No payment falling due after the Exchange Date will be made on any temporary Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership that is satisfactory for purposes of the D Rules on a form proscribed by Euroclear, Clearstream, Luxembourg or any other agreed clearing system.

All payments in respect of Notes represented by a Global Note which is not in NGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. In respect of Bearer Notes which are not in NGN form, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Conditions 15(h), 15(i) and 16(a)(vi) will apply to Definitive Notes only. In respect of Bearer Notes issued in NGN form, a record of each payment shall be entered pro rata in the records of Euroclear or Clearstream, Luxembourg and, upon any such entry being made, the nominal amount of the Notes recorded in the records of Euroclear or Clearstream, Luxembourg and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled by the aggregate amount of such instalment so paid. Payments under Notes issued in NGN form will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

The amount of interest payable in respect of each Global Note and Global Certificate shall be the aggregate of the amounts (determined in accordance with Condition 4(i)) for each Calculation Amount comprising the outstanding Nominal Amount of the Note in global form, without further rounding.

### **(b) Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of two years (in the case where the relevant Notes are governed by Ontario Law), ten years (in the case of claims in respect of principal where the relevant Notes are governed by English law) or five years (in the case of claims in respect of interest where the relevant Notes are governed by English law) from the appropriate Relevant Date (as defined in Condition 16).

### **(c) Meetings**

The holder of a permanent Global Note shall at any meeting of Noteholders be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.

For so long as the Notes are represented by a Global Note or Global Certificate registered in the name of a nominee for one or more of Euroclear, Clearstream, Luxembourg, DTC or another clearing system, then, in respect of any resolution proposed by the Issuer where the terms of the proposed resolution have been notified to the Noteholders through the relevant clearing system(s), the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding ("**Electronic Consent**"). A Written Resolution and/or

Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent.

**(d) Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the Nominal Amount of the relevant permanent Global Note.

**(e) Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

**(f) Issuer Call Option**

Any Issuer Call Option provided for in the applicable Final Terms of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions and Final Terms, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an Issuer Call Option and accordingly no drawing of Notes shall be required. In the event that any Issuer Call Option is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (as the case may be) and in respect of Notes which are in NGN form this shall be reflected in the records of Euroclear, Clearstream or Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion.

**(g) Noteholders Put Options**

Any Noteholders Put Option provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the Noteholders Put Option is exercised and at the same time, where the permanent Global Note is not in NGN form, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is in NGN form, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

**NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

**Events of Default**

Each Global Note and Global Certificate provides that the holder may cause such Global Note, Global Certificate, or a portion of it, to become due and repayable in the circumstances described in Condition 18 by stating in the notice to the Fiscal Agent the Nominal Amount of such Global Note or Global Certificate that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Global Certificate may elect for direct enforcement rights against the Issuer under the terms of an amended and restated deed of covenant executed as a deed by CIBC on 4 May 2017 (as amended, restated or

replaced as at the issue date of the relevant Notes, the “**Deed of Covenant**”) to come into effect in relation to the whole or a part of such Global Note or Global Certificate in favour of the persons entitled to such part of such Global Note or Global Certificate, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

## **Notices**

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate except that so long as the Notes are listed on the Luxembourg Stock Exchange’s Euro MTF Market and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

## **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Securities Note, but will be contained in the applicable Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **Integral Multiples in excess of the minimum Specified Denomination**

So long as the Notes are represented by a temporary Global Note or permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) as provided in the applicable Final Terms (unless otherwise specified in the applicable Final Terms) and higher integral multiples of at least 1,000 in the relevant currency as specified in the applicable Final Terms (the “**Integral Amount**”), notwithstanding that no Definitive Notes will be issued with a denomination above the Definitive Amount in such currency. The “**Definitive Amount**” shall be equal to two times the lowest Specified Denomination minus the Integral Amount. If a Global Note is exchangeable for Definitive Notes at the option of the Noteholder, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Upon registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Upon the initial deposit of a Global Certificate in respect of and registration of Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

## **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or such other clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of such Global Certificate, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate

and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of such Global Certificate, as the case may be, in respect of each amount so paid.

## CLEARING AND SETTLEMENT

### Book-Entry Ownership

#### *Bearer Notes*

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes not in NGN form, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depository for Clearstream, Luxembourg and Euroclear, and in respect of Bearer Notes in NGN form, with a common safekeeper for Euroclear and Clearstream, Luxembourg. Transfers of interests in such temporary Global Notes or other Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear.

#### *Registered Notes*

Registered Notes may also be accepted for clearance through the Euroclear and/or Clearstream, Luxembourg book-entry systems, with such Notes to be represented by an Unrestricted Global Certificate or (in the case of Rule 144A Notes) a Restricted Global Certificate. Each Unrestricted Global Certificate or (in the case of Rule 144A Notes) Restricted Global Certificate deposited with a nominee for Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

The Issuer and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant may make application to DTC for acceptance in its book-entry settlement system of the Rule 144A Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out in “*Subscription and Sale*”. In certain circumstances, as described below in “*Transfers of Registered Notes*”, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Rule 144A Notes to be cleared through the facilities of DTC, the custodian, with whom the Restricted Global Certificates are deposited, and DTC will electronically record the nominal amount of the Rule 144A Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system or indirectly through organizations which are participants in such system.

Payments of the principal of and interest on each Restricted Global Certificate registered in the name of DTC’s nominee will be made, if denominated in U.S. dollars in accordance with Conditions 10(b)(i) and 10(b)(ii) and, if denominated in a Specified Currency other than U.S. dollars, will be made or procured to be made to or to the order of its nominee as the registered owner of such Restricted Global Certificate. At the present time, there are limited facilities for the maintenance of non-U.S. dollar denominated accounts in the United States and for the conversion of foreign currencies into U.S. dollars.

The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee.

The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants to be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Issuer, any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Restricted Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and in “*Subscription and Sale*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the custodian, the Registrar and the Fiscal Agent.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the custodian and the Registrar receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free of delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “*Subscription and Sale*”. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual Certificates (which will, in the case of Rule 144A Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerized book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, any Paying Agent or any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or its custodian, Rule 144A Notes represented by individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

The rights of the Holder evidenced by a Definitive N Registered Note and title to a Definitive N Registered Note itself shall be transferred upon the surrender of a Definitive N Registered Note, together with the form of assignment and notification duly completed and executed, at the specified office of the Registrar.

## **USE OF PROCEEDS**

The net proceeds of the issue of each Tranche of Notes will be added to the general funds of the Issuer to be used for general corporate purposes.

## CANADIAN IMPERIAL BANK OF COMMERCE

*The information appearing below is supplemented by the more detailed information contained in the documents incorporated by reference. See section entitled "Documents Incorporated by Reference".*

### Introduction

CIBC is a diversified financial institution governed by the Bank Act. CIBC was formed through the amalgamation of The Canadian Bank of Commerce and Imperial Bank of Canada in 1961. The Canadian Bank of Commerce was originally incorporated as Bank of Canada by special act of the legislature of the Province of Canada in 1858. Subsequently, the name was changed to The Canadian Bank of Commerce and it opened for business under that name in 1867. Imperial Bank of Canada was incorporated in 1875 by special act of the Parliament of Canada and commenced operations in that year. The address of the registered and head office of CIBC is Commerce Court, 199 Bay St., Toronto, Canada M5L 1A2 and the telephone number is 1-416-980-3096.

### Business

CIBC is a leading Canadian-based global financial institution. As set out in the Bank Act, its corporate purpose is to act as a financial institution throughout Canada and can carry on business, conduct its affairs and exercise its powers in any jurisdiction outside Canada to the extent and in the manner that the laws of that jurisdiction permit. Through its three main business units - Retail and Business Banking, Wealth Management and Capital Markets - CIBC provides a full range of financial products and services to 11 million individual, small business, commercial, corporate and institutional clients in Canada and around the world.

### Subsidiaries

A list of CIBC's significant subsidiaries is provided on page 160 of the 2016 Annual Report, which page is incorporated herein by reference.

### Financial Highlights

As extracted from its latest unaudited consolidated financial statements, as at 31 January, 2017, CIBC had total assets of C\$513.29 billion, total deposits of C\$409.75 billion and common shareholders' equity of C\$23.53 billion.

	<u>First Quarter</u> <u>2017</u>	<u>2016</u>	<u>2015</u>
	For the three months ended 31 January	For the year ended 31 October	For the year ended 31 October
<b>Financial results (C\$ millions)</b>			
Net interest income	2,142	8,366	7,915
Non-interest income	2,067	6,669	5,941
Total revenue	4,209	15,035	13,856
Provision for credit losses	212	1,051	771
Non-interest expenses	2,274	8,971	8,861
Income before income taxes	1,723	5,013	4,224
Income taxes	316	718	634
Net income (loss) attributable to non-controlling interests	5	20	14
Net income (loss)	1,407	4,295	3,590

**On-and off- balance sheet information (C\$ millions)**

Cash, deposits with banks and securities	104,913	101,588	93,619
Loans and acceptances, net of allowance	322,094	319,781	290,981
Total assets	513,294	501,357	463,309
Deposits	409,753	395,647	366,657
Common shareholders' equity	23,532	22,472	20,360

There are no recent events particular to CIBC that are to a material extent relevant to the evaluation of CIBC's solvency.

**Board of Directors**

The names of the Directors of CIBC (together with details of their principal outside activities), as at the date of this Securities Note, are set out below. The business address of each of the Directors is Commerce Court, 199 Bay St., Toronto, Canada M5L 1A2.

<b>Name, Responsibility and Residence</b>	<b>Principal Outside Activities</b>
The Honourable John P. Manley, P.C., O.C. Ottawa, Ontario, Canada	Chair of the Board CIBC President and Chief Executive Officer Business Council of Canada
Brent S. Belzberg Toronto, Ontario, Canada	Senior Managing Partner TorQuest Partners
Nanci E. Caldwell Woodside, California, U.S.A.	Former Executive Vice-President and Chief Marketing Officer PeopleSoft, Inc.
Gary F. Colter Mississauga, Ontario, Canada	President CRS Inc.
Patrick D. Daniel Calgary, Alberta, Canada	Past President and Chief Executive Officer Enbridge Inc.
Luc Desjardins Toronto, Ontario, Canada	President and Chief Executive Officer Superior Plus Corp.
Victor G. Dodig Toronto, Ontario, Canada	President and Chief Executive Officer CIBC
Linda S. Hasenfratz Guelph, Ontario, Canada	Chief Executive Officer Linamar Corporation
Kevin J. Kelly Toronto, Ontario, Canada	Corporate Director
Christine E. Larsen Montclair, New Jersey, U.S.A.	Executive Vice-President, Chief Operations Officer First Data Corporation
Nicholas D. Le Pan Ottawa, Ontario, Canada	Corporate Director
Jane L. Peverett West Vancouver, British Columbia, Canada	Corporate Director

Katharine B. Stevenson Toronto, Ontario, Canada	Corporate Director
Martine Turcotte Verdun, Quebec, Canada	Vice Chair, Quebec BCE Inc. and Bell Canada
Ronald W. Tysoe Cincinnati, Ohio, U.S.A.	Corporate Director
Barry L. Zubrow Far Hills, New Jersey, U.S.A	President ITB LLC

As at the date of this Securities Note, there are no potential conflicts of interest between the duties owed to CIBC of the persons listed above and their private interests and other duties. If a Director were to have a material interest in a matter being considered by the Board or any of its Committees, such Director would not participate in any discussions relating to, or any vote on, such matter.

### **Trend Information**

There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.

### **Capital structure**

A description of the capital structure of the Issuer can be found in the 2016 Annual Report under the headings "Note 15 – Common and preferred share capital" and "Note 16 – Capital Trust securities" on pages 137 through 140.

### **Major Shareholders**

To the extent known to CIBC, CIBC is not directly or indirectly owned or controlled by any person. The Bank Act prohibits any person, or persons acting jointly or in concert, from having a "significant interest" in any class of shares of CIBC, that is, from beneficially owning more than 10% of the outstanding shares of the class either directly or through controlled entities, without the approval of the Minister of Finance of Canada. A person may, with the approval of the Minister of Finance, beneficially own up to 20% of a class of voting share and up to 30% of a class of non-voting share of CIBC, subject to a "fit and proper" test based on the character and integrity of the applicant. In addition, the holder of such a significant interest could not have "control in fact" of CIBC.

*There are no measures in place to ensure that control of CIBC is not abused as CIBC has no major shareholders.*

### **Material Contracts**

CIBC has not entered into any contracts outside the ordinary course of CIBC's business which could materially affect CIBC's obligations in respect of any Notes issued by CIBC other than, with respect to any Notes, the contracts described in "*Subscription and Sale*" and in "*Terms and Conditions of the Notes*".

