



TERMS AND CONDITIONS FOR PARTICIPATION IN THE BANK OF ENGLAND'S CONTINGENT NON-BANK FINANCIAL INSTITUTION REPO FACILITY

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ELIGIBILITY CRITERIA FOR PARTICIPATION IN THE BANK OF ENGLAND'S CONTINGENT NON-BANK FINANCIAL INSTITUTION REPO FACILITY (CNRF)

The criteria for an applicant to be eligible to participate in the Bank of England's CNRF are set out below. The Bank may, in its absolute discretion, waive, add to or vary any or all of the criteria in relation to any applicant or applicants.

Any capitalised term used in the Eligibility Criteria and not otherwise separately defined herein, shall bear the same meaning as set out in the glossary in Part E of the Terms and Conditions.

1. PARTICIPANT ELIGIBILITY CRITERIA

1.1 Subject to the Bank's standards of prudence and risk, an applicant will be eligible to participate in the CNRF as a Participant if it satisfies the requirements in paragraphs 1.2 and 1.3 of the Eligibility Criteria below.

1.2 To be eligible as a Participant, an applicant must be:

- (a) an insurance company undertaking the business of effecting or carrying out contracts of insurance and regulated by the Prudential Regulation Authority and the Financial Conduct Authority or, for the purposes of assessing eligibility to participate in the CNRF and as determined by the Bank from time to time, any other relevant regulatory or supervisory authority (an ***Insurance Company Participant***); or
- (b) a defined benefit occupational pension scheme (or a section thereof) regulated by The Pensions Regulator or, for the purposes of assessing eligibility to participate in the CNRF and as determined by the Bank from time to time, any other relevant regulatory or supervisory authority (a ***Pension Fund Participant***); or
- (c) an Investment Fund (or sub-fund thereof) whose investment strategy seeks to match the sensitivity of its assets to United Kingdom interest rates or inflation to that of its investors' pre-defined liabilities (as determined by the Bank from time to time), which (i) (where required by applicable law or regulation) is itself regulated and authorised by the Financial Conduct Authority or, for the purposes of assessing eligibility to participate in the CNRF and as determined by the Bank from time to time, any other relevant regulatory or supervisory authority and (ii) either has appointed a Fund Manager that is, or is itself a Self-

Managed LDI Fund that is, regulated and authorised by the Financial Conduct Authority or, for the purposes of assessing eligibility to participate in the CNRF and as determined by the Bank from time to time, any other relevant regulatory or supervisory authority (an *LDI Fund Participant*).

- 1.3 To be eligible as a Participant, an applicant must, in the Bank's opinion:
- (a) meet the minimum level of gilt holdings (including those deposited by way of collateral to the Bank), as specified by the Bank from time to time;
 - (b) have the operational capability (whether itself or by appointing a Representative) to participate in and efficiently to settle Transactions with the Bank;
 - (c) act in a way that is consistent with the Bank's objective of achieving competitive and fair sterling markets;
 - (d) regularly provide (or agree to regularly provide) to the Bank such financial and risk management information as the Bank may require, where such information is not already provided to the Bank (including the Prudential Regulation Authority);
 - (e) contribute (or agree to contribute) to the Bank's market intelligence work in support of its functions;
 - (f) have had none of the events set out in clause 8 (Events of Default – Insurance Company Participants) of Part B, clause 9 (Events of Default – Pension Fund Participants) of Part B or clause 10 (Events of Default – LDI Fund Participants) of Part B (as applicable) occur that is continuing in respect of it and, where the Participant has appointed a Representative in connection with its participation in the CNRF, have had none of the events or circumstances specified in paragraphs (a) to (e) of the definition of Representative Replacement Event in Part E occur that is continuing in relation to such Representative;
 - (g) where applicable, be an applicant in respect of which no objection has been made by any relevant regulatory or supervisory authority to the Participant's admission to, or participation in, the CNRF;

- (h) provide a guarantee in a form and substance satisfactory to the Bank by such person as may be specified by the Bank if the Bank has requested such guarantee;
- (i) comply at all times with the Bank's requirements for current and prospective financial health of Participants as specified by the Bank from time to time for the purposes of assessing eligibility to participate in the CNRF;
- (j) in the case of a Pension Fund Participant, where required, obtain the consent to the Pension Fund Participant's participation in the CNRF from the relevant employer(s) or sponsor(s) of the Pension Scheme;
- (k) if it is appointing (or has appointed) a Representative in connection with its participation in the CNRF, ensure that the requirements of paragraph 2 of the Eligibility Criteria are complied with in respect of such Representative; and
- (l) comply with the requirements of paragraph 3 of the Eligibility Criteria.

1.4 Provided that each applicant meets the Eligibility Criteria, applications to participate in the CNRF may be made by:

- (a) one or more institutions in the same Group;
- (b) one or more Pension Schemes (or Segregated Sections) with the same employer or sponsor;
- (c) one or more Relevant Sub-Funds in the same Umbrella Fund;
- (d) one or more common contractual funds (each, a *CCF*) of a LDI Fund Participant with the same management company or manager (*CCF Manager*); and
- (e) one or more Related Investment Funds.

2. REPRESENTATIVE ELIGIBILITY CRITERIA

2.1 A Participant may transact with the Bank under the CNRF by appointing a legal person (which may be an existing agent, delegate or manager of the Participant (or a sub-agent, sub-delegate or sub-manager thereof)) as its Representative, in which case the Participant and the Representative must first execute and deliver to the Bank a Representative Appointment Letter.

2.2 An LDI Fund Participant that is not a Self-Managed LDI Fund Participant may appoint its Fund Manager as Representative, in which case the LDI Fund Participant and the Fund Manager must first execute and deliver to the Bank a Representative Appointment Letter. Where an LDI Fund Participant that is not a Self-Managed LDI Fund Participant is appointing a Representative that is not its Fund Manager, the LDI Fund Participant, the Fund Manager and the Representative must first execute and deliver to the Bank a Representative Appointment Letter.

2.3 Subject to the Bank's standards of prudence and risk, to be eligible to act as a Representative on behalf of a Participant in relation to the CNRF, the Representative must in the Bank's opinion:

- (a) have the operational capability to participate in and efficiently settle Transactions with the Bank on behalf of the Participant;
- (b) be appointed pursuant to a Representative Appointment Letter that remains in full force and effect and have supplied an executed copy thereof to the Bank; and
- (c) be an institution in respect of which none of the events or circumstances specified in sub-paragraph (a) of the definition of Representative Replacement Event in Part E has occurred and is continuing.

3. LEGAL OPINIONS

3.1 An applicant must supply to the Bank on request and in a form and substance satisfactory to the Bank one or more legal opinions confirming in relation to the applicant as Participant and (where applicable) the Representative appointed by the Participant (each an *Opinion Entity*) such matters as the Bank may require, including (without limitation) that:

- (a) the Opinion Entity is duly incorporated or established (as applicable) and has power and authority to enter into and to execute the Documentation to which it is party and to perform its respective obligations thereunder;
- (b) the execution by the Opinion Entity of the Admission Letter and performance by the Opinion Entity of its obligations under the Documentation will not cause any limit on the powers of the Opinion Entity or its directors (or other governing body or applicable equivalent officers) to be exceeded;

- (c) the terms and conditions set out in the Documentation to which it is party constitute valid and legally binding obligations enforceable in accordance with their terms; and
- (d) in the case of a Representative, it has been duly appointed as Representative on behalf of the Participant and has all relevant regulatory approvals in place to act in such capacity.

3.2 Where a guarantee is to be provided in accordance with paragraph 1.3(h) of the Eligibility Criteria, the applicant must supply to the Bank on request and in a form and substance satisfactory to the Bank one or more legal opinions confirming such matters as the Bank may require in relation to the Guarantor, including (without limitation) that:

- (a) the Guarantor is duly incorporated or established (as applicable) and has power and authority to enter into and to execute the guarantee and to perform its obligations thereunder;
- (b) the execution by the Guarantor of the guarantee and performance by the Guarantor of its obligations under the guarantee will not cause any limit on the powers of the Guarantor or its directors (or other governing body or applicable equivalent officers) to be exceeded; and
- (c) the terms and conditions set out in the guarantee constitute valid and legally binding obligations enforceable in accordance with their terms.

TERMS AND CONDITIONS FOR PARTICIPATION IN THE CNRF

1. INTRODUCTION, SCOPE AND APPLICATION

1.1 These Terms and Conditions, together with the other applicable Documentation:

- (a) set out the terms and conditions for participation in the Bank's CNRF; and
- (b) govern:
 - (i) CNRF Advances entered into between the Bank and the Participant; and
 - (ii) the provision of collateral by the Participant to the Bank.

1.2 These Terms and Conditions are divided into five parts:

- (a) Part A sets out general provisions that apply to the Bank's CNRF;
- (b) Part B sets out representations and warranties made by, and undertakings given by, a Participant and (as applicable) its Representative and the Events of Default applicable to a Participant;
- (c) Part C sets out terms and conditions that apply to CNRF Advances;
- (d) Part D sets out terms and conditions that apply to the provision of collateral for CNRF Advances; and
- (e) Part E sets out a glossary of defined terms used in the Documentation.

1.3 These Terms and Conditions and the Operating Procedures (including any amendments made from time to time in accordance with clause 8 (Amendments) of Part A), the form of Representative Appointment Letter and any Market Notices will be published on the Bank's website at www.bankofengland.co.uk.

2. LEGAL CAPACITY OF PARTICIPANTS, LIMITATIONS OF LIABILITY AND OTHER LEGAL TERMS RELATING TO PARTICIPANTS GENERALLY

2.1 An Insurance Company Participant that is incorporated under the laws of its jurisdiction of incorporation as a legal person will transact with the Bank under the CNRF in its personal capacity and as principal and with respect to such Insurance Company Participant, all references in the Documentation to "the Participant" shall be construed as a reference to such Insurance Company Participant acting in such capacity.

2.2 A Pension Fund Participant will transact with the Bank under the CNRF by the Pension Scheme Trustee acting in its capacity as trustee in respect of the relevant Pension Scheme (or Segregated Section thereof) and with respect to such Pension Fund Participant, all references in the Documentation to "the Participant" shall be construed as a reference to such Pension Scheme Trustee.

2.3 In the case of any Transaction entered into by a Pension Scheme Trustee on behalf of a Pension Fund Participant, the Bank acknowledges and agrees that (in the

absence of fraud, wilful default or reckless disregard of its obligations and duties) the Pension Scheme Trustee is acting in its capacity as trustee only and in no other capacity and a liability arising under or in connection with any such Transaction is limited to, and can be enforced against, the Pension Scheme Trustee only to the extent to which it can be satisfied out of the property of the Pension Scheme (or Segregated Section thereof).

2.4 An LDI Fund Participant will transact with the Bank under the CNRF in one of the following ways:

- (a) in the case of an LDI Fund Participant incorporated under the laws of its jurisdiction of incorporation as a legal person, in its personal capacity and as principal and with respect to such LDI Fund Participant, all references in the Documentation to “the Participant” shall be construed as a reference to such LDI Fund Participant acting in such capacity;
- (b) in the case of an LDI Fund Participant constituted as an authorised unit trust, by the trustee (the **Fund Trustee**) in respect of the relevant Investment Fund (or Relevant Sub-Fund) assets (the **Unit Trust**) and with respect to such LDI Fund Participant, all references in the Documentation to “the Participant” shall be construed as a reference to such Fund Trustee in respect of the Unit Trust acting in such capacity;
- (c) in the case of an LDI Fund Participant constituted as a CCF, by the CCF Manager appointed by the investors thereof and with respect to such LDI Fund Participant, all references in the Documentation to “the Participant” shall be construed as a reference to such CCF Manager in respect of the CCF acting in such capacity; and
- (d) in the case of an LDI Fund Participant constituted as an investment limited partnership (**ILP**), by the general partner (the **General Partner**) in respect of such investment limited partnership and with respect to such LDI Fund Participant, all references in the Documentation to “the Participant” shall be construed as a reference to such General Partner in respect of the ILP acting in such capacity.

2.5 In the case of any LDI Fund Participant that is a Self-Managed LDI Fund Participant, all references in the Documentation to “the Fund Manager” shall be construed as a reference to such LDI Fund Participant performing such role itself.

2.6 In the case of any Transaction entered into by a Fund Trustee on behalf of a LDI Fund Participant constituted as an authorised unit trust, the Bank acknowledges and agrees that (in the absence of fraud, wilful default or reckless disregard of its obligations and duties) the Fund Trustee is acting in its capacity as trustee only and in no other capacity and a liability arising under or in connection with any such Transaction is limited to, and can be enforced against, the LDI Fund Participant only to the extent to which it can be satisfied out of the property of the Unit Trust.

2.7 In the case of any Transaction entered into by any LDI Fund Participant which is a Relevant Sub-Fund or CCF, the Bank acknowledges and agrees that (in the absence of fraud, wilful default or reckless disregard of its obligations and duties):

- (a) each obligation or liability incurred or owed by the LDI Fund Participant under or in respect of the Relevant Sub-Fund or CCF in connection with any Transaction shall be separate from the obligations or liabilities incurred or owed by the Umbrella Fund or CCF Manager with respect to any other assets owned or operated by the Umbrella Fund or CCF Manager, including any other particular pool of assets operated as a separate pooled fund; and
- (b) each obligation, liability or undertaking of the LDI Fund Participant under or in respect of any Transaction entered into by the LDI Fund Participant:
 - (i) shall be satisfied only out of, and the Bank's recourse to the LDI Fund Participant in respect of its claim shall be limited to, the assets of the LDI Fund Participant attributable to the Relevant Sub-Fund or CCF (the *Available Assets*), even if such Available Assets are insufficient to meet its claims; and
 - (ii) shall not be discharged out of the assets attributable to any sub-fund of the LDI Fund Participant other than the Relevant Sub-Fund or CCF.

3. TERMS RELATING TO APPOINTMENT OF REPRESENTATIVES

3.1 All Transactions under the CNRF are Transactions between the Bank and relevant Participant. Where a Participant enters into a Transaction through a Representative, the Transaction shall nonetheless constitute an obligation of the relevant Participant and the Bank shall be entitled to enforce its rights in respect of such Transaction directly against that Participant.