### **Auditor**

Ernst & Young LLP ("**E&Y**"), Chartered Professional Accountants, Licensed Public Accountants, Ernst & Young Tower, Toronto-Dominion Centre, Toronto, Ontario M5K 1J7, Canada issued a report dated 30 November 2016 to the shareholders of the Issuer on the consolidated balance sheets as at 31 October 2016 and 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended 31 October 2016.

E&Y is registered as a participating audit firm with the Canadian Public Accountability Board and is registered with the Public Company Accounting Oversight Board (U.S.). E&Y is independent of the Issuer within the

meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of the Institute of Chartered Accountants of Ontario).

### Credit Ratings

As of the date of this Securities Note, each of Moody's Investors Service, Inc. ("**Moody's USA**"), Standard & Poor's Financial Services LLC ("**S&P USA**"), Fitch, Inc. ("**Fitch**") and DBRS Limited ("**DBRS**") has provided ratings for CIBC as follows:

	<b>DBRS</b>	<b>MOODY'S USA</b>	<b>S&amp;P USA</b>	<b>FITCH</b>
LONG-TERM DEBT	AA	Aa3	A+	AA-
SHORT-TERM DEBT	R-1 (High)	P-1	A-1	F1+

Credit ratings may be adjusted over time and so there is no assurance that these credit ratings will be effective after the date of this Securities Note. A credit rating is not a recommendation to buy, sell or hold any Notes.

## DESCRIPTION OF TOWER SECURITIES LIMITED AND THE REDEEMABLE PREFERENCE SHARES

*Preference Share Linked Notes may be issued under the Programme, where the Preference Shares are preference shares issued by Tower Securities Limited ("TSL" or "Preference Share Issuer"). Set out below is a description of TSL. References in this section to the "Preference Shares" shall be a reference to preference shares issued by TSL which are specified as being the "Preference Shares" in the applicable Final Terms relating to the relevant Preference Share Linked Notes.*

### TSL

TSL is a private company limited by shares and was incorporated under the Companies Act 2006 on 7 May 2015 (with registered number 9578613). TSL is governed by the laws of England and Wales and has its registered office at 35 Great St Helen's, London EC3A 6AP. The sole business activity of TSL is to issue redeemable preference shares. Accordingly, TSL does not have any trading assets and does not generate any significant net income. A copy of TSL's constitutional documents, its non-audited, non-consolidated annual financial statements, when published, and the Terms of the Preference Shares (as defined below) are available (free of charge) from the registered office of TSL.

### The Preference Shares

TSL will from time to time issue tranches of at least one redeemable preference share with a par value of £1.00 each. The preference shares will be issued fully paid to Tower Charitable Trust at par. TSL may issue redeemable preference shares of any kind (the "**Preference Shares**"), including but not limited to preference shares linked to a specified index or basket of indices or to such other underlying instruments, bases of reference or factors (the "**Preference Share Underlying**") and on such terms as may be determined by the board of directors of TSL and specified in the applicable terms and conditions of the relevant series of preference shares (the "**Terms of the Preference Shares**").

The Terms of the Preference Shares also provide that TSL may redeem the Preference Shares early if:

- a) the calculation agent in respect of the Preference Shares (the "**Preference Shares Calculation Agent**") determines that for reasons beyond TSL's control, the performance of its obligations under the Preference Shares has become illegal or impractical in whole or in part for any reason; or
- b) any event occurs in respect of which the provisions of the Terms of the Preference Shares relating to any adjustment, delay, modification, cancellation or determination in relation to the Preference Share Underlying, the valuation procedure for the Preference Share Underlying or the Preference Shares provide that the Preference Shares may be redeemed or cancelled; or
- c) a change in applicable law or regulation occurs that in the determination of the Preference Share Calculation Agent results, or will result, by reason of the Preference Shares being outstanding, in TSL being required to be regulated by any additional regulatory authority, or being subject to any additional legal requirement or regulation or tax considered by TSL to be onerous to it; or
- d) TSL is notified that the Notes have become subject to early redemption.

The performance of the Preference Shares depends on the performance of the Preference Share Underlying to which the Preference Shares are linked. In determining the value of the Preference Shares, the Preference Shares Calculation Agent shall employ the calculation procedure and methodology set out in the applicable Terms of the Preference Shares.

## TAXATION

### Canadian Taxation

The following is a summary of the principal Canadian federal income tax considerations generally applicable at the date hereof to a holder who acquires ownership of a Note pursuant to this Securities Note and who for the purposes of the *Income Tax Act* (Canada) (“**Tax Act**”) and at all relevant times: (a) is neither resident nor deemed to be resident in Canada; (b) deals at arm’s length with CIBC, and any transferee resident (or deemed to be resident) in Canada to whom the holder disposes of the Note; (c) does not use or hold and is not deemed to use or hold the Note in, or in the course of, carrying on a business in Canada; (d) is entitled to receive all payments (including any interest and principal) made on the Note, and (e) is not a, and deals at arm’s length with any, “specified shareholder” of CIBC for purposes of the thin capitalization rules in the Tax Act (“**Non-Resident Holder**”). A “specified shareholder” for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm’s length for the purposes of the Tax Act) owns or has the right to acquire or control 25% or more of CIBC’s shares determined on a votes or fair market value basis. Special rules which apply to non-resident insurers carrying on business in Canada and elsewhere are not discussed in this summary.

This summary is based upon: (a) the current provisions of the Tax Act and the regulations thereunder (“**Regulations**”) in force on the date hereof; (b) all specific proposals to amend the Tax Act or the Regulations publicly announced prior to the date hereof by, or on behalf of, the Minister of Finance for Canada (“**Tax Proposals**”), and (c) the current published assessing practices and administrative policies of the Canada Revenue Agency (“**CRA**”) as made publicly available by it prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurance can be given that this will be the case. This summary does not otherwise take into account or anticipate any changes in law or in the practices and policies of the CRA, whether by legislative, governmental or judicial action or interpretation, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

**This summary is of a general nature only, is not exhaustive of all Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Non-Resident Holder. Non-Resident Holders are advised to consult their own tax advisers with respect to their particular situations.** *Canadian federal income tax considerations applicable to Notes may be described more particularly when such Notes are offered (and then only to the extent material) in the applicable Final Terms related thereto if they are not addressed by the comments following and, in that event, the comments following will be superseded thereby to the extent indicated therein. Additional Canadian federal income tax considerations, which are not described herein, may also be applicable where the Note is a Physical Delivery Note and such considerations will be described in the Final Terms related thereto.*

Interest paid or credited or deemed to be paid or credited on a Note issued by CIBC to a Non-Resident Holder (including any amount paid at maturity in excess of the principal amount and interest deemed to be paid on the Note in certain cases involving an assignment or other transfer of a Note to a resident or deemed resident of Canada) will not be subject to Canadian non-resident withholding tax unless such interest (other than on a “prescribed obligation” as described below) is “participating debt interest” for the purposes of the Tax Act. Interest paid or credited or deemed to be paid or credited on a Note to a Non-Resident Holder will generally not be participating debt interest for the purposes of the Tax Act provided that no portion of such interest is contingent or dependent upon the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation. A prescribed obligation is an “indexed debt obligation” (as described below) in respect of which no amount payable is (a) contingent or dependent upon the use of, or production from, property in Canada, or (b) computed by reference to: (i) revenue, profit, cash flow, commodity price or any other similar criterion, other than a change in the purchasing power of money, or (ii) dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation. An indexed debt obligation is a debt obligation the terms of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding which adjustment is determined by reference to a change in the purchasing power of money.

In the event that a Note is redeemed, cancelled, repurchased or purchased, as the case may be, by CIBC or any other resident or deemed resident of Canada (“**Canadian Transferee**”) from a Non-Resident Holder, or is otherwise assigned or transferred by a Non-Resident Holder to a Canadian Transferee, for an amount which exceeds, generally, the issue price thereof, all or a portion of such excess may be deemed to be interest and may

be subject to Canadian non-resident withholding tax if: (i) all or any portion of such interest is participating debt interest and (ii) in certain circumstances the Note is not considered to be an “excluded obligation” for the purposes of the Tax Act. A Note which is not an indexed debt obligation, that was issued for an amount not less than 97% of the principal amount (as defined for the purposes of the Tax Act) of the Note, and the yield from which, expressed in terms of an annual rate (determined in accordance with the Tax Act) on the amount for which the Note was issued does not exceed 4/3 of the interest stipulated to be payable on the Note, expressed in terms of an annual rate on the outstanding principal amount from time to time will be an excluded obligation for this purpose.

If applicable, the normal rate of Canadian non-resident withholding tax is 25% but such rate may be reduced under the terms of an applicable income tax treaty.

Generally, there are no other Canadian federal income taxes that would be payable by a Non-Resident Holder as a result of holding or disposing of a Note (including for greater certainty, any gain realized by a Non-Resident Holder on a disposition of a Note).

## **United Kingdom**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of H.M. Revenue and Customs, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### ***Notes issued by a United Kingdom branch of CIBC (“UK Notes”)***

- (i) In the case of UK Notes with a maturity date of less than one year from the date of issue (provided the borrowing under such Notes at no time forms part of a borrowing which is intended to have a total term of one year or more) interest may be paid without withholding for or on account of United Kingdom income tax. Interest on UK Notes with a maturity of one year or more from the date of issue (or forming part of such borrowing as is mentioned above) is referred to below as “yearly interest”.
- (ii) Provided that the UK Notes are, and continue to be, listed on a recognized stock exchange within the meaning of section 1005 Income Tax Act 2007 (“ITA”) payments of yearly interest may be made without withholding or deduction for or on account of United Kingdom income tax (section 882 ITA). The Issuer’s understanding of current HM Revenue & Customs practice is that the Luxembourg Stock Exchange’s Euro MTF market is a recognized stock exchange for this purpose.
- (iii) Provided that the United Kingdom branch of CIBC (“**CIBC UK Branch**”) continues to be a bank within the meaning of section 991 of ITA, and provided that the interest on the UK Notes is paid in the ordinary course of its business within the meaning of section 878 of ITA, CIBC UK Branch will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax.
- (iv) In accordance with H.M. Revenue & Custom’s Statement of Practice 4/96, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- a) the borrowing in question conforms to any of the definitions of additional tier 1, or tier 2 capital adopted by the Prudential Regulation Authority of the Bank of England ("PRA") whether or not it actually counts towards additional tier 1, or tier 2 capital for regulatory purposes; or
- b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In the technical note published in December 2013 in connection with the introduction of the exemption for regulatory capital securities, H.M. Revenue & Custom announced that Statement of Practice 4/96 will be withdrawn in due course and guidance will be issued reflecting H.M. Revenue & Custom's view on certain matters referenced therein.

- (v) If none of the above paragraphs apply, interest on UK Notes will generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.
- (vi) Where UK Notes are issued at a discount, any discount element should generally not be subject to United Kingdom withholding tax. Where UK Notes are issued with a redemption premium, such premium may constitute a payment of interest and the United Kingdom withholding tax position would then be as described in the paragraphs above.
- (vii) Any payments made by under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described above.
- (viii) Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- (ix) The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from H.M. Revenue & Customs pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 19(c) of the Notes and does not consider the consequences of any such substitution.

### **The Proposed Financial Transaction Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

## **United States**

The Issuer does not expect to issue any Notes out of its U.S. Branch. In the event it does so, additional U.S. tax considerations will be described in the Final Terms of any such Notes. The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes and issued through a non-U.S. branch of the Issuer.

### **(a) U.S. Holders**

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the applicable Final Terms will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets within the meaning of section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not address the Medicare contribution tax applicable to the 'net investment income' of certain U.S. Holders. This summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks, financial institutions, insurance companies, investors subject to the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, U.S. expatriates, dealers in securities or currencies, investors that will hold the Notes as part of straddles, constructive sales, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). This summary also does not address the U.S. federal tax treatment of Dual Currency, Index Linked Notes, Equity Linked Notes, or Commodity Linked Notes. Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Dual Currency, Index Linked Notes, Equity Linked Notes, or Commodity Linked Notes or Notes with a term of more than 30 years will be discussed in the applicable Final Terms.

If a partnership, or other entity or arrangement taxable as a partnership for U.S. federal income tax purposes, holds a Note, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding the Notes or persons who hold the Notes through a partnership or similar pass-through entity should consult their tax advisers regarding the U.S. federal income tax consequences to them of holding the Notes.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is (i) a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation, or other entity treated as a corporation, created or organized under the laws of the United States or any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one

or more U.S. persons have the authority to control all substantial decisions of the trust or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The summary is based on the tax laws of the United States including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

Bearer Notes (including Exchangeable Bearer Notes while in bearer form) are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF PURCHASING, OWNING AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

## **1. Payments of Interest**

### 1.1 General

Interest on a Note, whether payable in U.S. dollars or a currency or basket of currencies other than U.S. dollars (a “**foreign currency**”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “— *Original Issue Discount*”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Notes and OID, if any, accrued with respect to the Notes (as described below under “— *Original Issue Discount*”) will constitute income from sources outside the United States.