3.2 Where a Participant has appointed a Representative, unless otherwise expressly specified or the context otherwise requires, a reference in the Documentation to "the Participant" shall be construed as a reference to the Participant acting through the Representative for and on the Participant's behalf, and a reference to a "Transaction" or "CNRF Advance" shall be construed as a reference to a transaction comprising an advance made under the CNRF to a Participant entered into by the Representative on its behalf and the provision of Collateral to the Bank by the Representative on behalf of the Participant.

3.3 The Bank shall be entitled to assume any Representative has and continues to have authority to contract and otherwise act on behalf of the Participant in respect of the CNRF for all purposes, unless and until it receives notice in writing from the Participant to the contrary. The Bank shall be under no obligation to notify a Participant in respect of any breach of any terms of the Documentation by its Representative or a failure by a Representative to perform any of its obligations under the Documentation, and the Bank shall have no liability to such Participant or the Representative for not doing so.

3.4 A Representative may, upon providing to the Bank prior written notification together with any other information as may be required by the Bank, delegate such duties as are, in the opinion of the Representative, necessary or desirable to fulfil the obligations and functions of the Representative under the Documentation, *provided that* the Representative shall not, at any time, delegate the right to agree the terms of any Transaction (or any amendment to or waiver of the terms of any Transaction) on behalf of the Participant.

3.5 By any delegation of any of its duties, the Representative shall not be released or discharged from, and remains responsible for, the performance of such duties by any delegate and any breach in the performance of such duties by a delegate shall be treated as a breach by the Representative under the Documentation.

3.6 In acting as Representative, the Representative will not be under any fiduciary duty or assume any fiduciary obligation towards or relationship of agency or trust with the Bank or any of its officers, employees, representatives or agents.

3.7 Without limiting the Representative's liability for any delegate, the Representative and its officers, employees, representatives or agents shall not be liable, save in the case of fraud, wilful default or reckless disregard of the Representative's obligations, for any Loss suffered or incurred by the Bank from the performance by the Representative of its duties and obligations under the Documentation.

3.8 The Representative shall not exercise any lien, right of set-off or similar claim against the Bank in respect of moneys payable by it under the Documentation.

3.9 Upon termination of the Representative's appointment, any Transactions outstanding at such time shall continue in full force and effect between the Bank and the Participant. Termination of the Representative's appointment shall have no effect on the Participant's obligations under any Transactions outstanding at such time.

PART A

GENERAL TERMS AND CONDITIONS

1. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS, CONDITIONS PRECEDENT AND EVENTS OF DEFAULT

1.1 The representations and warranties set out in:

- (a) clause 1 (Representations and Warranties made by an Insurance Company Participant) of Part B are made by an Insurance Company Participant;
- (b) clause 2 (Representations and Warranties made by a Pension Fund Participant) of Part B are made by a Pension Fund Participant;
- (c) clause 3 (Representations and Warranties made by an LDI Fund Participant) of Part B are made by an LDI Fund Participant;
- (d) clause 4 (Representations and Warranties made by a Representative) of Part B are made by a Representative in respect of itself and its appointment as Representative in relation to the CNRF; and
- (e) clause 5 (Representations and Warranties made by all Participants in respect of any Collateral and any CNRF Advance) of Part B are made by all Participants in respect of any collateral and any CNRF Advance.

1.2 In respect of a Participant participating in the CNRF through a Representative, the representations and warranties set out in Part B will be made by the Representative on behalf of the Participant. Without prejudice to the representations and warranties to be made by the Participant, the representations and warranties set out in clause 4 (Representations and Warranties made by a Representative) of Part B are made by the Representative to the Bank in respect of itself and its appointment as Representative in relation to the CNRF.

1.3 All representations and warranties made and given under these Terms and Conditions shall be deemed to be made upon the signature and return to the Bank by the Participant and, if applicable, its Representative of its copy of the Admission Letter and repeated on each occasion on which a Transaction is entered into.

1.4 The Bank represents and warrants to the Participant that at the time of sale or transfer to the Participant of any securities, or payment or transfer to the Participant of any cash, it will have the full and unqualified right to make such sale, payment or transfer and that upon such sale, payment or transfer the Participant will receive the same free and clear of any lien (other than a lien granted to the operator of the clearance system through which the securities are transferred), claim, charge or encumbrance.

1.5 The undertakings set out in clause 6 (General Undertakings – all Participants) of Part B are given by each Participant and remain in force:

- (a) in respect of the undertakings in clauses 6(a), 6(d) and 6(l) of Part B, at all times it is a Participant under the CNRF; and
- (b) in respect of all other undertakings in clause 6 (General Undertakings – all Participants) of Part B, for as long as any Transaction with that Participant is outstanding or pending.

1.6 The undertakings set out in clause 7 (General Undertakings – Representatives) of Part B are given by each Representative and remain in force:

- (a) in respect of the undertakings in clause 7(c) of Part B, at all times it is a Representative in respect of its relevant Participant under the CNRF; and
- (b) in respect of all other undertakings in clause 7 (General Undertakings – Representatives) of Part B, for as long as any Transaction with its relevant Participant is outstanding or pending.

1.7 The Events of Default in respect of Insurance Company Participants are set out in clause 8 (Events of Default – Insurance Company Participants) of Part B.

1.8 The Events of Default in respect of Pension Fund Participants are set out in clause 9 (Events of Default – Pension Fund Participants) of Part B.

1.9 The Events of Default in respect of LDI Fund Participants are set out in clause 10 (Events of Default – LDI Fund Participants) of Part B.

1.10 The Bank’s obligation to make any payment or transfer any securities to the Participant in connection with any Transaction or otherwise under the Documentation shall be subject to the conditions precedent that:

- (a) no Event of Default or Potential Event of Default has occurred and is continuing in relation to the relevant Participant involved in the Transaction;
- (b) (where the relevant Participant has appointed a Representative to act on its behalf) no Representative Replacement Event has occurred and is continuing in relation to the Representative of the relevant Participant;
- (c) no collateral shortfall exists or will arise as a result of the performance of the Bank’s obligation; and
- (d) no obligation owed by the relevant Participant Entity to the Bank under the Documentation is outstanding.

For the purposes of this clause 1.10 of Part A, there is a “collateral shortfall” if the Adjusted Value of Transferred Collateral in respect of a Relevant Exposure does not exceed the amount of that Relevant Exposure.

1.11 Without prejudice to clause 1.10 of Part A, if any condition precedent in clause 1.10 of Part A is not satisfied with respect to a relevant Participant Entity when an obligation of the Bank would (but for those conditions precedent not being satisfied) become due and payable or deliverable to a Participant, the Bank's obligation will not be extinguished and will become due or payable if:

- (a) the conditions precedent in clause 1.10 of Part A are subsequently satisfied with respect to the relevant Participant Entity;
- (b) if required by the Bank, the Participant shall have delivered notice in writing of that fact to the Bank setting out in reasonable detail such evidence of the satisfaction of those conditions precedent as the Bank may require;
- (c) no Default Notice has been served; and
- (d) no breach of any other applicable condition precedent has occurred and is continuing in respect of it.

In such event, the Bank's obligation shall become due and payable or deliverable on the date falling five Business Days after the date on which the confirmation from the Participant in clause 1.11(b) of Part A is effective in accordance with clause 5 of Part A.

2. NO WAIVERS

No waiver, indulgence or concession by the Bank of any right under these Terms and Conditions in any instance (including, without limitation, the entering into or performance of any Transaction or any other business at any time when an Event of Default or Potential Event of Default has occurred and is continuing) shall operate as a waiver or variation in any other instance or of any other rights. No omission or delay on the part of the Bank in exercising any right, power or privilege under the Documentation or under any Transaction (including a right of termination or to serve a Default Notice whether or not the Bank has, after such right arises, continued to perform its obligations or accept performance by the Participant Entity of its obligations hereunder) shall act as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the Bank provided in these Terms and Conditions, the remainder of the Documentation and any Transaction are cumulative with and not exclusive of any rights of lien, sale, set-off or retention or other rights or remedies which the Bank may have at common law, by statute or otherwise howsoever.

3. SINGLE AGREEMENT; ENTIRE AGREEMENT; ASSIGNMENT

3.1 The Parties acknowledge and have entered into these Terms and Conditions and will enter into each Transaction in consideration of and in reliance on the fact that all Transactions constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each of the Parties agrees that payments, deliveries and other transfers made by any of them in respect of any Transaction shall

be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions.

3.2 The Documentation sets out the entire terms and conditions and understanding between the Parties. It is agreed that:

- (a) no Participant Entity has entered into the Documentation or any Transaction in reliance upon any representation, warranty or undertaking of the Bank which is not expressly set out or referred to in the Documentation;
- (b) no Participant Entity shall have any remedy in respect of misrepresentation or untrue statement made by the Bank which is not contained in the Documentation nor for any breach of warranty which is not contained in the Documentation; and
- (c) this clause 3 of Part A shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

3.3 The provisions of these Terms and Conditions and of each Transaction shall be binding upon and inure to the benefit of the Parties hereto and their respective successors in title and permitted assigns.

3.4 The rights and obligations owing between the Bank and a Participant Entity under these Terms and Conditions and under each Transaction with a Participant shall not be capable of assignment by any Party without the prior written consent of the Bank and the relevant Participant.

4. COMMUNICATIONS; THE ELECTRONIC TENDERING SYSTEM; THE COLLATERAL MANAGEMENT PORTAL

4.1 Communications shall be made by any method that the Bank may specify, through the Operating Procedures or otherwise.

4.2 The Bank shall be entitled without further enquiry to accept and act on any request, instruction or other communication or purported request, instruction or other communication received by the Bank notwithstanding that it may afterwards be discovered that that request, instruction or other communication was made in error, was not genuine or was not authorised by the Participant or (if sent electronically) was not initiated through the terminal and associated equipment from which it was purported to have been sent. Any such request, instruction or other communication on which the Bank so acts shall for all purposes of the Documentation be treated as effective and binding on the Participant in accordance with its terms.

4.3 The Participant Entities understand that email (whether encrypted or unencrypted) is not a secure method of communication and that messages so delivered may be intercepted, lost, destroyed, corrupted or delayed in transmission.

4.4 The Participant Entities hereby agree that neither the Bank, nor any of its officers, employees, representatives or agents shall incur any liability or be responsible for any Loss, that may arise in connection with the Bank sending or receiving any email

(encrypted or unencrypted), except to the extent that such Loss is shown to be attributable to fraud, wilful default or reckless disregard of the Bank's obligations on the part of the Bank or its officers, employees, representatives and agents.

4.5 The Participant shall on demand indemnify the Bank and keep the Bank indemnified against any Loss suffered or incurred by the Bank as a result of any email (encrypted or unencrypted) which is intercepted, lost, destroyed, corrupted or delayed or otherwise distorted or altered during the course of transmission except to the extent that such Loss is shown to be attributable to fraud, wilful default or reckless disregard of the Bank's obligations on the part of the Bank or its officers, employees, representatives and agents.

4.6 The Participant Entities undertake at all times:

- (a) to procure that all requests, instructions and other communications are made or given by persons who are duly authorised to make or give them on its behalf and are within the scope of the authority of the person making or giving them;
- (b) to provide the Bank upon request with a list of all persons who are for the time being authorised to send requests, instructions and other communications by the Electronic Tendering System, the Collateral Management Portal or email transmissions relating to Transactions or otherwise relating to the matters to which the Documentation relates and with such particulars with respect to such persons as may from time to time be specified in the Operating Procedures;
- (c) promptly to provide the Bank with particulars of any change in the persons and particulars referred to in clause 4.6(b) of Part A;
- (d) to comply with any procedures set out in the Operating Procedures or otherwise agreed between the Participant and the Bank with respect to the identification, confirmation or authentication of requests, instructions or other communications by the Participant or with the maintenance of security with respect to or in connection with such requests, instructions or other communications;
- (e) to ensure that all passwords and other activation data relating to the Electronic Tendering System or the Collateral Management Portal are not easily guessed or predictable and are kept confidential and secure in order to prevent their unauthorised use;
- (f) not to use the Electronic Tendering System or the Collateral Management Portal upon and after becoming aware of the occurrence of any significant breach by the Participant of its obligations, or of any warranty or representation, under these Terms and Conditions unless and until the Bank has expressly consented to the Participant so doing;
- (g) to be responsible for the maintenance of security over the SWIFT Equipment acquired or used by the Participant for the purposes of sending and receiving SWIFT messages to and from the Electronic Tendering System and the Collateral Management Portal and, in the case of any such equipment used or

available for use by the Participant and any other participant, to be jointly and severally responsible with such other participant for the maintenance of security over all such equipment;

- (h) to keep its SWIFT Keys secure and protect them against loss, damage, modification and unauthorised use; and
- (i) to comply in all respects with the Electronic Tendering System User Guide and the Collateral Management Portal User Guide in so far as its provisions are applicable to the Participant.

4.7 The Bank reserves the right to suspend the operation of the Electronic Tendering System or the Collateral Management Portal, wholly or partially, or to vary the operational timetable, by reason of any circumstances whatever beyond the Bank's reasonable control, including without limitation partial or total failure, malfunction or overload of the Electronic Tendering System or the Collateral Management Portal, or any other emergency.

4.8 The Participant acknowledges and agrees that the timer facility in the Electronic Tendering System is provided for the Participant's convenience and the Bank shall not be liable for the Participant's failure to submit any bid or make any other communication through the Electronic Tendering System within any deadline prescribed by the Bank. The time stamp applied to any bid in accordance with the Operating Procedures shall be final and binding.

4.9 The Participant acknowledges and agrees that:

- (a) data displayed on the Collateral Management Portal are updated regularly, are subject to change at short notice and should not be relied on as accurate and up to date figures;
- (b) any valuations of Collateral provided through the Collateral Management Portal are indicative only, are provided for information purposes and are subject to change at any time, without notice and at the sole determination of the Bank;
- (c) the Default Market Value of Transferred Collateral following the occurrence of an Event of Default will be determined in accordance with clause 11 of Part A; and
- (d) the Bank reserves the right to reject any collateral for any reason at any time, notwithstanding that it might be specified as Eligible Collateral on the Collateral Management Portal.