Subject to certain conditions and limitations, foreign taxes, if any, withheld on interest payments may be treated as foreign taxes eligible for credit against a holder’s U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific “baskets” of income. Interest on the Notes generally will constitute “passive category income”, or, in the case of certain U.S. Holders, “general category income”. As an alternative to the foreign tax credit, a U.S. Holder may elect to deduct such taxes (the election would then apply to all foreign income taxes such U.S. Holder paid in that taxable year). The rules governing the foreign tax credit are complex. Prospective purchasers are urged to consult their tax advisers regarding the availability of the foreign tax credit under their particular circumstances.

### 1.2 Foreign Currency Denominated Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year). The average exchange rate for an interest accrual period is generally the simple average of the exchange rates for each business day of the period.

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognize U.S. source ordinary income or loss measured by the difference between the exchange rate used to accrue interest income pursuant to one of the two above methods and the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

## 2. Original Issue Discount

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (“OID”). The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments, the applicable Final Terms will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a “**Short-Term Note**”), will be treated as issued with OID (a “**Discount Note**”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or greater than a *de minimis* amount (0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “**instalment obligation**”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is, equal to or greater than 0.25% of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to the public. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest”. A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “**Variable Interest Rate Notes**”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (“**accrued OID**”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. Under the constant yield method, the amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

OID for any accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under “—*Payments of Interest*”. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder may recognize exchange gain or loss, which will be ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) and the amount previously accrued.

### 3. Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “—*Election to Treat All Interest as Original Issue Discount*”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

### 4. Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a “**Market Discount Note**”) if the Note’s stated redemption price at maturity or, in the case of a Discount Note, the Note’s “revised issue price”, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete remaining years to the Note’s maturity (or, in the case of a Note that is an installment obligation, the Note’s weighted average remaining maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes “*de minimis* market discount”. For this purpose, the “**revised issue price**” of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognized on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder’s income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency will be accrued by a U.S. Holder in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder’s taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder will recognize ordinary income or loss measured in the same manner as for accrued qualified stated interest or OID. A U.S. Holder that does not make this election will recognize, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the exchange rate in effect on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

### 5. Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “—*Original Issue Discount*”, with certain limitations. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium (described below under “—*Notes Purchased at a Premium*”) or acquisition premium. In applying the constant yield method to a Note with respect to which an election is made, the Note’s issue price will equal the U.S. Holder’s adjusted basis in the Note immediately after the acquisition and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not

be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “—*Market Discount*” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

## 6. Variable Interest Rate Notes

Notes that provide for interest at variable or floating rates (“**Variable Interest Rate Notes**”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified de minimis amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the

Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) in excess of a specified de minimis amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note may be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Final Terms.

## **7. Short-Term Notes**

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income (including acquisition discount) is realized.

For this purpose, acquisition discount is the excess, if any, of the Note's stated redemption price at maturity over the U.S. Holder's basis in the Notes.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

## **8. Reopenings**

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms as previously issued Notes. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

## **9. Notes Purchased at a Premium**

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortizable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to that year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and amortizable bond premium will reduce interest income in units of the foreign currency. At the time amortized bond premium offsets interest income, U.S. source exchange gain or loss (taxable as ordinary income or loss) will be realized measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognize a market loss when the Note matures. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Election to Treat All Interest as Original Issue Discount*".

## **10. Substitution of Issuer**

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

## **11. Purchase, Sale and Retirement of Notes**

A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost (as defined below) increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note. The U.S. dollar cost of a Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the tax basis of the Note. The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Except to the extent described above under “— *Market Discount*” or “— *Short Term Notes*” or attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period in the Notes exceeds one year.

Gain or loss recognized by a U.S. Holder on the sale or retirement of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction. Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. A U.S. person holding a Bearer Note or Exchangeable Bearer Note with a maturity of more than one year will generally be required to treat any gain on disposal as ordinary income rather than capital gain, and no deduction will be allowed in respect of any loss.

## **12. Exchange of Amounts in Currencies other than U.S. Dollars**

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. dollars) will be U.S. source ordinary income or loss.

## **13. Backup Withholding and Information Reporting**

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a non-corporate U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations unless such U.S. Holder establishes a basis for such exemption. Backup withholding will apply to these reportable payments and accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Backup withholding is not an additional tax. Any amount withheld from payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the holder’s U.S. federal income tax liability and may entitle the holder to a refund, provided the required information is furnished to the IRS in a timely manner. U.S. Holders should consult their tax advisers as to the application of backup withholding in their particular situation, their qualification for exemption from backup withholding and the procedure for obtaining an exemption, if available.

Certain U.S. holders are required to report information with respect to their investment in Notes not held through an account with a domestic financial institution to the IRS. Investors who fail to report required information, which may be done by filing an IRS Form 8938, are subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisers regarding the possible implications of this proposed legislation on their investment in the Notes.

A U.S. holder may be required specifically to report a sale, retirement or other taxable disposition of Notes to the IRS if it recognizes a loss over a threshold amount, including a foreign currency loss from a single transaction that exceeds, in the case of an individual or trust, US\$50,000 in a single taxable year or, in other cases, various higher thresholds. U.S. Holders that recognize a loss on a Note should consult their tax advisers.

### **(b) *United States Alien Holders***

#### **1. General**

Under current U.S. federal income tax laws, and subject to the discussion of backup withholding and FATCA Withholding in the following sections:

- 1.1. Payments of principal, OID and interest by the Issuer or any paying agent to any holder of a Note who is a United States Alien (as defined below) will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct of a trade or business in the United States.
- 1.2. A United States Alien holder of a Note or Coupon will not be subject to U.S. federal income tax on any gain or income realized upon the sale, exchange or retirement or other disposition of a Note or Coupon unless the gain or income is effectively connected with the conduct of a trade or business in the United States or such United States Alien is an individual present in the United States for at least 183 days during the taxable year on disposition and certain other conditions are met.
- 1.3. Except as required by FATCA as described below, a beneficial owner of a Bearer Note or Coupon or an Exchangeable Bearer Note that is a United States Alien will not be required to disclose its nationality, residence or identity to the Issuer, a paying agent, or any U.S. governmental authority in order to receive payment on the Note or Coupon from the Issuer or a paying agent outside the United States (although in order to receive a beneficial interest in a Permanent Global Note or Definitive Notes and Coupons and interest thereon the beneficial owner of an interest in a temporary Global Note will be required to provide a certificate of non-U.S. beneficial ownership to Euroclear or Clearstream, Luxembourg).

Section 871(m) of the Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to non-U.S. holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (such equities and indices, “U.S. Underlying Equities”). Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined upon issuance, based on tests set forth in the applicable Treasury regulations (a “Specified Security”). Specifically, and subject to the 2017 exemption described below, Section 871(m) will apply if, at issuance, a financial instrument either meets (i) a “delta” test, if it is a “simple” contract, or (ii) a “substantial equivalence” test, if it is a “complex” contract. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations as well as securities that track such indices. Regulations under Section 871(m) exempt financial instruments issued in 2017 that are not “delta-one.” The Issuer is not required to gross-up any payment for the imposition of U.S. taxes imposed under Section 871(m).

A determination that the securities are not subject to Section 871(m) is not binding on the IRS, and the IRS may disagree with this treatment. Moreover, Section 871(m) is complex and its application may depend on your particular circumstances. For example, if you enter into other transactions relating to U.S. underlying securities, you could be subject to withholding tax or income tax liability under Section 871(m) even if the securities are not Specified Securities subject to Section 871(m) as a general matter. You should consult your tax adviser regarding the potential application of Section 871(m) to the securities.

For purposes of this discussion, “**United States Alien**” means any corporation, individual or estate or trust that, for U.S. federal income tax purposes is not a U.S. Holder.

## **2. Backup Withholding and Information Reporting**

The U.S. backup withholding and information reporting procedures are complex and can be impacted by a variety of factors. The following discussion is a brief description of those rules that does not cover every possible circumstance but rather is intended to provide the reader with a general overview of their application to the Notes subject to this Securities Note.

Unless the Issuer or the paying agent has actual knowledge or reason to know that the holder or beneficial owner, as the case may be, is a U.S. person (as defined in the Code), payments of principal, OID and interest on Registered Notes made to a United States Alien will not be subject to backup withholding, provided the United States Alien provides the payer with an IRS Form W-8BEN or IRS Form W-8BEN-E, depending on the United States Alien’s status (or other appropriate type of IRS Form W-8) but interest and OID paid on Registered Notes with a maturity of more than 183 days will be reported to the IRS as required under applicable regulations.

Payments of principal, OID and interest on Bearer Notes and Exchangeable Bearer Notes made outside the United States to a United States Alien by a non-U.S. payor will not be subject to information reporting and backup withholding.

In addition, except as provided in the following sentence, if principal, OID, or interest payments made with respect to Bearer Notes or Exchangeable Bearer Notes are collected outside the United States on behalf of a beneficial owner of a Bearer Note or Exchangeable Bearer Notes by a foreign office of a custodian, nominee or other agent who is not a U.S. Controlled Person (as defined below), the custodian, nominee or other agent will not be required to apply backup withholding to these payments when remitted to the beneficial owner and will not be subject to information reporting. However, if the custodian, nominee or other agent is a U.S. Controlled Person, payments collected by its United States or foreign office may be subject to information reporting and backup withholding unless the custodian, nominee or other agent has in its records documentary evidence that the beneficial owner is not a U.S. person or is otherwise exempt from information reporting, but will not be subject to backup withholding unless the payor has actual knowledge that the payee is a U.S. person and no exception to backup withholding is otherwise established.

Payments on the sale, exchange or other disposition of a Bearer Note or Exchangeable Bearer Note made to or through a foreign office of a broker will generally not be subject to information reporting or backup withholding. However, if the broker is a U.S. Controlled Person, payments on the sale, exchange or other disposition of the Bearer Note or Exchangeable Bearer Note made to or through a United States or foreign office of the broker will be subject to information reporting unless the beneficial owner has furnished the broker with documentation upon which the broker can rely to treat the payment as made to a beneficial owner that is a foreign person, and the broker has no actual knowledge or reason to know that any of the information or certifications associated with this documentation is incorrect.

For purposes of this discussion, a “**U.S. Controlled Person**” means (i) a U.S. person (as defined in the Code), (ii) a controlled foreign corporation for U.S. federal income tax purposes, (iii) a foreign person 50% or more of whose gross income was effectively connected with the conduct of a United States trade or business for a specified three-year period, or (iv) a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons who, in the aggregate, hold more than 50% of the partnership’s income or capital interest or if, at any time during its tax year, it is engaged in the conduct of a trade or business in the United States.

Any amounts withheld under the backup withholding rules may be allowed as a credit against the holder’s U.S. federal income tax liability, and may entitle the holder to a refund, provided the required information is furnished to the IRS in a timely manner.

Holders should consult their tax advisers regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

### **3. FATCA**

FATCA may impose a 30% withholding tax on payments of U.S. source income and, beginning 1 January 2019, on payments of gross proceeds from the sale, exchange or redemption of property that gives rise to U.S. source dividends or interest, in each case to (i) certain FFIs that are not Compliant FFIs (by entering into and complying with an agreement to provide the IRS information about their accountholders (as defined for purposes of FATCA), complying with rules or law implementing an IGA between the United States and the non-U.S. financial institution’s jurisdiction implementing FATCA with respect to such jurisdiction or otherwise qualifying for an exemption from, or being deemed to comply with, FATCA) and (ii) certain NFFEs that do not provide payors information about their substantial U.S. holders or establish that they have no substantial U.S. holders.

Starting on the later of 1 January 2019 or the date of publication of final U.S. Treasury regulations defining the term “foreign passthru payments”, FATCA may also impose withholding tax on such “foreign passthru payments” on obligations issued (or deemed re-issued) after the date that is six months after such publication date. Thus, the Issuer may in certain circumstances be required under FATCA to withhold U.S. tax at a rate of 30% on all or a portion of payments of principal and interest which are treated as “foreign passthru payments” made to (i) non-U.S. financial institutions (whether holding the Notes as a beneficial owner or intermediary) unless the payee is a Compliant FFI or (ii) any Recalcitrant Holders. Whether or not FATCA withholding tax could apply to “foreign passthru payments” on the Notes may depend upon an applicable IGA relating to FATCA between the United States and the jurisdiction of the Issuer or the applicable Issuer Branch of Account.