4.10 The Bank and its officers, employees, representatives and agents shall not be liable, save in the case of wilful default or reckless disregard of the Bank's obligations, for any Loss arising from the operation by the Bank of the Electronic Tendering System or the Collateral Management Portal or any part thereof or any inadequacy thereof for any purposes or any deficiency or defect therein or any delay in providing or failure to provide the Electronic Tendering System or the Collateral Management Portal or any interruption or loss of the Electronic Tendering System or the Collateral Management

Portal or loss of business, loss of profit or other consequential damage or any damage whatsoever and howsoever caused (including but without prejudice to the foregoing by reason of machine or computer malfunction or error and also any suspension or variation pursuant to clause 4.7 of Part A).

4.11 Where the Participant has opted to use the Collateral Management Portal, it agrees to pay the Bank's fees and charges from time to time, if any, in respect of the Collateral Management Portal in accordance with the Operating Procedures.

5. NOTICES

5.1 Subject to clause 5.4 of Part A, any notice required to be given under the Documentation shall be deemed to be given if:

- (a) in the case of a notice to the Bank, sent in accordance with the Operating Procedures, or left at Bank of England, Threadneedle Street, London EC2R 8AH, or sent by email to CNRF.notice@bankofengland.co.uk, or to such other address as the Bank may notify to the Participant Entities in writing from time to time, in each case marked for the attention of the Head of Sterling Markets Division; and
- (b) in the case of notice to a Participant Entity left at the address or sent to the email address notified by the Participant Entity to the Bank in writing from time to time, *provided that* any notice required to be given under the Documentation to a Participant in respect of which a Representative has been validly appointed shall be deemed to be given if given to the Representative.

5.2 Any such notice shall be deemed to be duly served:

- (a) if left at the address of the Party to be served, at the time when it is so left (or, if it is left on a day that is not a Business Day, at 8.15 a.m. on the following Business Day); and
- (b) if sent by email, when the message is received.

5.3 In proving the giving of a notice under clause 5.2(a) of Part A it shall be sufficient to prove that the notice was delivered at the address for service.

5.4 The Operating Procedures may provide for any notice to be given orally, including by telephone, in which case any such notice shall be deemed to be served when it is actually given.

5.5 Where in these Terms and Conditions any matter may be specified or prescribed by the Bank, the Bank may (but shall not be obliged to) do so by way of a Market Notice.

6. FEES, COSTS AND EXPENSES

6.1 Without prejudice to any right of reimbursement from the Participant and (where applicable) the Representative as may be agreed separately between them, the

Participant and the Representative each agrees with the Bank to pay and bear its own costs and expenses incurred in connection with the preparation and execution of the Documentation and the entering into of each Transaction.

6.2 The Participant agrees to pay or reimburse to the Bank all of its costs and expenses (including legal expenses) together with any value added tax thereon, incurred in connection with the enforcement of any of its rights under the Documentation or any Transaction.

6.3 The Participant agrees on demand to pay the Bank's charges and to reimburse the Bank on demand for all fees, costs, charges, penalties and other expenses (including, without limitation, amounts incurred in connection with any third party custody arrangement or settlement or clearing system or depository arrangement with respect to any collateral, amounts incurred in connection with checking that collateral is Eligible Collateral and valuing collateral, internal costs and expenses (including staff salary costs), legal expenses, transfer taxes, value added tax, registration charges and other similar taxes and charges) incurred by the Bank in connection with the CNRF and any Transaction hereunder, and as may be more particularly set out in the Operating Procedures.

6.4 The Participant agrees to pay any fees that the Bank may impose in accordance with the Operating Procedures.

7. OPERATING PROCEDURES AND MARKET NOTICES

7.1 These Terms and Conditions are supplemented by Operating Procedures which set out further terms governing a Transaction and explain the operational procedures involved and may also be supplemented by one or more Market Notices.

7.2 In the event of any conflict between the terms of these Terms and Conditions and the terms of the Operating Procedures, these Terms and Conditions shall prevail.

7.3 In the event of any conflict between the terms of the Operating Procedures or these Terms and Conditions and any Market Notice, the Market Notice shall prevail.

7.4 In the event of any conflict between the terms of the Operating Procedures or these Terms and Conditions and any Representative Appointment Letter, the Operating Procedures or these Terms and Conditions shall prevail in accordance with clause 7.2 of Part A.

8. AMENDMENTS

The Bank may amend these Terms and Conditions and any other part of the Documentation either generally or in particular circumstances, from time to time. Any such amendment shall apply with effect from such time as may be specified by the Bank and shall, unless otherwise specified, apply to any Transaction which is outstanding at the time at which such amendment is made. The Bank may also vary the operational timetable or vary or omit any of the procedures described on any particular day. The Bank will endeavour to give reasonable notice of any amendment, but reserves the right

to introduce any amendment with immediate effect, if the Bank considers it necessary to do so.

9. COMMENCEMENT, SUSPENSION AND TERMINATION

9.1 These Terms and Conditions commence on the date notified to the Participant by the Bank in accordance with the Commencement Letter.

9.2 Subject to clause 11 of Part A, a Participant may terminate its access to the CNRF at any time by giving to the Bank not less than ten Business Days' prior notice in writing (such termination becoming effective upon expiry of such notice).

9.3 Without prejudice to the Bank's rights under clause 11 of Part A, the Bank may suspend for such period as the Bank thinks fit or terminate the Participant's access to the CNRF at any time.

9.4 Any termination or suspension under clause 9.2 or clause 9.3 of Part A shall not affect any Transaction which is then outstanding, and the provisions of the Documentation shall continue to apply to each such Transaction until all the obligations of each Party to the others under the Documentation and each such Transaction have been fully performed.

10. PAYMENTS AND DELIVERIES

10.1 Save as otherwise provided in the Documentation, all payments under or in connection with these Terms and Conditions shall be made in the manner specified by the Bank in immediately available freely convertible funds for value on the due date for payment thereof free from set-off or counterclaim and without deduction or withholding for or on account of any taxes of whatsoever nature imposed, levied, collected, withheld or assessed, unless such a deduction or withholding is required by law.

10.2 In the event of such a deduction or withholding, the amount of any payment due from the Participant shall be increased to an amount which after making any such deduction or withholding leaves the Bank with a net amount equal to the amount which would have been due if no such deduction or withholding had been required to be made.

10.3 The Participant shall within three Business Days of demand by the Bank indemnify the Bank and keep the Bank indemnified against any Loss which the Bank determines has been or will be suffered by the Bank for or on account of tax in relation to a payment received or receivable (or any payment deemed to be received or receivable) under or in connection with these Terms and Conditions, except to the extent that the Loss has been compensated for by an increased payment under clause 10.2 of Part A.

10.4 Save as otherwise provided in these Terms and Conditions, if any amount payable or any securities transferable or deliverable under these Terms and Conditions would, but for this clause 10.4 of Part A, be payable, transferable or deliverable on a day which is not a Business Day, then such payment, transfer, or delivery shall be made on the next following Business Day.

10.5 All rights, title and interest in any securities transferred under these Terms and Conditions shall pass between the Bank and the Participant on transfer in accordance with the terms of these Terms and Conditions free from all liens (other than a lien granted to the operator of the clearance system through which the securities are transferred), claims, charges and encumbrances. The Parties shall execute and deliver all documents, give all instructions and do all things necessary to ensure that title passes in accordance with this clause 10 of Part A.

10.6 Notwithstanding the use of the term “repo” in the context of the CNRF, transactions under these operations constitute under English law loan advances by the Bank to the Participant and a title transfer financial collateral arrangement in respect of Collateral provided by or on behalf of the Participant to the Bank.

10.7 Subject to clause 11 of Part A, the Bank may and, with the prior approval of the Bank, the Participant may combine in a single calculation of a net sum payable by one Party to the other all amounts in the same currency payable by each such Party to the other under any Transaction or otherwise under these Terms and Conditions on the same date and the obligation to pay that net sum shall be the only obligation of either such Party in respect of those amounts.

10.8 Subject to clause 11 of Part A, the Bank may and, with the prior approval of the Bank, the Participant may combine in a single calculation of a net quantity of securities transferable between the Participant and the Bank all securities of the same issue, denomination, currency and series transferable by each such Party to the other under any Transaction or otherwise under these Terms and Conditions on the same date and the obligation to transfer the net quantity of securities shall be the only obligation of either such Party in respect of the securities so transferable and receivable.

10.9 The Bank shall create and maintain in its books and records or other systems, such accounts, sub-accounts or other entries (a *Collateral Account*) in which the Bank shall record Collateral transferred by the Participant to the Bank. The Collateral Account and any credits thereto shall be governed by, and construed in accordance with, English law. The Participant has no legal or beneficial interest in Collateral or otherwise represented by corresponding credits to the Collateral Account. The Participant’s right in respect of Collateral transferred to the Bank is a contractual right to receive Equivalent Collateral upon the terms and subject to the conditions set out in the Documentation.

10.10 Where any voting rights become exercisable in relation to any Transferred Collateral, the Bank shall have no obligation to arrange for the exercise of any voting rights of that kind in accordance with the instructions of the Participant in relation to any such Transferred Collateral.

10.11 The Bank and its officers, employees, representatives and agents shall not be liable, save in the case of fraud, for any Loss that may arise in connection with the exercise or non-exercise of voting rights by the Bank.

10.12 If at any time after a payment has been made by the Bank to the Participant under these Terms and Conditions which relates to a payment to the Bank by an issuer of securities (including a payment by the issuer of Income or of capital), the issuer or

any clearance system or depository reclaims or reverses any such payment to the Bank, the Participant undertakes immediately to repay the payment received from the Bank and any associated costs incurred by the Bank.

11. CLOSE-OUT AND LIQUIDATION OF OBLIGATIONS ON THE OCCURRENCE OF AN EVENT OF DEFAULT

11.1 The Participant shall notify the Bank immediately if any event or circumstance specified in clause 8 (Events of Default – Insurance Company Participants) of Part B, clause 9 (Events of Default – Pension Fund Participants) of Part B or clause 10 (Events of Default – LDI Fund Participants) of Part B (as applicable) or a Potential Event of Default occurs in relation to it.

11.2 If an Event of Default occurs and is continuing in relation to the Participant, the provisions of this clause 11 of Part A shall apply to all outstanding CNRF Advances to the Participant (provided however that, save where to do so would be inconsistent with applicable law, the Bank may exclude any CNRF Advance from this clause 11 of Part A).

11.3 For as long as an Event of Default relating to the Participant has occurred and is continuing in relation to it, the Bank may by notice in writing to such Participant, specify one or more Early Repayment Dates for any outstanding CNRF Advances made to the Participant. The Bank may specify the same or different Early Repayment Dates for each CNRF Advance and may amend any Early Repayment Date so specified at any time prior to that Early Repayment Date.

11.4 Upon the Early Repayment Date in respect of a CNRF Advance:

- (a) the Repayment Date for that CNRF Advance shall be deemed to occur and all accrued interest and any other amounts outstanding in respect of that CNRF Advance shall become due and payable; and
- (b) the Bank may, by written notice to the Participant, identify Collateral in respect of which the Bank wishes to accelerate its obligation to transfer Equivalent Collateral and such Equivalent Collateral shall be transferable,

so that performance of the respective obligations of the Parties with respect to the repayment of the CNRF Advance, the payment of accrued interest, the transfer of Equivalent Collateral and the payment of any cash amount shall be effected only in accordance with the provisions of this clause 11.4 and clause 11.6 of Part A.

11.5 The Bank shall establish for the purpose of this clause 11 of Part A either prior to or on the Early Repayment Date the value of the relevant Equivalent Collateral to be transferred in respect of the relevant CNRF Advances (the ***Default Market Value***).

11.6 On the basis of the sums established in accordance with clauses 11.4 and 11.5 of Part A, an account shall be taken (as at the relevant Early Repayment Date) of what is due between the Bank and the relevant Participant in respect of:

- (a) the relevant CNRF Advances, including any amounts payable in respect of Income or otherwise under clauses 6.3, 6.4, 11.12 and 12 of Part A (and on the

basis that the Participant's claim against the Bank in respect of the transfer to it of Equivalent Collateral equals the Default Market Value thereof); and

- (b) the sums due from one Party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the Party having the claim valued at the lower amount pursuant to the foregoing).

11.7 The balance determined by carrying out the calculations under clause 11.6 of Part A shall be due and payable on such date as the Bank shall determine and notify the Participant in writing. The Bank may specify an account into which sums are required to be paid.

11.8 Where the Bank has designated an Early Repayment Date for some but not all CNRF Advances under clause 11.3 of Part A:

- (a) if the balance under clause 11.6 of Part A is payable by the Bank, the Bank shall have no obligation to pay that balance if and for so long as the Adjusted Value of Transferred Collateral in respect of any Relevant Exposure for CNRF Advances for which the Bank has not designated an Early Repayment Date is less than that Relevant Exposure; or
- (b) if the balance under clause 11.6 of Part A is payable by the Participant, for so long as that balance remains unpaid it shall constitute a Relevant Exposure for the purposes of the Terms and Conditions and shall be taken into account in determining what is due from the Participant to the Bank for the purposes of any subsequent close-out under clause 11.6 of Part A.

11.9 If the balance under clause 11.6 of Part A is payable by the Bank, the Bank may, in lieu of paying such balance or part thereof, transfer to the Participant Equivalent Collateral having a Value at least equal to the amount V where $V = B - C$ and where:

B = the amount of such balance or the relevant part thereof

C = the settlement or other transfer costs incurred by the Bank

and such transfer shall discharge the Bank's obligation to make the payment (or the relevant part thereof) under clause 11.6 of Part A.

11.10 When establishing the Default Market Value under clause 11.5 of Part A, the Bank shall have regard to such of the factors set out in this clause 11.10 of Part A, and such other factors, as it thinks appropriate (and the order in which the factors are listed is not significant; they are to be taken into account as appropriate in each case) and may have regard to different factors for different securities:

- (a) if the Bank has sold Receivable Securities, the net proceeds of such sale after deducting all reasonable costs, commissions, fees and expenses incurred in connection with such sale;
- (b) observable market prices or such pricing sources (including trading prices) as the Bank considers appropriate;

- (c) offer or bid quotations from market makers or dealers in the market which is the most appropriate market for Receivable Securities of that description, or offer or bid quotations received as part of an auction or sale process for Receivable Securities as determined by the Bank;
- (d) other methods (which may include, without limitation, the Bank's internal modelling methodologies, such as those used by the Bank to determine the Adjusted Value) as the Bank considers appropriate;
- (e) to the extent not included in the determination of the Default Market Value, Income which has accrued but not yet been paid; and/or
- (f) Transaction Costs.

11.11 For the purposes of clause 11.10 of Part A:

- (a) **Receivable Securities** means Equivalent Collateral to be transferred to the Participant; and
- (b) **Transaction Costs** in relation to any sale contemplated in clause 11.10 of Part A means the costs, commissions, fees and expenses (including any mark-up or mark-down or premium paid for guaranteed delivery) that would be incurred or reasonably anticipated in connection with the sale of Receivable Securities, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction.

11.12 The Participant shall be liable to the Bank for the amount of all legal and other professional expenses incurred by the Bank in connection with or as a consequence of an Event of Default (including, without limitation, arranger's fees, broker's fees and any costs incurred in valuing or servicing any securities) together with interest thereon at the Overdraft Rate or such other rate as the Bank may in its discretion decide.

12. DEFAULT INTEREST AND CHARGES

12.1 If the Participant fails to pay any amount under these Terms and Conditions when due, it shall pay interest on the amount of such balance from the time of default up to the time of actual payment (as well after as before judgment) at the Overdraft Rate or at such other rate as the Bank may in its discretion decide, subject to a minimum charge of £500.

12.2 If the Participant fails to make any transfer of securities to the Bank under these Terms and Conditions when due, then without prejudice to clause 8 (Events of Default – Insurance Company Participants) of Part B, clause 9 (Events of Default – Pension Fund Participants) of Part B or clause 10 (Events of Default – LDI Fund Participants) of Part B, the Participant shall:

- (a) pay a late transfer charge from the time of default up to the time of actual transfer (as well after as before judgment) determined by applying the Overdraft Rate to the Value of such securities; and

- (b) on demand indemnify the Bank and keep the Bank indemnified against any Loss suffered or incurred by the Bank as a result of any such failure.

12.3 Interest and charges under this clause 12 of Part A shall accrue daily on the basis of a year of 365 days from and including the first day to the last day of each period of one month beginning from the day on which the relevant amount or transfer was due and shall be due and payable at the end of each such period. So long as the default continues, interest and charges shall be calculated on a similar basis at the end of each such period and any amount payable under this clause 12.3 of Part A which is unpaid at the end of each such period shall thereafter itself bear interest at the Overdraft Rate or such other rate as the Bank may in its discretion decide.

13. SET-OFF AND LIEN

13.1 Without prejudice to any other rights, powers or remedies (whether provided by contract, law or otherwise), the Bank may without prior notice to the Participant and at any time or times set off any monies owing from the Participant and any other obligation against any obligation owed by the Bank to the Participant (whether at such time or in the future or upon the occurrence of a contingency, whether liquidated or unliquidated and whether or not arising under these Terms and Conditions), regardless of the place of payment, booking office or currency of either obligation.

13.2 For the purposes of clause 13.1 of Part A, where a liability or an obligation is unascertained, or is an obligation other than an obligation to pay money, the Bank may in good faith estimate the value of that liability or obligation and set off in respect of the estimate.

13.3 In addition to any general lien or other rights to which the Bank may be entitled under any applicable law, and to the greatest extent permitted by applicable law and regulation, the Bank shall have a general lien on and right to retain, and (without notice to the Participant) a right to realise and apply (irrespective of maturity or currency of denomination, place of payment or booking office) or otherwise to sell or dispose of, any assets of the Participant held with the Bank in satisfaction of all liabilities and obligations (whether at such time or in the future or upon the occurrence of a contingency and in whatever currency) of the Participant to the Bank under or in connection with these Terms and Conditions or any other transaction or dealing or arrangement from time to time entered into or concluded between the Bank and the Participant.

13.4 For the purposes of this clause 13 of Part A, if any obligation is denominated in a currency other than sterling, the Bank may convert that obligation into sterling at the Spot Rate.

14. CONFIDENTIALITY

14.1 Each Party (the *Recipient*) undertakes to keep confidential all information given to it by any other Party (the *Disclosing Party*) or otherwise in the possession of the Recipient relating to or otherwise concerning the Disclosing Party or the CNRF (which shall include, without limitation, admission to access the CNRF and participation in any Transaction, details of any Transaction and any decision by either Party to enter into or

not to enter into any Transaction or to terminate any Transaction or any part of any Transaction).

14.2 The undertakings in clause 14.1 of Part A will not apply to information which:

- (a) is disclosed with the prior written consent of the Disclosing Party;
- (b) at the time of supply is in the public domain;
- (c) subsequently comes into the public domain, except through breach of the undertakings set out in clause 14.1 of Part A;
- (d) is already in the lawful possession of the Recipient;
- (e) subsequently comes lawfully into the possession of the Recipient from a third party who does not owe the Disclosing Party an obligation of confidence in relation to it;
- (f) is disclosed in confidence to the Recipient's professional advisers or auditors where such disclosure is considered necessary by the Recipient, acting reasonably, and *provided that*, where reasonably practicable, where the Participant proposes to make such disclosure it shall have notified the Bank in advance of the proposed form, timing, nature and purpose of the disclosure;
- (g) is disclosed in confidence to a Fund Manager (or its authorised agent, delegate or manager) or Representative appointed by the Participant or by a Fund Manager or Representative to the Participant in respect of which it is (or they are) appointed;
- (h) is disclosed in confidence to:
 - (i) a member of the same Group as the Recipient;
 - (ii) where the Disclosing Party is a Pension Fund Participant, an employer or sponsor of the Pension Scheme (or the Segregated Section thereof);
or
 - (iii) where the Disclosing Party is an LDI Fund Participant, its Fund Trustee, CCF Manager, General Partner,

and *provided that*, in any such case, the Recipient making such disclosure has notified the Disclosing Party in advance of the proposed form, timing, nature and purpose of the disclosure;

- (i) is required to be disclosed by law, regulation or any governmental or competent regulatory or resolution authority, whether in the United Kingdom or elsewhere, *provided that*, save in the case of a disclosure made by the Bank or any of its officers, employees, representatives or agents which falls within clause 14.3 of Part A, the Recipient making such disclosure has promptly notified the Disclosing Party in advance of the proposed form, timing, nature and purpose of the disclosure; or

- (j) is disclosed only to communicate a Participant's admission to access the CNRF, *provided that* this sub-clause (j) of Part A shall not permit a Participant to disclose its participation in any Transaction without the Bank's prior written consent.

14.3 Nothing in clause 14.1 of Part A shall preclude the disclosure of information in any case in which disclosure is made by the Bank or any of its officers, employees, representatives or agents:

- (a) in the course of general disclosure relating to the CNRF, *provided that* such general disclosure does not identify or name the Participant Entities;
- (b) to HM Treasury, the Prudential Regulation Authority, the Financial Conduct Authority, HM Revenue & Customs or any other government department, public body, monetary authority, competent supervisory, regulatory or resolution authority or the operator of any deposit guarantee or investor protection scheme, whether in the United Kingdom or elsewhere;
- (c) for the purposes of any criminal investigation whatever which is being or may be carried out or of any criminal proceedings whatever which have been or may be initiated, in either case whether in the United Kingdom or elsewhere; or
- (d) for the purpose of enabling or assisting the Bank to discharge its functions.

14.4 The Parties agree that damages may not be an adequate remedy for any breach of this clause 14 of Part A by any Party or any of its directors, officers, employees, agents, sub-contractors, affiliates, professional advisers or auditors and the Parties shall be entitled to seek any legal or equitable relief, including injunction, in the event of any breach of the provisions of this clause 14 of Part A.

15. TIME OF THE ESSENCE

Time shall be of the essence of these Terms and Conditions.

16. LEGAL RELATIONSHIP

No provision of these Terms and Conditions shall be deemed to create or evidence a partnership between the Bank and any Participant Entity or make the Bank the agent of any Participant Entity or any Participant Entity the agent of the Bank for any purpose.

17. LIMITATION OF LIABILITY; POSITION OF THE BANK

17.1 Without prejudice to any other provision the Documentation, the Bank and its officers, employees, representatives and agents shall not be liable, save in the case of wilful default or reckless disregard of its obligations, for any Loss suffered by any Participant Entity or any other person in the course of the Bank's carrying out its functions under the Documentation and in no event shall the Bank be liable for any loss of profits or consequential or special loss or damages, howsoever arising, whether or not the Bank knew or ought to have known that such loss of profits or consequential or special loss or damages would be likely to be suffered or incurred.

17.2 The Bank and its officers, employees, representatives and agents shall not be liable for any Loss resulting from any event of force majeure or other event beyond the Bank's reasonable control, including but not limited to nationalisation, expropriation, currency restrictions, acts of state, acts of war, terrorist attacks, labour disturbances among staff of the Bank or of its nominees or agents (or of any third parties instructed by or through it or any such nominees or agents), power failures or breakdowns in communications linked to equipment of the Bank or of its nominees or agents (or of any third parties as aforesaid), or the failure or disruption of any relevant stock exchange, clearing house, settlement system or market.

17.3 The Participant shall indemnify the Bank and its officers, employees, representatives and agents against all Loss arising from any action or omission of the Participant or (where applicable) its Representative or the Participant's or (where applicable) its Representative's officers, employees, representatives and agents (whether or not authorised by the Participant) and any failure of the Participant or (where applicable) its Representative to comply with the Documentation. The Participant agrees that this indemnity shall survive any termination of the Participant's participation in the CNRF.

17.4 Subject to the express terms thereof, any liberty or power which may be exercised or any determination which may be made under the Documentation by the Bank (including without limitation, any act, matter or thing as agreed, specified, determined, decided or notified by the Bank to the Participant) may be exercised or made generally or in relation to one or more Participants and in the absolute and unfettered discretion of the Bank from time to time, which shall not be under any obligation to give reasons therefor.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a Party to the Documentation shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

19. GOVERNING LAW

The Documentation and each Transaction and any non-contractual obligations arising out of or in relation to the Documentation and any Transaction shall, unless stated otherwise, be governed by and interpreted in accordance with English law.

20. JURISDICTION

20.1 The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by the Documentation or any Transaction; and (ii) any non-contractual obligations arising out of or in connection with the Documentation or any Transaction. For such purposes the Bank and the Participant Entities irrevocably submit to the jurisdiction of the English courts and waive any objection to the exercise of such jurisdiction.

20.2 The Participant Entities irrevocably agree that a judgment or order of the English courts in connection with the Documentation or any Transaction is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

21. AGENT FOR SERVICE OF PROCESS

If a Participant Entity has no registered office or place of business in England, it shall appoint and maintain to act as its agent for service of process a person with an address for service in England and shall notify the Bank of the name and address of such person. If the agent at any time ceases to act as such, the relevant Participant Entity shall appoint a replacement agent having an address for service in England and shall notify the Bank of the name and address of the replacement agent. In the absence of such appointment and notification, the Bank shall be entitled to appoint a replacement agent on the relevant Participant Entity's behalf and at the relevant Participant Entity's expense and shall, thereafter, notify the relevant Participant Entity of such appointment.

PART B

**REPRESENTATIONS, WARRANTIES, UNDERTAKINGS AND EVENTS OF
DEFAULT**

1. REPRESENTATIONS AND WARRANTIES MADE BY AN INSURANCE COMPANY PARTICIPANT

An Insurance Company Participant represents and warrants to the Bank that:

- (a) it is duly incorporated and validly existing under the laws of its incorporation and has full power and authority to enter into the Documentation and to enter into and perform the Transactions and its other obligations contemplated thereby;
- (b) it complies with the Eligibility Criteria applicable to an Insurance Company Participant and, where applicable, any Representative appointed by it complies with the Eligibility Criteria applicable to a Representative;
- (c) each of the conditions precedent set out in clause 1.10 of Part A has been and remains satisfied;
- (d) the person entering into these Terms and Conditions and entering into any Transaction on its behalf is or, in the case of any Transaction, will, at the time such Transaction is entered into, be duly authorised so to act;
- (e) it has in place and will maintain all Regulatory Permissions in respect of itself, where required to do so by applicable law or regulation, and has taken all other steps required by it in connection with the Documentation and the Transactions to be effected under the Documentation and all Regulatory Permissions in respect of itself remain in full force and effect;
- (f) all the obligations of the Participant (and, if applicable, any Representative) under the Documentation are valid, binding and enforceable and the execution, delivery and performance of the Documentation and the Transactions to be effected under it do not and will not violate or conflict with:
 - (i) any law, regulation, by-law or rule applicable to it or them (including any investment principles, guidelines or restrictions applicable to it or them);
 - (ii) its or their constitutional documents; or
 - (iii) any agreement or instrument binding on it or them or its or their assets;
- (g) it is entering into, and will duly perform its obligations under, the Documentation and all Transactions as principal;

- (h) no transfer taxes, value added tax, registration charges or other similar taxes or charges have arisen or will arise in respect of any transfer in connection with any Transaction of (i) any securities by the Participant to the Bank or (ii) any transfer of securities equivalent to any such securities referred to in (i) by the Bank to the Participant and the Participant is not required to make any deduction for or on account of tax from any payment it may make under the Documentation or any Transaction; and
- (i) all written information supplied by it in connection with the Documentation is true, complete and accurate in all material respects as at the date it was provided or as at any date at which it was stated to be given.