The United States and a number of other jurisdictions have reached, agreed in substance to or announced their intention to negotiate IGAs to facilitate the implementation of FATCA with respect to FFIs in such jurisdictions.

Under the “Model 1” IGA released by the United States, an FFI in an IGA signatory country that complies with requirements under the IGA could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives. Further, a Reporting FI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes. Under the Model 1 IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government, which information will be exchanged with the IRS. The United States and Canada have entered into an agreement (the “**US-Canada IGA**”) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Canada IGA. However, the FATCA rules, and in particular the rules governing foreign passthru payments, have not yet been fully developed, so the future application of FATCA to the Issuer and the holders of Notes is uncertain. Holders may be required to provide certain information to the Issuer or other payors in order (i) for holders to avoid FATCA withholding from payments on the Note, (ii) for the Issuer to avoid the imposition of a FATCA withholding tax on payments it receives or (iii) for the Issuer to comply with the rules under FATCA or an applicable IGA (including laws implementing such an IGA). If a holder (including an intermediary) fails to provide the Issuer, or any other agent of the Issuer with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and/or to prevent the imposition of FATCA withholding tax, the Issuer may withhold amounts otherwise distributable to the holder.

The requirements of the US-Canada IGA have been implemented through amendments to the *Income Tax Act* (Canada) and the enactment of the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (the “**US-Canada IGA Implementation Act**”). Generally, under the terms of the US-Canada IGA Implementation Act and the US-Canada IGA, CIBC may be required to collect information from holders of Notes (other than Notes that are regularly traded on an established securities market for purposes of the IGA) regarding such holders’ status as “Specified U.S. Persons” as defined in the IGA (generally, U.S. residents and U.S. citizens) and report certain information to the CRA regarding such persons’ investment in the Notes. The CRA would then communicate this information to the IRS under the existing provisions of the Canada-United States Tax Convention (1980) (as amended). For this purpose, a Note is not considered to be “regularly traded” if the holder (other than certain financial institutions acting as intermediary) is registered on the books of CIBC.

No additional amounts will be paid in respect of any tax withheld under the FATCA rules or any rules or laws implementing an IGA from payments on the Notes. Potential investors should consult their tax advisers regarding the implications of the FATCA rules or any rules or laws implementing an IGA for their investment in Notes, including the implications resulting from the status under these rules of each financial intermediary through which they hold Notes.

While the Notes are in global form and held within Euroclear, Clearstream, Luxembourg or DTC (together, the “**Clearing Systems**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary or Common Safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the relevant Clearing System is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

THE SUMMARY OF U.S. FEDERAL INCOME AND ESTATE TAX SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF

OWNING NOTES OR COUPONS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

## Switzerland

**THE FOLLOWING SUMMARY DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION OF ALL SWISS TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO PURCHASE, OWN OR DISPOSE OF THE NOTES AND, IN PARTICULAR, DOES NOT CONSIDER SPECIFIC FACTS OR CIRCUMSTANCES THAT MAY APPLY TO A PARTICULAR PURCHASER. IT IS FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL TAX CONSEQUENCES OF AN INVESTMENT IN NOTES UNDER THE TAX LAWS OF SWITZERLAND. THIS SUMMARY IS BASED ON THE TAX LAWS OF SWITZERLAND CURRENTLY IN FORCE AND AS APPLIED ON THE DATE OF THIS SECURITIES NOTE WHICH ARE SUBJECT TO CHANGES (OR CHANGES IN INTERPRETATION) WHICH MAY HAVE RETROACTIVE EFFECT. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES IN THE LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.**

### *Swiss Income Tax*

#### *Swiss Resident Noteholders*

##### Interest Payments or Redemption of Notes

Swiss residents receiving periodic interest payments during the investment or at redemption as one-time-interest generally must include these interest payments in their financial statements and/or in their income tax returns and owe individual income tax or corporate income tax on the relevant amounts.

Notes which are not straight debt instruments but have components of debt instruments and derivatives intertwined generally qualify as combined instruments. The tax treatment of such Notes depends on whether the Notes are considered as transparent or not for Swiss income tax purposes.

If the Note is considered as not transparent for Swiss income tax purposes, any amount received by the Noteholder (upon sale, laps, exercise or redemption) in excess of the amount invested (at issue or upon purchase) is treated as taxable income in the hands of the Noteholder if the Note qualifies as a note with predominant one-time interest payment. If the Note does not qualify as a note with predominant one-time interest payment, the Noteholder is subject to tax on the periodic interest payments and (at redemption) on the difference between initial issuance price and the redemption price. For the purpose of determining whether the Note is a note with predominant one-time interest payment the difference between initial issuance price and the redemption price is treated as one-time interest.

If the Note is considered as transparent for Swiss income tax purposes, it will be split notionally in a debt instrument and a derivative instrument component. Gains or losses on the derivative instrument component are treated as capital gains or losses (see below). Interest payments received during the investment, at laps or exercise or at redemption as one-time interest related to the debt instrument component are treated as taxable income in the hands of the Noteholder. Such a treatment is also applicable for the purpose of determining whether the Note is a note with predominant one-time interest payment.

The Note is generally considered as transparent if the debt and the derivative components are traded separately or if the different elements of the Note (such as the guaranteed redemption amount, the issuance price of the debt component, the interest rates determining the issuance price of the debt component) are separately stated in the sales documentation as well as in the offering prospectus and if each one of such components is separately evaluated. Such evaluation has to be performed through calculations of financial mathematics determining the intrinsic value of the debt instrument and the derivative instrument components contained in the Note. In particular, the calculations have to determine the notional issuance price of the debt instrument, based on the interest rate taken into account by the issuer which has to be at market value. The Swiss Federal Tax Administration has to approve such calculations. Such calculations have to be reviewed on a quarterly basis in order take into account the evolution of the interest rates. If the tax authorities are not provided with sufficient information the Notes can be treated as not transparent. Products with prevalent structures but for which the

issuer does not provide the information allowing to distinguish the different elements of a product as described above are made transparent in retrospect by the tax authorities, banks or other channels of distribution if the following requirements are fulfilled:

- (a) the issuer of the product must have at least a single-A-rating; and
- (b) the product at hand has to be admitted to official quotation at the commercial exchange market or, at least, a market maker has to insure liquid trading of the product at hand.

Liquid trading by a market maker is a condition that the key data of the product can be used as credible basis of calculation.

Notes which are linked to underlying assets, such as bonds, shares, or baskets of such assets may also be treated, under certain circumstances, as direct investments in bonds, shares or in an investment fund. Notes linked to a basket of investment funds may be treated as an investment in an investment fund.

Notes in the form of reverse convertibles linked to shares, precious metals and commodities with no guaranteed payments and a duration of less than or equal to one year may be treated as straight derivatives.

### ***Capital Gains***

#### *Swiss Resident Private Noteholders*

Swiss resident Noteholders who do not qualify as so-called professional securities dealer for income tax purposes (“*gewerbmässiger Wertschriftenhändler*”) and who hold the Notes as part of their private (as opposed to business) assets are hereby defined as Swiss Resident Private Noteholders.

Swiss Resident Private Noteholders realise a tax free capital gain upon the disposal of Notes which do not qualify as notes with predominant one-time interest payment and realise taxable income if the Notes qualify as notes with one-time predominant interest payment.

The tax treatment of capital gains on Notes which qualify as combined instruments (see above) depends on whether the Note qualifies as tax transparent or not. Notes which are not transparent for Swiss income tax purposes (see above) generally qualify as notes with predominant one-time interest payment and are treated as such. Notes which qualify as tax transparent are notionally split into a debt instrument and a derivative instrument component. The debt instrument component follows the usual tax treatment either as note with predominant one-time interest payment or as note with no predominant one-time interest payment as applicable. Capital gains arising from the derivative instrument component of transparent Notes are generally not subject to income tax in the hands of Swiss Resident Private Noteholders.

With respect to capital gains arising from Notes linked to underlying assets, such as investment funds, bonds, shares or baskets of any of them see above under “Interest Payments or Redemption of Notes”.

#### *Swiss Resident Business Noteholders*

Gains realized on the sale of Notes, by Swiss resident individual Noteholders holding the Notes as part of their business assets as well as by Swiss resident legal entity Noteholders, are part of their business profit subject to individual income tax or corporate income taxes, respectively. The same applies to Swiss Resident Private Noteholders who qualify as so-called professional securities dealer (“*gewerbmässiger Wertschriftenhändler*”).

#### ***Non-Swiss Resident Noteholders***

Under present Swiss tax law, a Noteholder who is a non-resident of Switzerland and who, during the taxable year has not engaged in trade or business through a permanent establishment or a fixed place of business within Switzerland and who is not subject to taxation in Switzerland for any other reason, will not be subject to any Swiss federal, cantonal or municipal income tax on interest or gains realized on sale or redemption of the Notes.

## *Swiss Stamp Duties*

### *Swiss Issuance Stamp Duty*

The issuance of the Notes by a non-Swiss resident issuer is not subject to Swiss issuance stamp duty.

### *Swiss Transfer Stamp Duty*

The sale or transfer of the Notes with a duration of more than one year may be subject to Swiss transfer stamp duty at the current rate of 0.3 per cent. if such sale or transfer is made by or through the intermediary of a Swiss bank or other securities dealer as defined in the Swiss Stamp Tax Act and no exemption applies. The same applies in case of physical delivery of the underlying being a taxable security in the meaning of the Swiss Stamp Tax Act at redemption.

Notes qualified as units in a foreign investment fund may be subject to the Swiss transfer stamp duty of up to 0.3 per cent. at issue.

### *Swiss Withholding Tax*

All payments in respect of the Notes by a non-Swiss resident issuer are currently not subject to the Swiss withholding tax (“*Verrechnungssteuer*”).

On 4 November 2015, the Swiss Federal Council announced a mandate to the Swiss Federal Finance Department to institute a group of experts tasked with the preparation of a new proposal for a reform of the Swiss withholding tax system. The new proposal is expected to include in respect of interest payments the replacement of the existing debtor-based regime by a paying agent-based regime for Swiss withholding tax similar to the one published on 17 December 2014 by the Swiss Federal Council and repealed on 24 June 2015 following the negative outcome of the legislative consultation with Swiss official and private bodies. Under such a new paying agent-based regime, if enacted, a paying agent in Switzerland may be required to deduct Swiss withholding tax on any payments or any securing of payments of interest in respect of a Note for the benefit of the beneficial owner of the payment unless certain procedures are complied with to establish that the owner of the Note is not an individual resident in Switzerland.

### *Automatic Exchange of Information in Tax Matters*

On 19 November 2014, Switzerland signed the Multilateral Competent Authority Agreement (the “*MCAA*”). The MCAA is based on article 6 of the OECD/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of Automatic Exchange of Information (the “*AEOI*”). The Federal Act on the International Automatic Exchange of Information in Tax Matters (the “*AEOI Act*”) entered into force on 1 January 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland.

The AEOI is being introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have, and will be, concluded on the basis of guaranteed reciprocity, compliance with the principle of speciality (i.e. the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection.

Switzerland has concluded a multilateral AEOI agreement with the EU (replacing the EU savings tax agreement) and has concluded bilateral AEOI agreements with several non-EU countries.

**Based on such multilateral agreements and bilateral agreements and the implementing laws of Switzerland, Switzerland will begin to collect data in respect of financial assets, including, as the case may be, Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from, depending on the effectiveness date of the agreement, 2017 or 2018, as the case may be, and begin to exchange it from 2018 or 2019.**

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and the conditions contained in an amended and restated Dealer Agreement dated 4 May 2017 (the “**Dealer Agreement**”) between the Issuer and the Dealers, the Notes will be offered on a continuous basis by the Issuer to the Dealers, which expression shall include any person appointed as a Dealer for a specific issue. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers. Notes may also be offered directly to persons other than the Dealers.

The Issuer may pay each relevant Dealer a commission agreed between the Issuer and the Dealer in respect of Notes subscribed by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the applicable Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### Selling Restrictions

**In this section *Subscription and Sale – Selling Restrictions* references to “Prospectus” are to this Securities Note, including the Registration Document incorporated by reference herein. To the extent the Registration Document is distributed separately from this Securities Note, “Prospectus” also refers to the Registration Document where the context so permits.**

### United States

Regulation S, Category 2 and D Rules apply for Notes with a maturity of more than one year issued in bearer form unless C Rules are specified as applicable in the applicable Final Terms or unless the transaction is an Excluded Issue. The Notes shall only be Rule 144A eligible if so specified in the applicable Final Terms.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements (other than Notes having a maturity of one year or less) and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Internal Revenue Code of 1986, as amended and regulations thereunder (the “**Code**”). Bearer Notes issued in accordance with the D Rules with a maturity of more than one year will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code of the United States”.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and such completion is notified to the relevant Dealer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager (once each of the syndicated dealers has so notified the Lead Manager, with respect to Notes purchased by or through it), within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to

each dealer to which it sells Notes (other than a sale of Notes pursuant to Rule 144A) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

#### **144A Notes**

The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to QIBs pursuant to Rule 144A.