2. REPRESENTATIONS AND WARRANTIES MADE BY A PENSION FUND PARTICIPANT

A Pension Fund Participant represents and warrants to the Bank that:

- (a) it is duly legally established, constituted and validly existing under the laws of its constitution and has full power and authority to enter into the Documentation and to enter into and perform the Transactions and its other obligations contemplated thereby;
- (b) the Pension Scheme is properly constituted and the Pension Scheme Trustee has been duly appointed as trustee of the Pension Scheme;
- (c) it complies with the Eligibility Criteria applicable to a Pension Fund Participant and, where applicable, any Representative appointed by it complies with the Eligibility Criteria applicable to a Representative;
- (d) each of the conditions precedent set out in clause 1.10 of Part A has been and remains satisfied;
- (e) the person entering into these Terms and Conditions and entering into any Transaction on its behalf is or, in the case of any Transaction, will, at the time such Transaction is entered into, be duly authorised so to act;
- (f) it has in place and will maintain all Regulatory Permissions in respect of itself, where required to do so by applicable law or regulation, and has taken all other steps required by it in connection with the Documentation and the Transactions to be effected under the Documentation and all Regulatory Permissions in respect of itself remain in full force and effect;
- (g) all the obligations of the Participant (and, if applicable, any Representative) under the Documentation are valid, binding and enforceable and the execution, delivery and performance of the Documentation and the Transactions to be effected under it do not and will not violate or conflict with:
 - (i) any law, regulation, by-law or rule applicable to it or them;
 - (ii) its or their constitutional documents;

(iii) the relevant Pension Scheme Documents; or

(iv) any agreement or instrument binding on it or them or its or their assets;

and no circumstances are known to it which would or might prevent the Pension Scheme Trustee from having recourse to the assets of the Participant or the Pension Scheme (or Segregated Section thereof) for the purposes of meeting such obligations;

(h) it is entering into, and will duly perform its obligations under, the Documentation and all Transactions as principal;

(i) no transfer taxes, value added tax, registration charges or other similar taxes or charges have arisen or will arise in respect of any transfer in connection with any Transaction of (i) any securities by the Participant to the Bank or (ii) any transfer of securities equivalent to any such securities referred to in (i) by the Bank to the Participant and the Participant is not required to make any deduction for or on account of tax from any payment it may make under the Documentation or any Transaction; and

(j) all written information supplied by it in connection with the Documentation is true, complete and accurate in all material respects as at the date it was provided or as at any date at which it was stated to be given.

3. REPRESENTATIONS AND WARRANTIES MADE BY AN LDI FUND PARTICIPANT

3.1 An LDI Fund Participant represents and warrants to the Bank that:

(a) it is duly incorporated (if a corporate entity) or duly established and constituted (if not a corporate entity) and in each case validly existing under the laws of its incorporation, constitution or establishment (as applicable) and has full power and authority to own its assets and enter into the Documentation and to enter into and perform the Transactions and its other obligations contemplated thereby;

(b) (where applicable) the Unit Trust is properly constituted and the Fund Trustee has been duly appointed as trustee of the Participant;

(c) (where applicable) the Fund Trustee is entitled to be indemnified from the trust assets of the Unit Trust and in the case of an Umbrella Fund or CCF, being those trust assets in the Relevant Sub-Fund or CCF;

(d) (where applicable) its Fund Manager is duly incorporated (if a corporate entity) or duly established and constituted (if not a corporate entity) and in each case validly existing under the laws of its incorporation, constitution or establishment (as applicable) and has been duly appointed as manager of the Participant and has full power and authority to own its assets;

- (e) it complies with the Eligibility Criteria applicable to an LDI Fund Participant and, where applicable, any Representative appointed by it complies with the Eligibility Criteria applicable to a Representative;
- (f) each of the conditions precedent set out in clause 1.10 of Part A has been and remains satisfied;
- (g) the person entering into these Terms and Conditions and entering into any Transaction on its behalf is or, in the case of any Transaction, will, at the time such Transaction is entered into, be duly authorised so to act;
- (h) it has in place and will maintain all Regulatory Permissions in respect of itself, where required to do so by applicable law or regulation, and has taken all other steps required by it in connection with the Documentation and the Transactions to be effected under the Documentation and all Regulatory Permissions in respect of itself remain in full force and effect;
- (i) all the obligations of the Participant (and, if applicable, any Representative) under the Documentation are valid, binding and enforceable and the execution, delivery and performance of the Documentation and the Transactions to be effected under it do not and will not violate or conflict with:
 - (i) any law, regulation, by-law or rule applicable to it or them;
 - (ii) its or their constitutional documents;
 - (iii) the Fund Formation Documents; or
 - (iv) any agreement or instrument binding on it or them or its or their assets;
- (j) it is entering into, and will duly perform its obligations under, the Documentation and all Transactions as principal;
- (k) no transfer taxes, value added tax, registration charges or other similar taxes or charges have arisen or will arise in respect of any transfer in connection with any Transaction of (i) any securities by the Participant to the Bank or (ii) any transfer of securities equivalent to any such securities referred to in (i) by the Bank to the Participant and the Participant is not required to make any deduction for or on account of tax from any payment it may make under the Documentation or any Transaction; and
- (l) all written information supplied by it in connection with the Documentation is true, complete and accurate in all material respects as at the date it was provided or as at any date at which it was stated to be given.

4. REPRESENTATIONS AND WARRANTIES MADE BY A REPRESENTATIVE

A Representative of a Participant appointed in accordance with paragraph 2 of the Eligibility Criteria represents and warrants to the Bank that:

- (a) it is duly incorporated (if a corporate entity) or duly established (if not a corporate entity) and in each case validly existing under the laws of its incorporation, constitution or establishment (as applicable) and has full power and authority to enter into the Documentation and to enter into and perform the Transactions and its other obligations contemplated thereby;
- (b) it has been duly appointed as representative of the Participant;
- (c) it has in place and will maintain all Regulatory Permissions in respect of itself, where required to do so by applicable law or regulation, and has taken all other steps required by it in connection with the Documentation and the Transactions to be effected under the Documentation by it as Representative on behalf of the relevant Participant and all Regulatory Permissions in respect of itself remain in full force and effect;
- (d) it complies with the Eligibility Criteria applicable to a Representative; and
- (e) the person entering into these Terms and Conditions and entering into any Transaction on its behalf is or, in the case of any Transaction, will, at the time such Transaction is entered into, be duly authorised so to act.

5. REPRESENTATIONS AND WARRANTIES MADE BY ALL PARTICIPANTS IN RESPECT OF ANY COLLATERAL AND ANY CNRF ADVANCE

In respect of the provision of any collateral and any CNRF Advance, each Participant represents and warrants to the Bank that:

- (a) at the time of transfer to the Bank of any securities or payment or transfer to the Bank of any cash, it will have the full and unqualified right to make such sale, payment or transfer and that upon such sale, payment or transfer the Bank will receive the same free and clear of any lien (other than a lien granted to the operator of the clearance system through which the securities are transferred), claim, charge or encumbrance; and
- (b) at the time of any transfer to the Participant of any securities, it will have the full and unqualified right to make such purchase or to acquire such securities.

6. GENERAL UNDERTAKINGS – ALL PARTICIPANTS

Each Participant undertakes to the Bank that:

- (a) it will, to the extent permitted by applicable law, inform the Bank in advance of any proposed major organisational and business change relating to it, including but not limited to major changes of control or ownership, and it will inform the

Bank without delay of any material changes to the matters in the information provided by the Participant prior to entering into these Terms and Conditions;

- (b) it will comply with the provisions of the Documentation applicable to it;
- (c) it will promptly take all such steps and execute all such documents (and in such form as the Bank may require) required to give effect to any provision of the Documentation or a Transaction;
- (d) it will promptly notify the Bank if the Representative Appointment Letter terminates, if its Representative has resigned, if it intends to replace its Representative or if any Representative Replacement Event has occurred in relation to its Representative;
- (e) where a Participant has provided a legal opinion in respect of a Participant Entity pursuant to the Eligibility Criteria applicable to such Participant Entity, the Participant shall notify the Bank without delay of any developments which could cast material doubts on any of the details in the opinion and shall arrange for the opinion to be updated upon request by the Bank, stating whether the points in the original opinion are still valid and noting any material changes;
- (f) it will comply in all respects with all laws, regulatory guidance and regulations to which it may be subject, if failure so to comply would (i) impair its ability to perform its obligations under these Terms and Conditions or (ii) render it unlawful for it to enter into a Transaction in accordance with these Terms and Conditions;
- (g) (without prejudice to clause (f) above) it will comply at all times with and perform any measures, directions or other requirements (including any variations or waivers) imposed on it by or agreed by it with the Bank or any other regulator recognised by the Bank from time to time for the purposes of participating in the CNRF or otherwise, and any similar measures, directions or other requirements imposed on it by any regulatory or supervisory authority in the United Kingdom or elsewhere where (in any such case) any failure to comply could reasonably be expected to have a material adverse effect on the business of the Participant or on its ability to comply with its obligations under these Terms and Conditions;
- (h) on request from the Bank, it will promptly provide any and all information that may help the Bank to assess the ability of it and/or its Representative (as applicable) to fulfil its obligations under the Documentation;
- (i) on request from the Bank, it will provide the Bank with such details as the Bank may require in relation to such Participant's holding or investment (as principal) of gilts and related activity in the United Kingdom gilt market; and
- (j) where a Participant has appointed a Representative in relation to which a Representative Replacement Event has occurred and is continuing, it will promptly notify the Bank of the occurrence of such Representative Replacement Event and it will promptly and, in any case, within two Business Days from the

date of such Representative Replacement Event (or such later date as the Bank may agree at its discretion), terminate the appointment of such Representative and either (i) appoint a replacement Representative which satisfies the eligibility criteria in respect of a Representative in paragraph 2 of the Eligibility Criteria and take such steps as the Bank may require to give effect to such appointment and the replacement Representative becoming bound by the Documentation in place of the existing Representative or (ii) provide such information and take all other steps as required by the Bank to satisfy it that the Participant is able to exercise its rights and perform its obligations under the Documentation and has the operational capability to effectively settle Transactions without having to maintain the appointment of a Representative;

- (k) where a Participant has appointed a Representative (and other than in the circumstances in clause 6(j) of this Part B), the Participant will notify the Bank if it intends to terminate such appointment and not terminate such appointment without first (i) appointing a replacement Representative which satisfies the eligibility criteria in respect of a Representative in paragraph 2 of the Eligibility Criteria and take such steps as the Bank may require to give effect to such appointment and the replacement Representative becoming bound by the Documentation in place of the existing Representative or (ii) provide such information and take all other steps as required by the Bank to satisfy it that the Participant is able to exercise its rights and perform its obligations under the Documentation and has the operational capability to effectively settle Transactions without having to maintain the appointment of a Representative;
- (l) it will inform the Bank:
 - (i) in the case of an LDI Fund Participant, in advance of any change to its Fund Trustee, Fund Manager, CCF Manager or General Partner (where applicable); and
 - (ii) promptly upon becoming aware of any proposed major organisational and business change or Designated Event relating to (as applicable);
 - (A) in the case of a Pension Fund Participant, an employer or sponsor of the Pension Scheme (or Segregated Section thereof);
 - (B) in the case of an LDI Fund Participant, its Fund Trustee, Fund Manager, CCF Manager or General Partner; or
 - (C) its Representative,including but not limited to major changes of control or ownership; and
 - (iii) without delay of any material changes to the matters in the information provided by the Participant prior to entering into these Terms and Conditions.

For the purpose of this clause 6(l) of Part B, a *Designated Event* with respect to an entity (X) means that:

- (I) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as at the date of the Admission Letter) to, or reorganises, reincorporates or reconstitutes into or as, another entity;
- (II) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (aa) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (bb) any other ownership interest enabling it to exercise control of X; or
- (III) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (aa) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (bb) in the case of entities other than corporations, any other form of ownership interest.

7. GENERAL UNDERTAKINGS – REPRESENTATIVES

Each Representative undertakes to the Bank that:

- (a) it will comply with the provisions of the Documentation applicable to it;
- (b) it will promptly take all such steps and execute all such documents (and in such form as the Bank may require) required to give effect to any provision of the Documentation or a Transaction to be entered into as Representative on behalf of the relevant Participant;
- (c) it will promptly notify the Bank if the Representative Appointment Letter terminates, if it intends to resign or if any Representative Replacement Event has occurred in relation to it or of any breach by the Participant of a material obligation under the Representative Appointment Letter;
- (d) it will not resign from such appointment until the Participant has (i) appointed a replacement Representative which satisfies the eligibility criteria in respect of a Representative in paragraph 2 of the Eligibility Criteria and taken such steps as the Bank may require to give effect to such appointment and the replacement Representative becoming bound by the Documentation in place of the existing Representative or (ii) provided such information and taken all other steps as required by the Bank to satisfy it that the Participant is able to exercise its rights and perform its obligations under the Documentation and has the operational capability to effectively settle Transactions without having to maintain the appointment of a Representative;
- (e) it will comply in all respects with all laws, regulatory guidance and regulations to which it may be subject, if failure so to comply would render it unlawful for

it to enter into a Transaction as Representative on behalf of the relevant Participant in accordance with these Terms and Conditions; and

- (f) on request from the Bank, it will promptly provide any and all information to enable the Bank to assess the ability of the Representative to fulfil its obligations under the Documentation.

8. EVENTS OF DEFAULT – INSURANCE COMPANY PARTICIPANTS

In respect of an Insurance Company Participant, for the purposes of these Terms and Conditions, each of the following shall constitute an *Insurance Company Participant Event of Default* if the Bank serves a Default Notice:

- (a) the Participant fails to maintain sufficient Collateral in accordance with clause 2.2 of Part D or to comply with clause 2.3 of Part D (by the time specified in the notice or in the Operating Procedures where a time is so specified);
- (b) in respect of any Transaction the Participant fails to make any transfer of securities when required to do so or to make any payment when due;
- (c) any representation or warranty made or deemed to be made or repeated by the Participant under the Documentation or any Transaction was or is incorrect in any material respect when made or deemed to be made;
- (d) the Participant defaults in the due and punctual performance of any other of its obligations under the Documentation or under any Transaction or, where applicable, the Guarantor defaults in the due and punctual performance of any other of its obligations under the Guarantee and, in either case, (if capable of remedy) fails to remedy such default within three Business Days after receipt of notice from the Bank requiring such default to be remedied;
- (e) the Participant or, where applicable, any Guarantor admits to the Bank its inability to, or its intention not to, perform any of its obligations under the Documentation or under any Transaction or under the Guarantee or if the Guarantor revokes or otherwise terminates the Guarantee;
- (f) the Participant:
 - (i) has any Regulatory Permission revoked, suspended or cancelled or amended or varied in a material respect or a regulator having supervisory authority with respect to it issues a notice or direction or takes any other regulatory action in respect of the Participant requiring or directing it to cease carrying on its business or any material part thereof or seeking the winding-up or realisation of the assets of the Participant; or
 - (ii) is declared in default or suspended or expelled from membership of or participation in any securities exchange or association or other self-regulating organisation; or

- (iii) is suspended or prohibited from dealing in securities by any government or regulatory agency or authority, or any of its assets shall be transferred or ordered to be transferred to a trustee or any other person, or its powers of management are suspended, removed or otherwise divested, or any of its obligations under the Documentation are altered, suspended or extinguished in any way (other than pursuant to the Documentation), in any such case, by any government or regulatory agency or authority;
- (g) the Participant ceases or threatens to cease to carry on its business or any material part thereof (including if all or a part of its business is transferred to another entity) or compounds, or makes a general assignment for the benefit of, or enters into any reorganisation or other special arrangement with, its creditors or any class thereof or becomes insolvent or becomes unable to pay its debts within the meaning of section 123(1) of the Insolvency Act 1986 or fails or admits in writing its inability generally to pay its debts as they become due;
- (h) a secured party takes possession of, or carries out other enforcement measures in relation to, all or substantially all assets of the Participant, provided the relevant process is not dismissed, discharged, stayed or restrained within 15 days;
- (i) a court makes a winding-up order in respect of the Participant under Chapter VI of Part IV or Part V of the Insolvency Act 1986;
- (j) a liquidator, receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) is appointed in respect of the Participant or over all or any material part of the Participant's property;
- (k) a petition or application is filed or presented or made or any other proceeding is commenced in respect of the Participant (other than by the Bank in respect of any obligation under the Documentation) in any court or before any agency or out of court or otherwise alleging or for the bankruptcy, winding-up or other insolvency of the Participant or seeking any reorganisation, arrangement, moratorium, composition, readjustment, write-down, administration, liquidation, resolution, dissolution or similar relief under any present or future statute, law or regulation, such petition, application or proceeding not having been stayed or dismissed within 15 days of its filing or commencement (other than a petition, application or proceeding for the winding up of the Participant or the appointment of an administrator, whether out of court or otherwise in relation to the Participant, or any analogous proceeding, in which case no such 15 day period shall apply);
- (l) notice is given of a proposal to appoint, or any step is taken with a view to appointing, or there is appointed, a receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) or analogous officer in respect of the Participant or over all or any material part of the Participant's property;
- (m) there is convened any meeting of creditors of the Participant for the purpose of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986;

- (n) a court makes a winding-up order in respect of any Subsidiary or any Parent of the Participant under Chapter VI of Part IV or Part V of the Insolvency Act 1986;
- (o) a liquidator, receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) is appointed in respect of, where applicable, the Guarantor or any Parent of the Participant, or over all or any material part of the property of, where applicable, the Guarantor or any Parent of the Participant;
- (p) (otherwise than in the case of a members' voluntary winding up) a liquidator, receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) is appointed in respect of any Subsidiary of the Participant, or over all any material part of the property, of any Subsidiary of the Participant;
- (q) any of the above events set out in (g) to (p) above inclusive (or any event analogous thereto) occurs in any jurisdiction in relation, where applicable, to the Guarantor or to the Participant or any Subsidiary or any Parent of the Participant;
- (r) the Participant ceases to meet the applicable Eligibility Criteria; or
- (s) a Designated Event occurs with respect to the Participant or, where applicable, its Guarantor (in each case **X**), and the Bank determines in its sole and absolute discretion that the creditworthiness of **X**, or, if applicable, the successor, surviving or transferee entity, is materially weaker immediately after the occurrence of such Designated Event.

For the purpose of this clause 8(s) of Part B a *Designated Event* with respect to **X** means that:

- (i) **X** consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by **X** as at the date of the Admission Letter) to, or reorganises, reincorporates or reconstitutes into or as, another entity;
- (ii) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of **X** or (B) any other ownership interest enabling it to exercise control of **X**; or
- (iii) **X** effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest.

9. EVENTS OF DEFAULT – PENSION FUND PARTICIPANTS

In respect of a Pension Fund Participant, for the purposes of these Terms and Conditions, each of the following shall constitute a *Pension Fund Participant Event of Default* if the Bank serves a Default Notice:

- (a) the Participant or the Pension Scheme (or Segregated Section thereof) fails to maintain sufficient Collateral in accordance with clause 2.2 of Part D or to comply with clause 2.3 of Part D (by the time specified in the notice or in the Operating Procedures where a time is so specified);
- (b) in respect of any Transaction the Participant fails to make any transfer of securities when required to do so or to make any payment when due;
- (c) any representation or warranty made or deemed to be made or repeated by the Participant under the Documentation or any Transaction was or is incorrect in any material respect when made or deemed to be made;
- (d) the Participant defaults in the due and punctual performance of any other of its obligations under the Documentation or under any Transaction or, where applicable, the Guarantor defaults in the due and punctual performance of any other of its obligations under the Guarantee and, in either case, (if capable of remedy) fails to remedy such default within three Business Days after receipt of notice from the Bank requiring such default to be remedied;
- (e) the Participant or, where applicable, any Guarantor admits to the Bank its inability to, or its intention not to, perform any of its obligations under the Documentation or under any Transaction or under the Guarantee or if the Guarantor revokes or otherwise terminates the Guarantee;
- (f) the Participant:
 - (i) has any Regulatory Permission revoked, suspended or cancelled or amended or varied in a material respect or a regulator having supervisory authority with respect to it issues a notice or direction or takes any other regulatory action in respect of the Participant requiring or directing it to cease carrying on its business or any material part thereof or seeking the winding-up or realisation of the assets of the Participant; or
 - (ii) is declared in default or suspended or expelled from membership of or participation in any securities exchange or association or other self-regulating organisation; or
 - (iii) is suspended or prohibited from dealing in securities by any government or regulatory agency or authority, or any of its assets shall be transferred or ordered to be transferred to a trustee or any other person, or its powers of management are suspended, removed or otherwise divested, or any of its obligations under the Documentation are altered, suspended or extinguished in any way (other than pursuant to the Documentation), in any such case, by any government or regulatory agency or authority;

- (g) the Participant ceases or threatens to cease to carry on its business or any material part thereof (including if all or a part of its business is transferred to another entity) or compounds, or makes a general assignment for the benefit of, or enters into any reorganisation or other special arrangement with, its creditors or any class thereof or becomes insolvent or becomes unable to pay its debts within the meaning of section 123(1) of the Insolvency Act 1986 or fails or admits in writing its inability generally to pay its debts as they become due;
- (h) a secured party takes possession of, or carries out other enforcement measures in relation to, all or substantially all assets of the Participant, provided the relevant process is not dismissed, discharged, stayed or restrained within 15 days;
- (i) a court makes a winding-up order in respect of the Participant under Chapter VI of Part IV or Part V of the Insolvency Act 1986 or an order is made by The Pensions Regulator to wind up the Pension Scheme (or Segregated Section thereof) pursuant to Section 11 of the Pensions Act 1995;
- (j) a liquidator, receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) is appointed in respect of the Participant or over all or any material part of the Participant's property;
- (k) a petition or application is filed or presented or made or any other proceeding is commenced in respect of the Participant (other than by the Bank in respect of any obligation under the Documentation) in any court or before any agency or out of court or otherwise alleging or for the bankruptcy, winding-up or other insolvency of the Participant or seeking any reorganisation, arrangement, moratorium, composition, readjustment, write-down, administration, liquidation, resolution, dissolution or similar relief under any present or future statute, law or regulation, such petition, application or proceeding not having been stayed or dismissed within 15 days of its filing or commencement (other than a petition, application or proceeding for the winding up of the Participant or the appointment of an administrator, whether out of court or otherwise in relation to the Participant, or any analogous proceeding, in which case no such 15 day period shall apply);
- (l) notice is given of a proposal to appoint, or any step is taken with a view to appointing, or there is appointed, a receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) or analogous officer in respect of the Participant or over all or any material part of the Participant's property;
- (m) there is convened any meeting of creditors of the Participant for the purpose of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986;
- (n) a liquidator, receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) is appointed in respect of, where applicable, the Guarantor, or over all or any material part of the property of, where applicable, the Guarantor;

- (o) the relevant Pension Scheme (or Segregated Section thereof) enters into a Pension Protection Fund assessment period or is subject to any analogous step or proceeding;
- (p) a winding-up of the Pension Scheme (or Segregated Section thereof) is commenced pursuant to section 154 of the Pensions Act 2004;
- (q) an action for the administration of the Pension Scheme (or Segregated Section thereof) is initiated pursuant to Rule 64.2 of the Civil Procedure Rules or any replacement of that Rule and as a result the Pension Scheme Trustee is unable to perform any of its material obligations under the Documentation;
- (r) winding-up of the Pension Scheme (or Segregated Section thereof) is commenced in accordance with the Pension Scheme Documents other than in circumstances where the winding up of the Pension Scheme (or Segregated Section thereof) is deferred and continues to be deferred;
- (s) the Pension Scheme Trustee loses the right to be indemnified out of the assets of the relevant Pension Scheme (or Segregated Section thereof) in respect of any obligation undertaken by it under the Documentation on behalf of the relevant Pension Scheme (or Segregated Section thereof) or any Transaction entered into for the account of the Pension Scheme (or Segregated Section thereof);
- (t) the relevant Pension Scheme Documents are amended in a manner which could reasonably be expected to adversely affect the ability of the Pension Scheme Trustee to perform its obligations under the Documentation;
- (u) The Pensions Regulator appoints a trustee to the Pension Scheme (or Segregated Section thereof) and such appointment materially restricts the Pension Scheme Trustee's ability to perform its obligations under the Documentation;
- (v) any of the above events set out in (g) to (u) above inclusive (or any event analogous thereto) occurs in any jurisdiction in relation, where applicable, to the Guarantor or to the Participant;
- (w) the Participant ceases to meet the applicable Eligibility Criteria; or
- (x) a Designated Event occurs with respect to the Participant or the Pension Scheme (or Segregated Section thereof), and the Bank determines in its sole and absolute discretion that the creditworthiness of the Participant, or, if applicable, the successor, surviving or transferee entity, is materially weaker immediately after the occurrence of such Designated Event.

For the purpose of this clause 9(x) of Part B, a ***Designated Event*** means that such Participant or the Pension Scheme (or Segregated Section thereof) consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by such Participant or the Pension Scheme (or Segregated

Section thereof) as at the date of the Admission Letter) to, or reorganises, reincorporates or reconstitutes into or as, another entity; and

- (y) (without limiting any of the foregoing) any of the events set out in (g) to (n) above inclusive (or any event analogous thereto) occurs in relation to an employer or sponsor of the Pension Scheme (or Segregated Section thereof) or in relation to the Pension Scheme (or Segregated Section thereof).

10. EVENTS OF DEFAULT – LDI FUND PARTICIPANTS

10.1 In respect of an LDI Fund Participant, for the purposes of these Terms and Conditions, each of the following shall constitute an ***LDI Fund Participant Event of Default*** if the Bank serves a Default Notice:

- (a) the Participant fails to maintain sufficient Collateral in accordance with clause 2.2 of Part D or to comply with clause 2.3 of Part D (by the time specified in the notice or in the Operating Procedures where a time is so specified);
- (b) in respect of any Transaction the Participant fails to make any transfer of securities when required to do so or to make any payment when due;
- (c) any representation or warranty made or deemed to be made or repeated by the Participant under the Documentation or any Transaction was or is incorrect in any material respect when made or deemed to be made;
- (d) the Participant defaults in the due and punctual performance of any other of its obligations under the Documentation or under any Transaction or, where applicable, the Guarantor defaults in the due and punctual performance of any other of its obligations under the Guarantee and, in either case, (if capable of remedy) fails to remedy such default within three Business Days after receipt of notice from the Bank requiring such default to be remedied;
- (e) the Participant or, where applicable, any Guarantor admits to the Bank its inability to, or its intention not to, perform any of its obligations under the Documentation or under any Transaction or under the Guarantee or if the Guarantor revokes or otherwise terminates the Guarantee;
- (f) the Participant or its Fund Manager:
 - (i) has any Regulatory Permission revoked, suspended or cancelled or amended or varied in a material respect or a regulator having supervisory authority with respect to it issues a notice or direction or takes any other regulatory action in respect of the Participant or its Fund Manager requiring or directing it to cease carrying on its business or any material part thereof or seeking the winding-up or realisation of the assets of the Participant or its Fund Manager; or
 - (ii) is declared in default or suspended or expelled from membership of or participation in any securities exchange or association or other self-regulating organisation; or

- (iii) is suspended or prohibited from dealing in securities by any government or regulatory agency or authority, or any of its assets shall be transferred or ordered to be transferred to a trustee or any other person, or its powers of management are suspended, removed or otherwise divested, or any of its obligations under the Documentation are altered, suspended or extinguished in any way (other than pursuant to the Documentation), in any such case, by any government or regulatory agency or authority;
- (g) the Participant or its Fund Manager ceases or threatens to cease to carry on its business or any material part thereof (including if all or a part of its business is transferred to another entity) or compounds, or makes a general assignment for the benefit of, or enters into any reorganisation or other special arrangement with, its creditors or any class thereof or becomes insolvent or becomes unable to pay its debts within the meaning of section 123(1) of the Insolvency Act 1986 or fails or admits in writing its inability generally to pay its debts as they become due;
- (h) a secured party takes possession of, or carries out other enforcement measures in relation to, all or substantially all assets of the Participant or its Fund Manager, provided the relevant process is not dismissed, discharged, stayed or restrained within 15 days;
- (i) a court makes a winding-up order in respect of the Participant or its Fund Manager under Chapter VI of Part IV or Part V of the Insolvency Act 1986;
- (j) a liquidator, receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) is appointed in respect of the Participant or its Fund Manager or over all or any material part of the Participant's property;
- (k) a petition or application is filed or presented or made or any other proceeding is commenced in respect of the Participant or its Fund Manager (other than by the Bank in respect of any obligation under the Documentation) in any court or before any agency or out of court or otherwise alleging or for the bankruptcy, winding-up or other insolvency of the Participant or its Fund Manager or seeking any reorganisation, arrangement, moratorium, composition, readjustment, write-down, administration, liquidation, resolution, dissolution or similar relief under any present or future statute, law or regulation, such petition, application or proceeding not having been stayed or dismissed within 15 days of its filing or commencement (other than a petition, application or proceeding for the winding up of the Participant or its Fund Manager or the appointment of an administrator, whether out of court or otherwise in relation to the Participant or its Fund Manager, or any analogous proceeding, in which case no such 15 day period shall apply);
- (l) notice is given of a proposal to appoint, or any step is taken with a view to appointing, or there is appointed, a receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) or analogous officer in respect of the Participant or its Fund Manager or over all or any material part of the Participant's or its Fund Manager's property;