Each purchaser of Rule 144A Notes, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a QIB within the meaning of Rule 144A, (b) acquiring such Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it may be made in reliance on Rule 144A.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and, in each case, in accordance with any applicable securities laws of any State of the United States.

(3) It understands that such Notes, unless otherwise set forth in the applicable Final Terms or determined by the Issuer in accordance with applicable law, will bear a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

(4) It understands that the Rule 144A Notes will be represented by one or more Restricted Global Certificates. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification as to compliance with applicable securities laws.

(5) Each purchaser of Notes, and each subsequent transferee of Notes, the assets of which purchaser or transferee constitute the assets of one or more Plans and each fiduciary that directs such purchaser or transferee with respect to the purchase or holding of such Notes, will be deemed to represent that the purchase and holding of such Notes does not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

(6) The Issuer, the Fiscal Agent, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

**Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

### **Regulation S Notes**

Each purchaser of Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the Distribution Compliance Period, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person (within the meaning of Regulation S) and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the Distribution Compliance Period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB, in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following:

**THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.**

(4) The Issuer, the Fiscal Agent, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(5) It understands that the Notes offered in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates. Prior to the expiration of the Distribution Compliance Period, before any interest in an Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification as to compliance with applicable securities laws.

Section 4975 of the Code prohibits the borrowing of money, the sale of property and certain other transactions involving the assets of plans that are tax-qualified under the Code (“**Qualified Plans**”) or individual retirement accounts (“**IRAs**”) and persons who have certain specified relationships to them. Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), prohibits similar transactions involving the assets of employee benefit plans that are subject to ERISA (“**ERISA Plans**”). Qualified Plans, IRAs and ERISA Plans and entities treated for purposes of ERISA and the Code as holding assets thereof are collectively referred to as “**Plans**”. Persons who have such specified relationships are referred to as “parties in interest” under ERISA and as “disqualified persons” under the Code. An Issuer may be considered a “party in interest” or “disqualified person” with respect to a Plan. The purchase and/or holding of securities by a Plan

with respect to which any Issuer and/or certain of its affiliates is a fiduciary, service provider and/or sponsor (or otherwise is a “party in interest” or “disqualified person” due to being affiliated with any such person or otherwise) could constitute or result in a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless such securities are acquired or held under, and in accordance with, a statutory or administrative exemption. Moreover, in accordance with ERISA’s general fiduciary requirement, a fiduciary with respect to any ERISA Plan who is considering the purchase of securities on behalf of such plan should determine whether such purchase is permitted under the governing plan document and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio. Plans established with, or for which services are provided by, an Issuer and/or certain of its affiliates should consult with counsel before making any acquisition. Each purchaser of Notes, and each subsequent transferee of Notes, the assets of which purchaser or transferee constitute the assets of one or more Plans and each fiduciary that directs such purchaser or transferee with respect to the purchase or holding of such Notes, will be deemed to represent that the purchase and holding of such Notes does not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

Each issuance of Dual Currency Notes, Index Linked Notes, Equity Linked Notes, Commodity Linked Notes and other Reference Item Linked Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### **Prohibition of Sales to EEA Retail Investors**

From 1 January 2018, unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that with effect from and including the date on which the Prospectus Directive was implemented in that Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to the public in that Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

### **The Grand Duchy of Luxembourg**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that in addition to the circumstances described above in “*Prohibition of Sales to EEA Retail Investors*”, Dealers may not offer or sale the Notes within The Grand Duchy of Luxembourg unless:

- (a) the offer is made to “qualified investors” as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or
- (b) the offer benefits from any other exemption to, or constitutes a transaction otherwise not subject to, the requirement to publish a prospectus.

### **United Kingdom**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act (2000) (the “**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes (including rights representing an interest in the Notes in global form) which are the subject of the Prospectus, shall not be offered, sold, transferred or delivered to the public in the Netherlands unless in reliance on Article 3(2) of the Prospectus Directive and provided:

- (a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive) in The Netherlands; or
- (b) standard logo and exemption wording are incorporated in the respective Final Terms, advertisements and documents in which the offer is announced, as required by article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the “**FSA**”); or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the FSA is not applicable.

For the purposes of the above, the expressions (i) “**offer**” in relation to any Notes in The Netherlands; and (ii) “**Prospectus Directive**”, have the meaning given to them in the paragraph headed “*Prohibition of Sales to EEA Retail Investors*”.

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and the relevant implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November 2003; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**Regulation No. 11971**”).

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on solicitation of investments applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the Prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failing to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## France

In respect of Notes constituting “*obligations*” under French law, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise transferred and will not offer, sell, or otherwise transfer, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## Switzerland

The Notes shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and neither the Prospectus as completed by the respective Final Terms nor any other solicitation for investments in the Notes may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (the “**CO**”) or of Article 3 of the Swiss Federal Act on Collective Investment Schemes (the “**CISA**”) unless the legal and regulatory conditions imposed on a public offering under the CO or CISA are satisfied. The Prospectus as completed by the respective Final Terms does not constitute a public

offering within the meaning of Articles 652a, respectively 1156, of the CO and of Article 5 of the CISA and may not comply with the information standards required thereunder, and in particular with the guidelines on informing investors about structured products as published by the Swiss Bankers Association, as applicable.

The Notes do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Notes do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of the Issuer.

### **Canada**

The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed, or delivered, and that it will not offer, sell, distribute, or deliver, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof and also without the consent of the Issuer. Each Dealer has also agreed, and each further Dealer appointed under the Programme may be required to agree, not to distribute or deliver the Prospectus or any other offering material relating to the Notes, in Canada in contravention of the securities laws of Canada or any province or territory thereof and also without the consent of the Issuer. If the applicable Final Terms provide that the Notes may be offered, sold or distributed in Canada, the issue of the Notes will be subject to such additional selling restrictions as the Issuer and the relevant Dealer(s), and each further Dealer appointed under the Programme, may agree, as specified in the applicable Final Terms. Each Dealer, and each further Dealer appointed under the Programme, will be required to agree that it will offer, sell and distribute such Notes only in compliance with such additional Canadian selling restrictions.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Law**”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) and which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws, regulations and ministerial guidelines of Japan.

### **Hong Kong**

In relation to each Tranche of Notes issued by the Issuer each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**Securities and Futures Ordinance**”)) other than (a) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## Singapore

The Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell Notes or circulate or distribute this Prospectus and any document or other material relating to the Notes, either directly or indirectly, to any person in Singapore other than: (i) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act (Cap. 289) of Singapore (the “**Singapore Securities and Futures Act**”); (ii) to a relevant person under Section 275(1) of the Singapore Securities and Futures Act or to any person pursuant to Section 275(1A) of the Singapore Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Singapore Securities and Futures Act; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other provision of the Singapore Securities and Futures Act.

The Prospectus and any other documents or materials in relation to the issue, offering or sale of the Notes are made available to the recipients thereof in Singapore solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the Singapore Securities and Futures Act and may not be relied upon by any other person. In the event that you are not such an investor, please return this document to the relevant Dealer immediately. Please do not forward or circulate this document to any other person.

Each of the following relevant persons specified in Section 275 of the Singapore Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Singapore Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 of the Singapore Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Singapore Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Singapore Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Singapore Securities and Futures Act.

All investors are advised to acquaint themselves with such provisions and comply with them accordingly. When in doubt as to the restrictions set out in the Singapore Securities and Futures Act, investors should consult their own professional advisers.

## Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell any Notes in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and the sale of the Notes in Taiwan.

## People's Republic of China

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by all relevant laws and regulations of the PRC;
- (b) this Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any Notes in the PRC to any person to whom it is unlawful to make the offer of solicitation in the PRC; and
- (c) the Notes may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly (i) by means of any advertisement, invitation, document or activity which is directed at, or the contents of which are likely to be accessed or read by, the public in the PRC, or (ii) to any person within the PRC, other than in full compliance with the relevant laws and regulations of the PRC.

Investors in the PRC are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, those which may be required by the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC laws and regulations, including, but not limited to, all relevant foreign exchange regulations and/or securities investment regulations.

## Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (Cth) (the “**Corporations Act**”)) in relation to the Programme or any Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”).

Each Dealer has represented, warranted and agreed (and each further Dealer appointed under the Programme will be required to represent, warrant and agree) that it:

- (a) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase Notes in, to or from Australia, including an offer or invitation which is received by a person in Australia; and
- (b) has not distributed or published, and will not distribute or publish, any offering memorandum, advertisement or other offering material relating to the Notes in Australia,

unless,

- (i) the aggregate consideration payable by each offeree or invitee for the Notes is at least A\$500,000 (or the equivalent in another currency) disregarding amounts, if any, lent by the offeror or its associates, or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act;
- (ii) such action complies with all applicable laws, regulations and directives; and
- (iii) such action does not require any document to be lodged with ASIC.

## New Zealand

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that the Notes may not be offered in New Zealand in a manner that makes the Notes subject to a regulated offer within the meaning of the New Zealand Financial Markets Conduct Act 2013 (the “**FMC Act**”). Without limitation, no person may (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy, or sell or transfer the Notes, or distribute any product disclosure statement or any other advertisement or offering material relating to the Notes in New Zealand, or to any person in New Zealand except:

- (a) to “wholesale investors” as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMC Act, being a person who is:
  - (i) an “investment business”;
  - (ii) “large”; or
  - (iii) a government agency”.in each case as defined in Schedule 1 to the FMC Act; and
- (b) in other circumstances where there is no contravention of the FMC Act, provided that (without limiting paragraph (i) above) Instruments may not be offered or transferred to any “eligible investors” (as defined in the FMC Act) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMC Act.

## **Chile**

Any offering of securities shall be a private offering addressed to Qualified Investors as defined in Generally Applicable Rule No. 216 of 2008, issued by the *Superintendencia de Valores y Seguros* of Chile. Neither the Issuer nor the Notes will be registered in the *Registro de Valores Extranjeros* (Foreign Securities Registry) maintained by the *Superintendencia de Valores y Seguros de Chile* (Chilean Securities and Insurance Commission or “SVS”) and will not be subject to the supervision of the SVS. If such securities are offered within Chile, they will be offered and sold only pursuant to General Rule 336 of the SVS, an exemption to the registration requirements, or in circumstances which do not constitute a public offer of securities in Chile within the meaning of Article 4 of the Chilean Securities Market Law 18,045. The commencement date of the offering is the one contained on the cover page of the applicable Final Terms. The Issuer has no obligation to deliver public information in Chile. These Notes shall not be subject to public offering in Chile unless registered in the Foreign Securities Registry.

*Cualquier oferta de valores está dirigida a Inversionistas Calificados según ellos son definidos por la Norma de Carácter General No. 216 de 2008, emitida por la Superintendencia de Valores y Seguros de Chile. El Emisor (Canadian Imperial Bank of Commerce) y las Notas no serán registrados en el Registro de Valores Extranjeros de la Superintendencia de Valores y Seguros de Chile o “SVS” y no están sujetos a la fiscalización de la SVS. Si dichos valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General 336 de la SVS, una excepción a la obligación de registro, o en circunstancias que no constituyan una oferta pública de valores en Chile según lo definido por el Artículo 4 de la Ley 18.045 de Mercado de Valores de Chile. La fecha de inicio de la presente oferta es la indicada en la portada de este prospecto. El emisor no está obligado a entregar información pública en Chile. Las Notas no podrán ser objeto de oferta pública mientras no sean inscritos en el Registro de Valores Extranjeros de la SVS.*

## **Mexico**

The placement of the Notes made pursuant to the Programme does not constitute a public offering of securities under Mexican law and therefore is not subject to obtaining the prior authorization of the Mexican Banking and Securities Commission or the registration of the Notes with the Mexican National Registry of Securities, and therefore the Notes may not be publicly offered or sold, or otherwise subject to brokerage activities in Mexico.

The Dealers have acknowledged and agreed, and each further Dealer appointed under the Programme will be required to acknowledge and agree, that the Notes have not been and will not be registered with the Registro Nacional de Valores (National Securities Registry) maintained by the Mexican Comisión Nacional Bancaria y de Valores (National Banking and Securities Commission), and may not be offered or sold, or otherwise be the subject of brokerage activities in Mexico.

## **Colombia**

The Superintendencia Financiera de Colombia or the Superintendencia de Sociedades de Colombia’s authorization of an issuance does not entail a certification about the worth of the securities or the solvency of the Issuer.