- (m) there is convened any meeting of creditors of the Participant or its Fund Manager for the purpose of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986;
- (n) a liquidator, receiver, trustee, conservator, custodian or administrator (whether out of court or otherwise) is appointed in respect of, where applicable, the Guarantor, or over all or any material part of the property of, where applicable, the Guarantor;
- (o) (in the case of an LDI Fund Participant that is not a Self-Managed LDI Fund Participant), the Participant's Fund Manager commits any breach of, or fails to observe the terms of, any of its obligations under any law, regulation, by-law or rule applicable to it or the Participant, where such breach or failure might affect the ability of the Participant to perform any or all of its obligations under the Documentation;
- (p) (in the case of an LDI Fund Participant that is a Unit Trust or CCF) the Unit Trustee or CCF Manager loses the right to be indemnified out of the assets of the LDI Fund Participant or Relevant Sub-Fund in respect of any obligation undertaken by it under the Documentation on behalf of such LDI Fund Participant or Relevant Sub-Fund or any Transaction entered into for the account of the LDI Fund Participant or Relevant Sub-Fund;
- (q) any of the above events set out in (g) to (p) above inclusive (or any event analogous thereto) occurs in any jurisdiction in relation, where applicable, to the Guarantor or to the Participant or its Fund Manager;
- (r) the Participant ceases to meet the applicable Eligibility Criteria; or
- (s) a Designated Event occurs with respect to the Participant, and the Bank determines in its sole and absolute discretion that the creditworthiness of the Participant, or, if applicable, the successor, surviving or transferee entity, is materially weaker immediately after the occurrence of such Designated Event.

For the purpose of this clause 10(s) of Part B, a ***Designated Event*** means that the Participant consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by the Participant as at the date of the Admission Letter) to, or reorganises, reincorporates or reconstitutes into or as, another entity.

10.2 In respect of any Transaction entered into under the CNRF with an LDI Fund Participant that is a Relevant Sub-Fund, an LDI Fund Participant Event of Default in relation to such Relevant Sub-Fund shall not be an LDI Fund Participant Event of Default in relation to any other Transaction entered into between the Bank and any other Relevant Sub-Fund of the relevant Umbrella Fund or any other Transaction entered into with the relevant Umbrella Fund.

PART C

TERMS AND CONDITIONS FOR CNRF ADVANCES

1. APPLICATION

This Part C applies to all CNRF Advances made by the Bank.

2. DRAWDOWN

2.1 A CNRF Advance shall be made in accordance with the Operating Procedures.

2.2 The Bank shall make a CNRF Advance to the Participant on the Drawdown Date; *provided that* the Bank reserves the right to cancel a CNRF Advance at any time before making the CNRF Advance.

2.3 Without prejudice to clause 1.10 of Part A and clause 2.2 of Part C, if the making of the CNRF Advance would, either alone or when taken with other CNRF Advances, cause the Adjusted Value of Collateral received by the Bank in respect of the applicable Relevant Exposure to fall below that Relevant Exposure, the Bank may:

- (a) decline to make the CNRF Advance;
- (b) make the CNRF Advance in full *provided that* the Participant shall have provided additional Eligible Collateral to the Bank with an Adjusted Value at least equal to that shortfall; or
- (c) make the CNRF Advance in such amount as does not result in a shortfall.

3. REPAYMENT

3.1 The Participant shall repay the amount of each CNRF Advance (together with, or, if the applicable interest rate is negative, less any interest due on that date in respect of that CNRF Advance in accordance with clause 4.1 of Part C) on the Repayment Date for that CNRF Advance.

3.2 Any repayment under clause 3.1 of Part C shall be made by transferring the relevant amount to the Bank Settlement Account or in such other manner as may be specified in the Operating Procedures.

4. INTEREST

4.1 The Participant shall pay (or, if the Interest Rate is negative, shall receive) interest on each CNRF Advance at the Interest Rate for that CNRF Advance. Such interest shall accrue daily (on the basis of a year of 365 days and the actual number of days elapsed) and become due and payable on the Repayment Date.

4.2 Interest owing from the Participant to the Bank shall be payable on the due date by transferring the relevant amount to the Bank Settlement Account or in such

other manner as may be specified in the Operating Procedures. Interest owing from the Bank to the Participant shall be payable on the due date in the manner specified in the Operating Procedures.

PART D

TERMS AND CONDITIONS FOR COLLATERAL

1. APPLICATION

1.1 This Part D applies to collateral which the Bank requires a Participant to provide unless otherwise specified by the Bank.

1.2 This Part D applies as more particularly set out in the Operating Procedures.

2. RELEVANT EXPOSURE; MAINTENANCE OF COLLATERAL

2.1 The Bank may determine its exposure in respect of each CNRF Advance, in accordance with the Operating Procedures and on such other basis as the Bank considers appropriate from time to time, each such exposure being a *Relevant Exposure*.

2.2 The Participant undertakes to ensure that the Adjusted Value of Transferred Collateral in respect of a Relevant Exposure will at all times exceed the amount of that Relevant Exposure. For the purpose of determining the Adjusted Value of Transferred Collateral if any Collateral ceases to be Eligible Collateral, the Value of that Collateral shall be zero.

2.3 If at any time the Adjusted Value of Transferred Collateral in respect of a Relevant Exposure is less than that Relevant Exposure, the Bank may by notice to the Participant require the Participant to transfer to it Eligible Collateral with an Adjusted Value at least equal to the greater of the Minimum Transfer Amount and the shortfall.

2.4 If at any time the Adjusted Value of Transferred Collateral in respect of a Relevant Exposure exceeds that Relevant Exposure by more than the Minimum Transfer Amount, the Participant may by notice to the Bank request the Bank to transfer Equivalent Collateral to it of an aggregate Value at least equal to that excess.

2.5 The Bank may allocate Transferred Collateral to one or more Relevant Exposures at such times and on such basis as the Bank considers appropriate. The Bank may do so even if such allocation would create or increase a Relevant Exposure.

2.6 If at any time before Equivalent Collateral has been transferred, in respect of any Collateral, such Collateral is to be redeemed in full but not in part or a repayment or prepayment of all the principal outstanding is to be made in respect of such Collateral:

- (a) for the purposes of determining the Adjusted Value of the securities comprising that Collateral, from the end of the tenth Business Day (or such other Business Day as may be specified in the Operating Procedures) immediately prior to the scheduled payment date (or, if later, the day on which the Bank became aware of the payment date) the Adjusted Value shall be zero;

- (b) if, as a result of such revaluation, the Adjusted Value of the Transferred Collateral is lower than the amount of the Relevant Exposure, the Participant shall, prior to the scheduled payment date, transfer to the Bank Eligible Collateral with an Adjusted Value at least equal to the amount due to be paid by the issuer in respect of such redemption, repayment or prepayment;
- (c) provided the Adjusted Value of the Transferred Collateral exceeds the Relevant Exposure, the Bank shall, if requested by the Participant, transfer to the Participant Equivalent Collateral in respect of the Collateral scheduled for redemption, repayment or prepayment; and
- (d) where no prior notice of the date of any such redemption, repayment or prepayment is given by or on behalf of the issuer, *provided that*, if required to do so by the Bank, the Participant has transferred Eligible Collateral in substitution for any amount received by the Bank in respect of such redemption, repayment or prepayment, the Bank shall pay to the Participant an amount equal to and denominated in the same currency as the amount received by the Bank in respect of such redemption, repayment or prepayment.

2.7 Notice of any requirement to transfer Eligible Collateral or Equivalent Collateral under this clause 2 of Part D shall be given, and any such Collateral or Equivalent Collateral shall be transferred, at the time and in the manner provided by, and generally in accordance with, the Operating Procedures.

2.8 Where the Bank agrees to transfer Equivalent Collateral under clause 2.4 of Part D, the Bank shall, on the date and in the manner specified in the Operating Procedures, transfer Equivalent Collateral in respect of such amounts and kind or kinds of Collateral previously transferred to it by the Participant under clause 2.3 of Part D (to the extent that Equivalent Collateral has not previously been transferred to the Participant in respect of such Collateral) as the Bank may determine.

3. INCOME PAYMENTS

Subject to clause 10.7 of Part A, where Income is paid in respect of any Transferred Collateral, the Bank shall pay to the Participant at the time and in the manner provided in the Operating Procedures but normally on the date it receives such Income from the issuer (or would have received such Income if the Bank continued to hold the securities in question), an amount equal to and in the same currency as the net amount received by the Bank (or which would have been received), after any withholding or deduction for or on account of taxes or duties.

PART E
GLOSSARY

1. In these Terms and Conditions, the following words and expressions shall have the following meanings:

Access Fee has the meaning given in the Operating Procedures;

Adjusted Value means in respect of any securities, the value of those securities determined in accordance with the following formula:

$$AV = V (100 - H)/100$$

Where:

AV = Adjusted Value

V = the Value of the relevant securities

H = the Haircut,

provided that where the Adjusted Value of any securities exceeds the concentration limit for those securities as specified by the Bank from time to time, the Adjusted Value of those securities will be capped at their specified concentration limit;

Admission Letter means the letter from the Bank signed by the Participant and (if applicable) its Representative by which the Participant is admitted as a Participant in the Bank's CNRF;

Affiliate means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means (i) the power (whether by way of ownership of shares, partnership interests, proxy, contract, agency or otherwise) to: (A) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the relevant entity; (B) appoint or remove all, or the majority of directors or other equivalent officers of the relevant entity; or (ii) the holding beneficially of more than 50% of the issued share capital of or partnership interests in the relevant entity (excluding any part of that issued share capital or partnership interests that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or (C) direct or cause the direction of the management and policies of the entity or person, whether by contract or otherwise;

AIFM Directive means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EC) No. 1095/2010;

Alternative Investment Fund means a collective investment undertaking, including investment compartments thereof, which is an “alternative investment fund” under the AIFM Directive or the Financial Conduct Authority Handbook;

Annex means an annex to these Terms and Conditions containing terms and conditions supplemental to these Terms and Conditions;

Available Assets has the meaning given in paragraph 2.7(b)(i) of the introductory section of the Terms and Conditions;

Bank or **Bank of England** means The Governor and Company of the Bank of England;

Bank Settlement Account means the Bank’s RTGS Sterling settlement account, the details of which will be notified to the Participant;

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for business in London and, in respect of an obligation of the Bank to settle a Transaction or transfer securities, a day on which the relevant settlement system is also open for business or, in the case of settlement or transfer otherwise than through a settlement system, a day on which banks are also open for business in the place where the relevant securities are to be transferred and, if different, the place in which the relevant payment is to be made;

CCF has the meaning given in paragraph 1.4(d) of the Eligibility Criteria;

CCF Manager has the meaning given in paragraph 1.4(d) of the Eligibility Criteria;

CNRF Advance means any transaction comprising an advance made under the Bank’s CNRF;

Collateral means securities that have been transferred to the Bank by way of collateral in respect of which Equivalent Collateral have not been transferred by the Bank;

Collateral Account has the meaning given in clause 10.9 of Part A;

Collateral Management Portal means the Bank’s web-based collateral management portal for Participants;

Collateral Management Portal User Guide means the external users’ guide for the Collateral Management Portal published on the Bank’s website at www.bankofengland.co.uk;

Commencement Letter means the letter from the Bank to the Participant and (if applicable) its Representative informing the Participant that it may commence its participation in the CNRF set out in the Admission Letter on the date specified by the Bank;

Contingent Non-Bank Financial Institution Repo Facility or **CNRF** means the Bank’s contingent non-bank financial institution repo facility as described in these Terms and Conditions and the Operating Procedures;

CREST means the computer based system and associated clerical procedures operated by Euroclear UK & Ireland Limited to facilitate the transfer of gilt edged securities and other uncertificated securities or any other system which may replace that system;

Designated Event has the meaning given in clause 6(l)(iii), 8(s), 9(x) or 10.1(s) of Part B as applicable.