The Notes have not and will not be authorized by the Colombian Superintendency of Finance (Superintendencia Financiera de Colombia) and will not be registered under the Colombian National Registry of Securities and Issuers (Registro Nacional de Valores y Emisores) or the Colombia Stock Exchange (Bolsa de Valores de Colombia), and, accordingly, the Dealers have represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering or an exemption therefrom under Colombian law.

### **General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or delivery and the Issuer shall not have any responsibility therefor.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive or in respect of any Tranche of Notes. Any such modification may be set out in the applicable Final Terms issued in respect of the issue of Notes to which it relates. With regard to each Series, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

Neither this Prospectus nor any Final Terms constitute, nor may be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The distribution of this Prospectus and the offering and sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions.

## PRO FORMA FINAL TERMS

*Notes in italics in these Pro Forma Final Terms are intended for reference purposes only, will not appear in actual Final Terms documents and are not binding on the Issuer.*

Final Terms dated [●]

Canadian Imperial Bank of Commerce

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

under a US\$7,500,000,000 Note Issuance Programme

*[Include the following warning for all Notes where capital is at risk:*

**INVESTING IN THE NOTES PUTS YOUR CAPITAL AT RISK. YOU MAY LOSE SOME [OR ALL] OF YOUR INVESTMENT.]**

The Securities Note referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) (as amended by Directive 2010/73/EU, the “**Prospectus 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 Dealer 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 Dealer has authorized, nor do they authorize, the making of any offer of Notes in any other circumstances.

### **[PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

*[The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment*

<sup>1</sup> Include for offers concluded on or after 1 January 2018 if the Notes potentially constitute “packaged” products and no KID will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason.

***objectives, all the information set forth in the Securities Note (including “Risk Factors” on pages 19 to 51 thereof) and these Final Terms.]***

*[Insert any specific additional risk factors (relating only to the tranche of Notes documented by these Final Terms)].*

## **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Securities Note dated 4 May 2017 [and the supplements to the Securities Note dated ●] (the “**Securities Note**”). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Securities Note [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Securities Note [as so supplemented]. The Securities Note [and the supplements to the Securities Note] [is] [are] available for viewing during normal business hours at and copies may be obtained from the registered office of the Issuer at 199 Bay St., Toronto, Canada M5L 1A2, and at the specified office of the Paying Agents, for the time being in London and Luxembourg and copies may be obtained from 150 Cheapside, London, EC2V 6ET.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.<sup>2</sup>*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the [Securities Note] dated [original date]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Securities Note dated 4 May 2017 [and the supplements to the Securities Note dated ●], save in respect of the Conditions which are extracted from the [Securities Note] dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Securities Note dated 4 May 2017 [as so supplemented]. The Securities Note [and the supplements to the Securities Note][is][are] available for viewing during normal business hours at and copies may be obtained from the registered office of the Issuer at 199 Bay St., Toronto, Canada M5L 1A2, and at the specified office of the Paying Agents, for the time being in London and Luxembourg and copies may be obtained from 150 Cheapside, London, EC2V 6ET.]

References herein to numbered Conditions are to the “*Terms and Conditions of the Notes*” and words and expressions defined in such Conditions shall bear the same meaning in these Final Terms, save as where otherwise expressly provided.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[Consider including the following paragraphs for Reference Item Linked Notes.]*

[No person has been authorized to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any Dealer.

By investing in the Notes each investor represents that:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and

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<sup>2</sup> Notes issued in previous years under a prospectus approved under the Prospectus Directive cannot be increased under this Securities Note.

conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.

- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.
- (c) **Status of Parties.** Neither the Issuer nor any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.

**AN INVESTMENT IN NOTES LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. [WHERE THE NOTES ARE REDEEMED BY THE ISSUER BY DELIVERY OF REFERENCE ITEM(S) THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.**

**INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.]**

[The provisions of Annex A apply to these Final Terms and such documents shall be read together.]

[The information included herein with respect to indices and/or formulas comprising, based on or referring to variations in the prices of one or more shares in companies, any other equity or non-equity securities, currencies or currency exchange rates, interest rates, credit risks, fund units, shares in investment companies, term deposits, life insurance contracts, loans, commodities or futures contracts on the same or any other underlying instrument(s) or asset(s) or the occurrence or not of certain events not linked to the Issuer or any other factors to which the Notes are linked (the “**Underlyings**”) consists only of extracts from, or summaries of publicly available information. The Issuer accepts responsibility that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlyings, no facts have been omitted that would render the reproduced extracts or summaries inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, neither the Issuer nor any Dealer accepts responsibility in respect of the accuracy or completeness of the information set forth herein concerning the Underlyings of the Notes or that there has not occurred any event which would affect the accuracy or completeness of such information.

The purchase of Notes issued under the Programme is associated with certain risks. Each prospective investor in Notes must ensure that the complexity and risks inherent in the Notes are suitable for its investment objectives and are appropriate for itself or the size, nature and condition of its business, as the case may be. No person should deal in the Notes unless that person understands the nature of the relevant transaction and the extent of that person’s exposure to potential loss. Each prospective purchaser of Notes should consider carefully whether the Notes are suitable for it in light of its circumstances and financial position. Prospective investors in Notes should consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of the Notes for them as an investment.]

- 1. (i) Issuer: Canadian Imperial Bank of Commerce
- (ii) Branch of Account: [•]
- (iii) Definitive N Registered Notes (Namenschuldverschreibungen): [Yes][No]
- 2. [(i)] Series Number: [•]

- [ (ii) Tranche Number: [●]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)*
- (for Preference Share Linked Notes consider disapplying Condition 21 (Further Issues) for EIS eligibility purposes)*
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Notes: [●]
- [ (i) Series: [●]
- [ (ii) Tranche: [●]]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] ( in the case of fungible issues if applicable)]
6. (i) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]<sup>1,2</sup>
- [So long as the Notes are represented by a temporary Global Note or, permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in nominal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and higher integral multiples of at least [●1,000], notwithstanding that no definitive Notes will be issued with denomination above [●99,000]]*
- [If paragraph 35 indicates that the Global Note is exchangeable for definitive Notes at the option of the Noteholder, the Notes will be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and may not include integral multiples.]*

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<sup>1</sup> This number may need to be adjusted depending on the Specified Denomination and higher integral multiple of each Tranche.

<sup>2</sup> Where the Notes have a maturity of less than one year and the issue proceeds are to be accepted in the United Kingdom, or in the case of issues within Section 418 FSMA, will be subject to Section 19 FSMA unless their denomination is £100,000 or more (or its equivalent in other currencies) and they are only issued to “professionals” within Article 9(2)(a) of the Financial Services and Market Act (Regulated Activities) Order 2001. Add the following language:

“Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).”

- (ii) Calculation Amount: [●] *(If there is only one Specified Denomination and no integral multiples in excess thereof, insert the Specified Denomination. If there is more than one Specified Denomination and no integral multiples in excess thereof, insert the highest common factor of the Specified Denominations. If there are integral multiples in excess of the Specified Denomination(s), insert the highest common factor of the integral multiples and the Specified Denomination(s).)*  
*[Note: There must be a common factor in the case of integral multiples in excess of the Specified Denomination(s) or two or more Specified Denominations)*
7. Trade Date: [●]
8. Strike Date/Pricing Date: [●] [Not Applicable]
9. (i) Issue Date: [●]  
*(For Preference Share Linked Notes, ensure the underlying preference shares are issued prior the issue date)*
- (ii) Interest Commencement Date: [Specify: Issue Date/Not Applicable]
- (iii) CNY Issue Trade Date: [●] [Not Applicable]
10. Maturity Date: [●] *[Specify date or (for Floating Rate Notes): The Interest Payment Date falling in or nearest to[●]]*  
*[For Preference Share-Linked Notes: [[●] or, if later, [3] Business Days after the Final Valuation Date]]*  
*(For Index, Equity and Fund Linked Notes consider providing for postponement of the Maturity Date if the Valuation Date is postponed by a Market Disruption Event or if there is a Settlement Disruption Event)*
11. [(i)] Business Centre: [●] [Not Applicable]  
*[specify any applicable Business Centre(s) for the definition of "Business Day"]*
- [(ii)] Business Day Convention [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
12. Interest Basis: [[●] per cent. Fixed Rate]  
[[specify reference rate] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
[Dual Currency Interest]  
[Commodity Linked]  
[Index Linked]  
[Equity Linked]  
[FX Linked]  
[Fund Linked]  
[Inflation Linked]  
[other (specify)]  
(further particulars specified below)

13. (i) Redemption/Payment Basis: [Redemption at par]  
 [Commodity Linked]  
 [Index Linked]  
 [Equity Linked]  
 [FX Linked]  
 [Fund Linked]  
 [Inflation Linked]  
 [Preference Share Linked]  
 [Formula/Fixed Redemption Amount Notes]  
 [Variable Redemption Amount Notes]  
 [Low Interest Note/High Interest Note]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (*specify*)]  
 [(further particulars specified below)]
- (ii) Protection Amount: [Applicable//Not Applicable]<sup>3</sup>  
 [[●] per Calculation Amount]
14. Change of Interest or Redemption/Payment Basis: [Applicable//Not Applicable]  
*(Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis)*
15. Put/Call Options: [Put Option]  
 [Call Option]  
 [Not Applicable]  
 [(further particulars specified below)]
16. (i) [Date [Board] approval for issuance of Notes obtained:] [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Notes)*

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

17. **Fixed Rate Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/ other (*specify*)] in arrear] on each Interest Payment Date  
*(Not applicable in the case of a Fixed Coupon Amount; in which case consider interest accrual provisions in relation to any Early Redemption Amount.)*

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<sup>3</sup> Only applicable to Reference Item Linked Notes.

- (ii) Interest Payment Date(s): [●] in each year, commencing on [ ], to and including [ ] [adjusted in accordance with the Business Day Convention/not adjusted]
- (NB: This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
- (Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s))*
- (v) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/Actual (ICMA)]  
[Actual/360]  
[Actual/365 (Sterling)]  
[30/360]  
[360/360]  
[Bond Basis]  
[30E/360]  
[30E/360 (ISDA)]
- [specify other]
- (vi) Determination Dates: [[●] in each year] [Not Applicable]
- (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 18. Floating Rate Note Provisions:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s)/ Interest Payment Dates: [●] [each consisting of [●] Interest Accrual Periods each of [●]] [in each year commencing [●]]
- The Interest [Period[s]/Payment Dates] will [not] be adjusted [in accordance with the Business Day Convention set out below].
- (If the Interest Period(s) or Interest Payment Dates are adjusted, specify the relevant Business Day Convention at paragraph 18(iii) below. If Interest Period(s) are not adjusted, no Business Day Convention should be specified)*
- (ii) Interest Period Date(s): [[●]/Not Applicable]

- (iii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [•]
- (v) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
  - Rate Multiplier: [Applicable/Not Applicable]  
(*specify formula*)
- (vi) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (vii) Margin(s): [+/-] [•] per cent. per annum/Not Applicable
- (viii) Interest Amount(s): [[•] per Calculation Amount/ Calculated in accordance with Condition 4(i)]
- (ix) Minimum [Rate of Interest][Interest Amount]: [[•] per cent. per annum] [[•] per Calculation Amount] [Not Applicable]
- (x) Maximum [Rate of Interest][Interest Amount]: [[•] per cent. per annum][[•] per Calculation Amount] [Not Applicable]
- (xi) Day Count Fraction: [Actual/Actual  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/Actual (ICMA)  
Actual/360  
Actual/365 (Sterling)  
30/360, 360/360, Bond Basis  
30E/360  
30E/360 (ISDA)]
- (xii) Fall back 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: [•] [Not Applicable]
- (xiii) Relevant Time: [•]

- 19. Zero Coupon Note Provisions:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortization Yield: [●] per cent. per annum
  - (ii) Any other formula/basis of determining amount payable: [insert details]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts and late payments: [30/360 Actual/360 Actual/365 other]
- 20. Interest Linked to one or more Reference Items provisions:**<sup>4</sup> [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Reference Item: As specified in paragraph[s] [25/26/27/28/29/30/32/33] [specify other]
  - (ii) Provisions for determining Rate of Interest or Interest Amount where calculated by reference to an Index and/or an Equity and/or a Currency Price and/or a Commodity and/or a Commodity Index and/or a Fund and/or an Inflation Index: [give or annex details]
  - (iii) Provisions for determining Rate of Interest or Interest Amount where calculation by reference to an Index and/or an Equity and/or a Currency Price and/or a Commodity and/or a Commodity Index and/or a Fund and/or an Inflation Index is impossible or impracticable or otherwise disrupted: [●]
  - (iv) Calculation Agent responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) and making calculations (if not the Fiscal Agent): [Applicable/Not Applicable][If applicable, need to include back up provisions]
  - (v) Interest Determination Date(s): [●]
  - (vi) Interest Period(s) or other calculation period(s): [●] each consisting of [●] Interest Accrual Periods each of [●]
  - (vii) Interest Period Date(s): [●]/Not Applicable

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<sup>4</sup> *Payments on Reference Item Linked Notes may give rise to Canadian withholding tax. An opinion of tax counsel should be obtained and if no opinion is obtained or if any deduction or withholding may be required, consider providing in the Final Terms that Condition 5(c) does not apply to such Notes.*

- (viii) Specified Interest Payment Dates: [●]
- (ix) Minimum Rate of Interest/Interest Amount: [●] per cent. per annum
- (x) Maximum Rate of Interest/Interest Amount: [●] per cent. per annum
- (xi) Day Count Fraction: [●]

## PROVISIONS RELATING TO REDEMPTION

**21. Call Option:** [Applicable/Not Applicable]

*(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) If redeemable in part:
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period:<sup>6</sup> [●]

**22. Put Option:** [Applicable/Not Applicable]

*(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) Notice period:<sup>5</sup> [●]

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<sup>5</sup> If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agents.

- 23. Final Redemption Amount of each Note:** [[●] per Calculation Amount /other/see Appendix]
- [As specified in paragraph 23(ii) below]
- [In cases where Final Redemption Amount is Index Linked/Equity Linked/FX Linked/Fund Linked/Inflation Linked/Preference Share Linked or other variable linked:
- As specified at [●]]
- (i) Reference Item(s): As specified in paragraph[s] [25/26/27/28/29/30/32/33] *[specify other]*
  - (ii) Provisions for determining Final Redemption Amount where calculated by reference to an Index and/or an Equity and/or a Currency Price and/or a Commodity and/or a Commodity Index and/or a Fund and/or an Inflation Index or any other variable: *[specify provisions for calculating Final Redemption Amount]*
  - (iii) Provisions for determining Final Redemption Amount where calculation by reference to an Index and/or an Equity and/or a Currency Price and/or a Commodity and/or a Commodity Index and/or a Fund and/or an Inflation Index or any other variable is impossible or impracticable or otherwise disrupted: [see paragraph[s] [25/26/27/28/29/30/32/33] *[specify other]*]
  - (iv) Settlement Method [Cash Settlement] [Physical Delivery] [Cash Settlement and/or Physical Delivery]

*[Note: Physical Delivery not applicable for 144A Notes held in DTC]*

- 24. Early Redemption Amount:** [[●] per Calculation Amount/specify other/see Appendix]
- Early Redemption Amount(s) of each Note: payable on redemption for taxation reasons or on event of default or illegality or other early redemption in accordance with the Conditions and/or the method of calculating the same (if required or if different from that set out in Condition 5(c), other than, for the avoidance of doubt, where paragraph [●] applies) *[(Consider including the wording below in the case of Index Linked Notes, Equity Linked Notes, Commodity Linked, Notes, FX Linked Notes, Fund Linked Notes and Inflation Linked :*
- [Market Value less Associated Costs] per Calculation Amount: With respect to each Calculation Amount, such amount(s) determined by the Calculation Agent which shall represent the fair market value of such Calculation Amount on the date of redemption, including accrued interest (if any), adjusted to account fully for any losses, expenses and costs to the Issuer (or any of its Affiliates) of unwinding any underlying or related hedging and funding arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. For the purposes hereof:
- (i) the references to “, together with interest accrued, if any, to (but excluding) the date fixed for redemption” shall be deemed to be deleted from each of Condition 5(c), Condition 5(d) and Condition 5(e); and
- (ii) the references to “together with accrued interest to the date of payment” shall be deemed to be deleted from Condition 18]

#### PROVISIONS RELATING TO THE TYPE OF NOTES

- 25. Commodity Linked Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Commodity/Basket of Commodities/Commodity Index: [●]
- (i) Relevant provisions for determining Final Redemption Amount and/or assets deliverable: [●]
- (ii) Calculation Agent responsible for making calculations: [●]
- (iii) Other terms or special conditions: [●]
- (iv) Additional Disruption Event: [Insert Details/ Not Applicable]
- 26. Index Linked Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of Index Sponsor(s): [Basket of Indices/Single Index]  
*[give or annex details]*  
 [The Index is a Designated Multi-Exchange Index]

- (ii) Relevant provisions for determining the Final Redemption Amount: [•]
- (iii) Calculation Agent responsible for making calculations pursuant to Condition 7: [•]
- (iv) Exchange(s): [•]
- (v) Related Exchange(s): [[•] /All Exchanges]
- (vi) Redemption Amount: [[•] per Calculation Amount/ Not Applicable]  
*[If not applicable: Call Index Linked Notes/Put Index Linked Notes]*
- (vii) Valuation Date(s): [•]
- (viii) Valuation Time: [Condition 7(c) applies/other]
- (ix) Strike Price: [•]
- (x) Multiplier for each Index comprising the basket: *[Insert details/Not Applicable]*
- (xi) Correction of Index Levels: [Applicable/Not Applicable] *[If Applicable: The Reference Price shall be calculated without regard to any subsequently published correction].*  
*(If Correction of Index Levels does not apply, delete the following sub paragraph (xii))*
- (xii) Correction Cut-Off Date: [•] Business Days prior to the Maturity Date
- (xiii) Additional Disruption Events: [Applicable/Not Applicable]  
 [The following Additional Disruption Events apply to the Notes:  
 [Change in Law]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]]
- (xiv) Other terms or special conditions: [•]
- 27. Equity Linked Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Whether the Notes relate to a basket of equity securities or a single equity security, and the identity of the relevant issuer(s) of the Underlying Equity/Equities): [Basket of Underlying Equities/Single Underlying Equity]  
*[give or annex details]*

- |         |  |   |
|---------|--|---|
| (ii)    | Calculation Agent responsible for making calculations pursuant to Condition 8:   | [●]   |
| (iii)   | Exchange(s):   | [●]   |
| (iv)    | Related Exchange(s):   | [[●]/All Exchanges]   |
| (v)     | Potential Adjustment Events:   | [Applicable/Not Applicable]   |
| (vi)    | De-listing:  | [Applicable/Not Applicable]   |
| (vii)   | Merger Event:  | [Applicable/Not Applicable]   |
| (viii)  | Nationalization:   | [Applicable/Not Applicable]   |
| (ix)    | Insolvency:  | [Applicable/Not Applicable]   |
| (x)     | Tender Offer:  | [Applicable/Not Applicable]   |
| (xi)    | Redemption Amount:   | [[●] per Calculation Amount/ Not Applicable]  |
|         |  | <i>[If not applicable: Call Equity Linked Notes/Put Equity Linked Notes]</i>  |
| (xii)   | Valuation Date(s):   | [●]   |
| (xiii)  | Valuation Time:  | [Condition 8(e) applies/ <i>other</i> ]   |
| (xiv)   | Strike Price:  | [●]   |
| (xv)    | Exchange Rate:   | [Applicable/Not Applicable]   |
|         |  | <i>[Insert details]</i>   |
| (xvi)   | Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in Condition 8(b)): | [ <i>Insert details</i> /Not Applicable]  |
| (xvii)  | Correction of Share Prices:  | [Applicable/Not Applicable] ( <i>If Applicable: The Reference Price shall be calculated without regard to any subsequently published correction</i> ) |
|         |  | <i>(If Correction of Share Prices does not apply, delete the following sub paragraph)</i>   |
| (xviii) | Correction Cut-Off Date:   | [●] Business Days prior to the Maturity Date  |
| (xix)   | Additional Disruption Events:  | [Not Applicable]  |
|         |  | <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>   |

[The following Additional Disruption Events apply to the Notes:

[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Insolvency Filing]

[Loss of Stock Borrow]

[The Maximum Stock Loan Rate in respect of *[specify in relation to each Underlying Equity]* is [ ].

*(NB: Only applicable if Loss of Stock Borrow is applicable)*

[The Initial Stock Loan rate in respect of *[specify in relation to each Underlying Equity]*]

*(NB: Only applicable if Increased Cost of Stock Borrow is applicable)*

(xx) Other terms or special conditions: [•]

**28. FX Linked Notes:** [Applicable] [Not Applicable]

(i) Base Currency: [•]

(ii) Subject Currency: [•]

(iii) Currency Price: [As specified in the FX Linked Conditions]

*[specify other]*

(iv) FX Market Disruption Event(s): *(N.B. Only complete if Inconvertibility Event/Price Materiality Event/Non-Transferability Event and/or other disruption events should be included as FX Market Disruption Events)*

(a) Inconvertibility Event: [Applicable] [Not Applicable]

(b) Price Materiality Event: [Applicable. Price Materiality Percentage: [•]]

[Not Applicable]

(c) Non-Transferability Event: [Applicable] [Not Applicable]

(d) Other [•]

(v) Disruption Fallbacks: (Specify the applicable Disruption Fallbacks in the order that they will apply)

		[Calculation Agent Determination] [Currency-Reference Dealers Reference Dealers: [four] <i>[specify other]</i> [EM Fallback Valuation Postponement] [EM Valuation Postponement] [Fallback Reference Price Fallback Reference Price: [●]] [Other Published Sources] [Postponement Maximum Days of Postponement: [●]] <i>[Other]</i>
(vi)	FX Price Source(s):	[●]
(vii)	Specified Financial Centre(s)	[●]
(viii)	Averaging:	[Applicable. The Averaging Dates are [●]] [Not Applicable]
(ix)	Valuation Date(s):	[●]
(x)	Valuation Time:	[●]
(xi)	Weighting:	[Not Applicable] [The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [●]] <i>(N.B. Only applicable in relation to FX Linked Notes relating to a Basket)</i>
(xii)	EM Currency Provisions:	[Applicable] [Not Applicable]
(xiii)	(a)      Unscheduled Holiday:	[Applicable.      Maximum Days of Deferral: [●]] [Not Applicable]
	(b)      EM Valuation Postponement	[Applicable.      Maximum Days of EM Valuation Postponement: [●]] [Not Applicable]
	(c)      EM Fallback Valuation Postponement	[Applicable.      Fallback Maximum Period of Postponement: [As specified in the FX Linked Conditions] <i>[specify other]</i> [Not Applicable]]
	(d)      Cumulative Events:	[Applicable. Maximum Days of Cumulative Postponement: [As specified in the FX Linked Conditions] <i>[specify other]</i> [Not Applicable]
(xiv)	Successor Currency:	[Applicable] [Not Applicable]  <i>[Issue Date/other]</i>
(xv)	Rebasing:	[Applicable] [Not Applicable]
(xvi)	Additional Disruption Events:	[Not Applicable]  [The following Additional Disruption Events apply to the Notes:  [Change in Law] [Hedging Disruption] [Increased Cost of Hedging]]
(xvii)	Other terms or special conditions:	[●]

29. **Fund Linked Conditions:** [Applicable] [Not Applicable]
- (i) Fund/Basket of Funds: [•]  
 [[The [•] Fund is an ETF]  
 [Exchange for each Fund Share: [•]]  
 [Related Exchange for each Fund Share: [•] [All Exchanges]]  
 [Underlying Index: [•]]  
*(N.B. Include for Exchange Traded Funds (ETFs))*
- (ii) Fund Interest(s): [•]
- (iii) Fund Performance: [•] [As specified in the Fund Linked Conditions]
- (iv) Weighting: [Not Applicable] [The weighting to be applied to each Fund comprising the Basket of Funds is [•]] *(N.B. only applicable in relation to Fund Linked Notes relating to a Basket of Funds)*
- (v) Barrier Event (intraday): [Applicable] [Not Applicable]  
 Barrier Event Determination Day: [As specified in the Fund Linked Conditions][*other*]
- (vi) Barrier Event (closing): [Applicable] [Not Applicable]  
 Barrier Event Determination Day: [Valuation Date]  
 [In respect of [the] [each] Fund Share, each Scheduled Trading Day for such Fund Share during an Observation Period that is not a Disrupted Day for such Fund Share]  
 [Each Common Scheduled Trading Day that is not a Disrupted Day for any Fund in the Basket of Funds during [the] [each] Observation Period]
- (vii) Barrier Level: [•][Not Applicable]
- (viii) Averaging:  
 (a) Averaging Dates: [*insert dates*]  
 (b) Omission: [Applicable] [Not Applicable] *(N.B. May only be applicable in relation to Exchange Traded Funds (ETFs))*  
 (c) Postponement [Applicable] [Not Applicable] *(N.B. May only be applicable in relation to Exchange Traded Funds (ETFs))*  
 (d) Modified Postponement: [Applicable] [Not Applicable] *(N.B. May only be applicable in relation to Exchange Traded Funds (ETFs))*
- (ix) Valuation Date(s): [•]