Default Market Value has the meaning given in clause 11.5 of Part A;

Default Notice means a written notice served by the Bank on the Participant under clause 8 (Events of Default – Insurance Company Participants) of Part B, clause 9 (Events of Default – Pension Fund Participants) of Part B or clause 10 (Events of Default – LDI Fund Participant) of Part B (as applicable) stating that an event shall be treated as an Event of Default for the purposes of these Terms and Conditions;

Disclosing Party has the meaning given in clause 14.1 of Part A;

Documentation means these Terms and Conditions, the Operating Procedures, the Eligibility Criteria, any Market Notice, the Admission Letter, the Commencement Letter, any Representative Appointment Letter and any Annexes;

Drawdown Date, in relation to a CNRF Advance, means the date specified by the Bank on which the Bank makes the CNRF Advance to the Participant;

Early Repayment Date means the date designated as such in a Default Notice;

Electronic Tendering System means the Bank's electronic trading platform which is made available to Participants and through which the Bank conducts the CNRF;

Electronic Tendering System User Guide means the external users' guide for the Electronic Tendering System published on the Bank's website at www.bankofengland.co.uk;

Eligibility Criteria means the criteria specified by the Bank from time to time for participation in the Bank's CNRF;

Eligible Collateral means gilts of a type that are for the time being specified in the Operating Procedures or otherwise specified by the Bank as being eligible as collateral and which is otherwise acceptable to the Bank;

Equivalent Collateral means securities equivalent to Collateral;

Event of Default means an Insurance Company Participant Event of Default, a Pension Fund Participant Event of Default or an LDI Fund Participant Event of Default, as applicable;

Financial Conduct Authority Handbook means the rules and guidance published by the Financial Conduct Authority from time to time;

FSMA means the Financial Services and Markets Act 2000;

Fund Formation Documents means, in respect of an LDI Fund Participant, the documents (howsoever described) establishing, incorporating or constituting the terms and establishing the investment strategy of the relevant Investment Fund (or Relevant Sub-Fund) and, if applicable, appointing the Fund Manager to act as manager on its behalf, including, without limitation, any prospectus or offering memorandum relating to the Investment Fund (or Relevant Sub-Fund) and any supplement thereto, any issue terms, any partnership, limited partnership or operating agreement, any investment purchase agreement and any investment management agreement;

Fund Manager means the duly appointed manager of an Investment Fund, which:

- (a) in the case of an Alternative Investment Fund, is the alternative investment fund manager appointed in accordance with the AIFM Directive or the Financial Conduct Authority Handbook, as applicable;
- (b) in the case of a UCITS, is the management company appointed in accordance with the UCITS Directive or the Financial Conduct Authority Handbook, as applicable;
- (c) in the case of any regulated Investment Fund that is not an Alternative Investment Fund or a UCITS, is appointed for the purposes of portfolio management or risk management in accordance with and as required by law and regulation applicable to that Investment Fund; or
- (d) in the case of an unregulated Investment Fund, is appointed by such Investment Fund for the purpose of portfolio management or risk management;

Fund Trustee has the meaning given in paragraph 2.4(b) of the introductory section of the Terms and Conditions;

General Partner has the meaning given in paragraph 2.4(d) of the introductory section of the Terms and Conditions;

Group means a group as defined in section 421 of FSMA (*s421*) provided that the Bank may determine from time to time (i) whether or not a Participant and another person (*P*) are members of the same Group under s421 (ii) that the Participant and P are not in the same Group notwithstanding that they may be persons who would otherwise be in the same group under s421;

Guarantee means a guarantee in respect of the Participant's obligations under the CNRF provided in accordance with the Eligibility Criteria;

Guarantor means, with respect to a Participant, the legal person as specified by the Bank which is required to provide a guarantee in accordance with the Eligibility Criteria;

Haircut means the "haircut" for the time being prescribed in the Operating Procedures or otherwise prescribed by the Bank (and so that different haircuts may be so specified in respect of securities of different descriptions);

ILP has the meaning given in paragraph 2.4(d) of the introductory section of the Terms and Conditions;

Income means, with respect to any Collateral, at any time, any interest, dividend or other distribution on such securities (but excluding distributions which are a payment or repayment of capital or principal in respect of such securities);

Insurance Company Participant Event of Default has the meaning given in clause 8 (Events of Default – Insurance Company Participants) of Part B;

Insurance Company Participant has the meaning given in paragraph 1.2(a) of the Eligibility Criteria;

Interest Rate means, in respect of any CNRF Advance, the rate as stipulated by the Bank (which, for the avoidance of doubt, may be zero or negative);

Investment Fund means:

- (a) an Alternative Investment Fund;
- (b) a UCITS; or
- (c) such other comparable or similar collective investment undertaking, including investment compartments thereof, which raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors;

LDI Fund Participant Event of Default has the meaning given in clause 10 (Events of Default – LDI Fund Participants) of Part B;

LDI Fund Participant has the meaning given in paragraph 1.2(c) of the Eligibility Criteria;

Loss means any liability, loss, damage, claim, cost, charge or expense of any nature whatsoever, whether direct or indirect;

Market Notice means a notice published by the Bank relating to the CNRF;

Minimum Transfer Amount means the amount specified as such in the Operating Procedures; *provided that* the Bank may specify different amounts for different purposes;

Operating Procedures means the procedures published by the Bank relating to the Bank's CNRF;

Opinion Entity has the meaning given in paragraph 3.1 of the Eligibility Criteria;

Overdraft Rate means the rate applicable to overdrafts in RTGS, as determined by the Bank from time to time;

Parent means a parent undertaking within the meaning of section 1162 of the Companies Act 2006;

Participant means the applicant identified as such in the Admission Letter and references to “the Participant” in the Documentation shall be construed in accordance with paragraph 3.2 of the introductory section of the Terms and Conditions;

Participant Entity means the Participant and (where applicable) any Representative appointed by the Participant;

Party means the Bank or the Participant or (as applicable) a Representative or any of them as the context requires;

Pension Fund Participant Event of Default has the meaning given in clause 9 (Events of Default – Pension Fund Participants) of Part B;

Pension Fund Participant has the meaning given to it in paragraph 1.2(b) of the Eligibility Criteria;

Pension Protection Fund means the statutory corporation established by the Pensions Act 2004;

Pension Scheme means a defined benefit occupational pension scheme constituted by a trust deed or other constituting instrument and regulated by The Pensions Regulator or, for the purposes of assessing eligibility to participate in the CNRF and as determined by the Bank from time to time, any other relevant regulatory or supervisory authority;

Pension Scheme Documents means, in respect of a Pension Fund Participant, the trust deed or other constituting instrument establishing the scheme rules relating to the Pension Scheme, the current governing documentation of the Pension Scheme (including any amendments made to the governing documentation rule) and any investment principles, guidelines, principles or restrictions relating to the investment of the assets of the Pension Scheme (in each case, howsoever described);

Pension Scheme Trustee means the trustee or trustees of a Pension Scheme;

Potential Event of Default means any event or circumstance specified in clause 8 (Events of Default – Insurance Company Participants) of Part B, clause 9 (Events of Default – Pension Fund Participants) of Part B or clause 10 (Events of Default – LDI Fund Participants) of Part B (as applicable) which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of the foregoing) be an Event of Default;

Receivable Securities has the meaning given in clause 11.11(a) of Part A;

Recipient has the meaning given in clause 14.1 of Part A;

Regulatory Permission means, in respect of a Participant Entity or Fund Manager, a permission, authorisation, approval or licence or equivalent which such Participant Entity or Fund Manager requires from any governmental authority or regulatory body

in order to conduct its business generally or to participate or maintain its participation in the CNRF and/or any Transaction;

Related Investment Fund means, in respect of an LDI Fund Participant, any other fund which is managed or advised by the same Fund Manager of such LDI Fund Participant, or, if it is managed or advised by a different Fund Manager, a fund whose Fund Manager is an Affiliate of the Fund Manager of such LDI Fund Participant;

Relevant Exposure has the meaning given in clause 2.1 of Part D; unless otherwise provided in the Operating Procedures;

Relevant Sub-Fund means, in respect of an Umbrella Fund, a sub-fund of such Investment Fund where the assets and liabilities of such Relevant Sub-Fund are segregated (by law, regulation, contract or otherwise) from the assets and liabilities of other sub-funds of such Umbrella Fund;

Repayment Date, in respect of any CNRF Advance, means, the date on which the CNRF Advance is to be repaid and if such day is not a Business Day, the next Business Day thereafter;

Representative means a legal person (which may be an existing agent, delegate or manager of the Participant (or its sub-agent, sub-delegate or sub-manager)) appointed by the Participant and (where applicable) its Fund Manager pursuant to a Representative Appointment Letter to facilitate the Participant's participation in the CNRF;

Representative Appointment Letter means a letter entered into between a Participant, (where applicable) its Fund Manager and the Representative substantially in the form provided by the Bank from time to time;

Representative Replacement Event means, in relation to a Representative or its appointment:

- (a) any of the events or circumstances specified in sub-clauses (b) to (r) of clause 8 (Events of Default – Insurance Company Participants) of Part B occurs in respect of the Representative, where such Representative is incorporated as a legal person, as if references to Participant therein instead referred to Representative;
- (b) the Representative Appointment Letter ceases to be in full force and effect;
- (c) the Representative or the Participant rescinds (or purports to rescind) or repudiates (or purports to repudiate) the Representative Appointment Letter or evidences an intention to rescind or repudiate the Representative Appointment Letter;
- (d) it is or becomes unlawful for the Representative to perform any of its obligations under the Documentation; or
- (e) any obligation of the Representative under the Documentation ceases (subject to the principles of law and equity of general application and limitations

resulting from the laws of bankruptcy, insolvency, liquidation or other laws relating to or affecting generally the enforcement of creditors' rights) to be legal, valid, binding or enforceable and, in the Bank's absolute opinion, the cessation individually or cumulatively adversely affects the Bank's rights under the Documentation;

RTGS means the Bank's Real Time Gross Settlement system;

Segregated Section means a section of a Pension Scheme, the assets and liabilities of which are segregated from the other section or sections of the Pension Scheme;

Self-Managed LDI Fund Participant means an LDI Fund Participant in respect of which (subject to applicable law and regulation) the legal form of such Investment Fund permits the responsibilities of a "Fund Manager" to be performed by the Investment Fund itself and the Investment Fund has not appointed a third party Fund Manager;

Spot Rate means, where an amount in a currency other than sterling is to be converted into sterling at any time, the rate of exchange determined by the Bank;

sterling means the lawful currency for the time being of the United Kingdom;

Subsidiary means a subsidiary within the meaning of section 1159 of the Companies Act 2006 and, in relation to financial statements of a Group, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006;

SWIFT Equipment means equipment and software used by the Participant for the purposes of sending and receiving SWIFT messages;

SWIFT Keys means the secret cryptographic information which controls the operation of the SWIFT cryptographic algorithms, used by SWIFT Equipment for sending and receiving SWIFT messages;

Terms and Conditions means these terms and conditions for participation in the Bank of England's CNRF;

Transaction means any or all of a CNRF Advance or, where applicable, the provision of any collateral;

Transaction Costs has the meaning given in clause 11.11(b) of Part A;

Transferred Collateral means Collateral transferred to the Bank in respect of which Equivalent Collateral has not been transferred to the Participant;

UCITS Directive means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;

UCITS means an undertaking for collective investment in transferable securities authorised under the UCITS Directive or as a "UK UCITS" under the Financial Conduct Authority Handbook;

Umbrella Fund means an Investment Fund established, incorporated or constituted as a single legal person but with segregated sub-funds (howsoever described) for the purposes of segregating assets and liabilities and pursuing different investment strategies across such sub-funds;

Unit Trust has the meaning given in paragraph 2.4(b) of the introductory section of the Terms and Conditions;

Value means:

- (a) in relation to an amount of cash its nominal amount; and
- (b) in relation to any securities, the fair value of the securities as determined by the Bank, using observed market prices or reference prices published by Tradeweb and FTSE Russell (or any successor or replacement provider specified by the Bank) or having regard to such pricing sources and methods (which may include, without limitation, available prices for securities with similar maturities, terms and credit characteristics as the securities) as the Bank considers appropriate, plus the aggregate amount of Income which, as at the relevant date, has accrued but not yet been paid in respect of the securities (other than in the case of securities which are ex dividend) to the extent not included in such determination.

The Operating Procedures may also make further provisions in relation to valuation. The Value of any cash or securities shall be stated in sterling and any amounts which would otherwise be expressed in another currency shall for this purpose be converted into sterling at the Spot Rate as determined by the Bank as applying at the relevant time.

2. In these Terms and Conditions any reference to:

- (a) securities being ***equivalent to*** other securities is to securities of the same issuer, part of the same issue and of an identical type, nominal value, description and amount as those other securities. If and to the extent that such securities consist of securities that are partly paid or have been converted, subdivided, consolidated, made the subject of rights of pre-emption, rights to receive securities or a certificate which may at a future date be exchanged for securities, the expression shall include such securities or other assets to which the holder is entitled following the occurrence of the relevant event, and *provided that* the Participant or the Bank, as the case may be, has paid to the other Party all and any sums due in respect thereof. In the event that any securities have been redeemed or, are partly paid, or are subject to an event similar to any of the foregoing events described in this clause 2(a) of Part E, the expression shall have the following meanings:
 - (i) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
 - (ii) in the case of a call on partly paid securities, securities equivalent to the relevant partly paid securities, *provided that* the Participant shall have

paid the Bank an amount of money equal to the sum due in respect of the call; and

- (iii) in the case of any event similar to any of the foregoing events described in this clause 2(a) of Part E, securities equivalent to the original securities together with or replaced by a sum of money or securities or other property equivalent to that received in respect of such securities resulting from such event;
- (b) an enactment or statutory provision or a Council Directive or Regulation or international convention or any other legislative provision is a reference to it as it may have been, or may from time to time be, amended, modified, replaced, extended, consolidated or re-enacted (in whole or in part), and any subordinate legislation made or other thing done under the statutory provision, whether before or after the date of the Admission Letter in respect of any Participant. Any reference to any provision of direct EU legislation is a reference to it as it forms part of retained EU law in the United Kingdom;
- (c) an English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include a reference to what most nearly approximates in that jurisdiction to the English legal term;
- (d) these Terms and Conditions or any other document or agreement shall be construed as a reference to these Terms and Conditions or such other document or agreement as amended, varied, novated or supplemented from time to time;
- (e) a numbered clause preceded by a letter is to a clause in the relevant Part of these Terms and Conditions;
- (f) the Documentation is a reference to it as it may from time to time be amended, supplemented or replaced; and
- (g) time is to London time.

3. A Potential Event of Default shall be treated as continuing unless it has been remedied to the satisfaction of the Bank or waived in writing by the Bank. An Event of Default or Representative Replacement Event or any of the events or circumstances set out in clause 8 (Events of Default – Insurance Company Participants) of Part B, clause 9 (Events of Default – Pension Fund Participants) of Part B or clause 10 (Events of Default – LDI Fund Participants) of Part B (as applicable) shall be treated as continuing unless it has been waived in writing by the Bank.

4. An Event of Default, a Potential Event of Default or an event or circumstances specified in or clause 8 (Events of Default – Insurance Company Participants) of Part B, clause 9 (Events of Default – Pension Fund Participants) of Part B or clause 10 (Events of Default – LDI Fund Participants) of Part B (as applicable) shall be treated as having occurred in relation to a Participant for the purposes of any provision of these Terms and Conditions or the other Documentation if such event or circumstance relates

to that Participant or any other person in respect of such Participant as expressly set out therein.