- (x) Valuation Time: [As specified in the Fund Linked Conditions] [*specify other*] (*N.B. May only be applicable in relation to Exchange Traded Funds (ETFs)*)
- (xi) Observation Date(s): [●]
- (xii) Observation Period: [Applicable: [Extension] [No Extension]] [Not Applicable]
- (a) Observation Period Start Date: [[●] ([Including] [Excluding])] [Not Applicable]
- (b) Observation Period End Date: [[●] ([Including] [Excluding])] [Not Applicable]
- (xii) Common Scheduled Trading Days: [Applicable. [Common] [Individual] Disrupted Days will apply] (*N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified*) [Not Applicable]
- (*N.B. May only be applicable in relation to Fund Linked Notes relating to a Basket*)
- (xiv) Additional Disruption Events: [Not Applicable]
- [The following Additional Disruption Events apply to the Notes:
- [Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]]
- (xv) Initial Price: [*insert if not the Fund Share Closing Price of such Fund Share on the Strike Date or Pricing Date (as applicable) per the Conditions*][Not Applicable]
- (xvi) Other terms or special conditions: [Merger Event: Merger Date on or before the Valuation Date] [*other*]]

**30. Inflation Linked Notes:**

[Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

- (i) Inflation Index/Basket of Inflation Indices/Inflation Index Sponsor(s): [●]  
Inflation Index Sponsor : [●]
- (ii) Related Bond: [Applicable] [Not Applicable]  
The Related Bond is: [●] [Fallback Bond]  
[Fallback Bond: [Applicable] [Not Applicable]]  
The End Date is: [●]
- (iii) Determination Date(s): [●]
- (iv) Cut-Off Date: [●]
- (v) Other terms or special conditions: [●]

- 31. Preference Share Linked Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Preference Share Issuer: [●] A description of the Preference Share Issuer is contained in Annex A hereto
- (ii) Preference Share: [●]
- (iii) Calculation Agent responsible for making calculations: [●]
- (iv) Provisions for determining Final Redemption Amount: [The Final Redemption Amount in respect of each Note is an amount in the Specified Currency calculated by the Calculation Agent equal to:
- $$\text{Calculation Amount} \times \frac{\text{Preference Share Value}_{\text{final}}}{\text{Preference Share Value}_{\text{initial}}}$$
- Where:
- “**Preference Share Value<sub>final</sub>**” means the Preference Share Value on the Final Valuation Date; and
- “**Preference Share Value<sub>initial</sub>**” means the Preference Share Value on the Initial Valuation Date.]
- (v) Final Valuation Date: [●]
- (vi) Valuation Time: [●] [London time]
- (vii) Extraordinary Events: [As per Condition 12/*insert other extraordinary events*]
- (viii) Additional Disruption Events: [The following Additional Disruption Events apply to the Notes:
- [Change in Law]  
[Hedging Disruption]  
[Insolvency Filing]  
[Increased Cost of Hedging] [ *other*]]
- 32. Dual Currency Note Provisions:** [Applicable/Not Applicable]
- (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 principal and/or interest due (if not the Fiscal Agent): [●]

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]
- 33. Other variable-linked interest Note Provisions:** [•]
- 34. Physical Delivery Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Note: Physical Delivery not applicable for 144A Notes held in DTC]*
- [Cash Settlement] [Physical Delivery] [Cash Settlement and/or Physical Delivery] *(If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)*
- [The provisions of Condition 14 shall apply.]
- (i) Relevant Asset(s): [•]
- (ii) Asset Amount: [•]
- (iii) Cut-Off Date: [•]
- (iv) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]
- (v) Delivery provisions for Asset Amount (including place of delivery) if different from Condition 14: [•]
- (vi) Settlement Business Day: [•]
- (vii) Issuer's option to vary Settlement: [Applicable/Not Applicable]
- (viii) Other terms or special conditions: [•]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 35. Form of Notes:** [Bearer Notes/ Exchangeable Bearer Notes:]
- [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for definitive Notes on [•] days' notice<sup>6</sup>/in the limited circumstances specified in the permanent Global Note] [and/or Registered Notes]

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<sup>6</sup> Consider FATCA implications and other tax implications before allowing conversion of global Notes to definitive Notes.

[Temporary Global Note exchangeable for definitive Notes on [●] days' notice<sup>6</sup>] [and/or Registered Notes]

[Permanent Global Note exchangeable for definitive Notes on [●] days' notice<sup>6</sup>/in the limited circumstances specified in the permanent Global Note] [and/or Registered Notes]

**[Registered Notes]**

*[If item 6(i) provides for a Specified Denomination and higher integral multiples, the option to exchange into definitive Notes on [●] days' notice/at any time must be disappplied]*

[Restricted/Unrestricted] Global Registered Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg / a nominee of DTC]

[Definitive N Registered Notes issued to each Holder by Definitive N Registered Notes Deed. Specified office of Issuer for notification of transfers of Definitive N Registered Notes: [Frankfurt office, [address]]/[other].]

Exclusion of set-off: [Not Applicable/give details]

*(applicable to Definitive N Registered Notes only)*

[See Condition ●. If set-off is excluded for the purpose of Definitive N Registered Notes to be issued to German insurers, insert: "Counterclaims. As long as, and to the extent that, this Definitive N Registered Note forms part of the restricted assets (*gebundenes Vermögen*) within the meaning of Section 54 (3) of the German Act Concerning the Supervision of Insurance Companies (*Gesetz über die Beaufsichtigung der Versicherungsunternehmen*), as amended, in conjunction with the German Regulation Concerning the Investment of the Restricted Assets of Insurance Companies (*Verordnung über die Anlage des gebundenen Vermögens von Versicherungsunternehmen*), as amended, the Issuer waives (also in the event of insolvency of the holder of the Definitive N Registered Note or in the event that insolvency proceedings or similar proceedings are instituted against the holder of the Definitive N Registered Note) any right of set-off, combination or consolidation as well as any right to exercise any pledges, rights of retention and other rights which could affect the rights under the Definitive N Registered Note."]

36. New Global Note: [Yes/No]

37. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details.]

*(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which paragraphs 11 relates)*

38. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No.] (If yes, *give details*)
39. 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*)
40. Details relating to Instalment Notes: [Not Applicable]
- (a) Instalment Amount(s): [Not Applicable/*give details*]
- (b) Instalment Date(s): [Not Applicable/*give details*]
41. Redenomination, renominatisation, and reconventioning provisions: [Not Applicable/The provisions annexed to this Final Terms apply]
42. Consolidation provisions: [Not Applicable/The provisions annexed to this Final Terms apply]
43. Other final terms: [Not Applicable/*give details*]
- (Specify if Condition 15(f) (Unavailability of Currency) is not applicable)*

## DISTRIBUTION

44. Method of Distribution: [Syndicated/Non-syndicated]
45. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names*]
- (ii) Date of Subscription Agreement: [●]
- (iii) Stabilizing Manager(s) (if any): [Not Applicable/*give names*]
46. If non-syndicated, name and address of relevant Dealer: [Not Applicable/*give name*]
47. Total commissions and concessions: [●]
48. US Selling Restrictions: [Reg. S Compliance Category 2] [Rule 144A eligible]
49. Applicable TEFRA exemption: [C Rules/D Rules/Excluded Issue]
50. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date either the Notes clearly do not constitute “packaged” products, or the Notes constitute “packaged” products and a KID will be prepared, “Not Applicable” should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)*

51. Additional Tax Considerations: [●] (*insert additional Canadian or US tax disclosure relevant to Reference Item Linked Notes*)
52. Additional Selling Restrictions: [Not Applicable] [Add country-specific selling restrictions]

**AGENTS**

53. Calculation Agent: [●][CIBC World Markets plc][CIBC World Markets Corp.]
54. Paying Agent: [Deutsche Bank AG, London Branch] [Deutsche Bank AG, Hong Kong Branch] [Deutsche Bank Luxembourg S.A.][Deutsche Bank Aktiengesellschaft]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and admission to trading on the Euro MTF and admission to the Official List of the Luxembourg Stock Exchange] of the Notes described herein pursuant to the US\$7,500,000,000 Note Issuance Programme of Canadian Imperial Bank of Commerce.

**RESPONSIBILITY**

[[Subject as provided below,] the Issuer accepts responsibility for the information contained in these Final Terms.] [(Relevant third party information<sup>7</sup>) has been extracted from [specify source]. The Issuer 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.][The Issuer accepts responsibility for the accuracy of such extraction but accepts no further or other responsibility in respect of such information.]

Signed on behalf of the Issuer:

By: .....  
Duly authorized

By: .....  
Duly authorized

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<sup>7</sup> For Preference Share Linked Notes, include information on the Preference Share Issuer (if other than the issuer described in the Securities Note) in an annex.

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

[Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF and listed on 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 the Euro MTF and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].]  
[Not Applicable.]

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

### 2. RATINGS

Ratings:

[The [short/long] term debt of the Issuer is rated:]

The Notes [to be issued] have [been rated] [not been rated.]:

[S&P USA: [●]]

[Moody's USA: [●]]

[[Other]: [●]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

[A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.]

### 3. OPERATIONAL INFORMATION

(i) ISIN Code: [●]

(ii) Common Code: [●]

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

[The Depository Trust Company:] [CUSIP Number]

(iv) Delivery: Delivery [against/free of] payment

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

- (vi) Intended to be held in a manner which would allow Eurosystem eligibility:
- [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[if “yes”, the Notes must be issued in NGN form]*
- [No. While the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

#### 4. GENERAL

- (i) Governing Law and Jurisdiction: [Ontario Law/English law/German law]
- (ii) Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 19(a): [Not Applicable/give details]
- (iii) The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [ ], producing a sum of: [Not Applicable/[US\$][●]]

**[Include Annex A as necessary]**

## GENERAL INFORMATION

(1) Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF and to be listed on the Official List of the Luxembourg Stock Exchange. The Euro MTF is not a regulated market for the purposes of the markets in Financial Instruments Directive (Directive 2004/39/EC).

(2) Notes may be issued pursuant to the Programme which will not be admitted to trading on the Euro MTF or listed on the Official List of the Luxembourg Stock Exchange or listed on any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

(3) The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issue of the Notes. Notes issued under the Programme by CIBC are authorized by its Charter.

(4) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

(5) Not all Notes will be listed on the Euro MTF and the Issuer may, in certain circumstances, seek to delist Notes which are listed on the Euro MTF or another securities exchange or market provided that in such cases the Issuer will be required to use its reasonable endeavours to obtain and maintain a listing of such Notes on an alternative stock exchange or exchanges (which may be outside the European Union) as agreed between the Issuer and the Dealers. These circumstances include any future law, rule of the Exchange or any other securities exchange or any EU Directive imposing requirements (including new corporate governance requirements) on the Issuer or any of its affiliates that the Issuer in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Notes issued under the Programme on the Euro MTF or the relevant exchange.

(6) Information on the form of the Notes and the relevant clearing systems is set out in "*Forms of Notes*" at pages 132 to 137 and "*Clearing and Settlement*" at pages 142 to 143. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. In addition, the Issuer may make an application with respect to any Rule 144A Notes to be accepted for clearance in book-entry form by DTC. Acceptance by DTC of Rule 144A Notes will be confirmed in the applicable Final Terms. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the CUSIP number will be set out in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

The address of DTC is 570 Washington Boulevard, Jersey City, NJ 07310, United States of America.

The identification number for, and the address of, any alternative clearing system will be specified in the applicable Final Terms.

(7) The issue price and the amount of the relevant Notes will be determined before filing of the applicable Final Terms of each Tranche based on then prevailing market conditions.

(8) The Issuer will not provide any post-issuance information, unless required by any applicable laws and regulations.

(9) So long as the Notes are listed on the Euro MTF market, copies of the following documents will, when published, be available from the specified office of the Issuer or each Agent:

- a. the Bank Act, which is the charter of the Issuer, and the by-laws of the Issuer;
- b. the 2016 Annual Information Form;

- c. the 2016 Annual Report;
- d. the First Quarter Report;
- e. the Agency Agreement;
- f. the Dealer Agreement;
- g. a copy of this Securities Note;
- h. a copy of the Registration Document and all supplements thereto;
- i. the Deed of Covenant; and
- j. any future prospectuses, securities notes, registration documents, information memoranda and supplements to the Registration Document or this Securities Note (save that any Final Terms relating to a Note which is not admitted to trading on the Euro MTF will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of Notes and identity) and any other documents incorporated herein or therein by reference.

In addition, a copy of this Securities Note, each Final Terms relating to the Notes 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)).

In addition, all of the documents that CIBC files electronically that are incorporated herein by reference, or deemed incorporated herein, can be retrieved on SEDAR at <http://www.sedar.com>.

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