

Deutsche Bank AG



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2000 VERSION

TBMA/ISMA
GLOBAL MASTER REPURCHASE AGREEMENT

Dated as of January 7, 2015

Between:

DEUTSCHE BANK AG ("*Party A*")

and

SOUTHERN FINANCIAL LLC ("*Party B*")

1. Applicability

- (a) From time to time the parties hereto may enter into transactions in which one party, acting through a Designated Office, ("*Seller*") agrees to sell to the other, acting through a Designated Office, ("*Buyer*") securities and financial instruments ("*Securities*") (subject to paragraph 1(c), other than equities and Net Paying Securities) against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer to sell to Seller Securities equivalent to such Securities at a date certain or on demand against the payment of the repurchase price by Seller to Buyer.
- (b) Each such transaction (which may be a repurchase transaction ("*Repurchase Transaction*") or a buy and sell back transaction ("*Buy/Sell Back Transaction*") shall be referred to herein as a "*Transaction*" and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto, unless otherwise agreed in writing.
- (c) If this Agreement may be applied to –
 - (i) Buy/Sell Back Transactions, this shall be specified in Annex I hereto, and the provisions of the Buy/Sell Back Annex shall apply to such Buy/Sell Back Transactions;
 - (ii) Net Paying Securities, this shall be specified in Annex I hereto and the provisions of Annex I, paragraph 1(b) shall apply to Transactions involving Net Paying Securities.
- (d) If Transactions are to be effected under this Agreement by either party as an agent, this shall be specified in Annex I hereto, and the provisions of the Agency Annex shall apply to such Agency Transactions.

2. Definitions

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- (a) "Act of Insolvency" shall occur with respect to any party hereto upon –
- (i) its making a general assignment for the benefit of, entering into a reorganisation, arrangement, or composition with creditors; or
 - (ii) its admitting in writing that it is unable to pay its debts as they become due; or
 - (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
 - (iv) the presentation or filing of a petition in respect of it (other than by the counterparty to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or
 - (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property; or
 - (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding);
- (b) "Agency Transaction", the meaning specified in paragraph 1 of the Agency Annex;
- (c) "Appropriate Market", the meaning specified in paragraph 10;
- (d) "Base Currency", the currency indicated in Annex I hereto;
- (e) "Business Day" -
- (i) in relation to the settlement of any Transaction which is to be settled through Clearstream or Euroclear, a day on which Clearstream or, as the case may be, Euroclear is open to settle business in the currency in which the Purchase Price and the Repurchase Price are denominated;
 - (ii) in relation to the settlement of any Transaction which is to be settled through a settlement system other than Clearstream or Euroclear, a day on which that settlement system is open to settle such Transaction;
 - (iii) in relation to any delivery of Securities not falling within (i) or (ii) above, a day on which banks are open for business in the place where delivery of the relevant Securities is to be effected; and
 - (iv) in relation to any obligation to make a payment not falling within (i) or (ii) above, a day other than a Saturday or a Sunday on which banks are open for business in the principal financial centre of the country of which the currency in which the payment is denominated is the official currency and, if different, in the place where any account designated by the parties for the making or receipt of the payment is situated (or, in the case of a payment in euro, a day on which TARGET operates);
- (f) "Cash Margin", a cash sum paid to Buyer or Seller in accordance with paragraph 4;
- (g) "Clearstream", Clearstream Banking, societe anonyme, (previously Cedelbank) or any successor thereto;
- (h) "Confirmation", the meaning specified in paragraph 3(b);
- (i) "Contractual Currency", the meaning specified in paragraph 7(a);
- (j) "Defaulting Party", the meaning specified in paragraph 10;

- (k) "Default Market Value", the meaning specified in paragraph 10;
- (l) "Default Notice", a written notice served by the non-Defaulting Party on the Defaulting Party under paragraph 10 stating that an event shall be treated as an Event of Default for the purposes of this Agreement;
- (m) "Default Valuation Notice", the meaning specified in paragraph 10;
- (n) "Default Valuation Time", the meaning specified in paragraph 10;
- (o) "Deliverable Securities", the meaning specified in paragraph 10;
- (p) "Designated Office", with respect to a party, a branch or office of that party which is specified as such in Annex I hereto or such other branch or office as may be agreed to by the parties;
- (q) "Distributions", the meaning specified in subparagraph (w) below;
- (r) "Equivalent Margin Securities", Securities equivalent to Securities previously transferred as Margin Securities;
- (s) "Equivalent Securities", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of the redemption;
- (t) Securities are "equivalent to" other Securities for the purposes of this Agreement if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities, provided that -
 - (A) Securities will be equivalent to other Securities notwithstanding that those Securities have been redenominated into euro or that the nominal value of those Securities has changed in connection with such redenomination; and
 - (B) where Securities have been converted, subdivided or consolidated or have become the subject of a takeover or the holders of Securities have become entitled to receive or acquire other Securities or other property or the Securities have become subject to any similar event, the expression "equivalent to" shall mean Securities equivalent to (as defined in the provisions of this definition preceding the proviso) the original Securities together with or replaced by a sum of money or Securities or other property equivalent to (as so defined) that receivable by holders of such original Securities resulting from such event;
- (u) "Euroclear", Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System;
- (v) "Event of Default", the meaning specified in paragraph 10;
- (w) "Income", with respect to any Security at any time, all interest, dividends or other distributions thereon, but excluding distributions which are a payment or repayment of principal in respect of the relevant securities ("Distributions");
- (x) "Income Payment Date", with respect to any Securities, the date on which Income is paid in respect of such Securities or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;
- (y) "LIBOR", in relation to any sum in any currency, the one month London Inter Bank Offered Rate in respect of that currency as quoted on page 3750 on the Bridge Telerate Service (or such other page as may replace page 3750 on that service) as of 11:00 a.m., London time, on the date on which it is to be determined;
- (z) "Margin Ratio", with respect to a Transaction, the Market Value of the Purchased Securities at the time when the Transaction was entered into divided by the Purchase Price (and so that, where a Transaction

- relates to Securities of different descriptions and the Purchase Price is apportioned by the parties among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as the parties may agree with respect to that Transaction;
- (aa) "Margin Securities", in relation to a Margin Transfer, Securities reasonably acceptable to the party calling for such Margin Transfer;
 - (bb) "Margin Transfer", any, or any combination of, the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;
 - (cc) "Market Value", with respect to any Securities as of any time on any date, the price for such Securities at such time on such date obtained from a generally recognised source agreed to by the parties (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) (provided that the price of Securities that are suspended shall (for the purposes of paragraph 4) be nil unless the parties otherwise agree and (for all other purposes) shall be the price of those Securities as of close of business on the dealing day in the relevant market last preceding the date of suspension) plus the aggregate amount of Income which, as of such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for the Transaction in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the relevant time;
 - (dd) "Net Exposure", the meaning specified in paragraph 4(c);
 - (ee) the "Net Margin" provided to a party at any time, the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin Securities transferred to that party under paragraph 4(a) (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under paragraph 4(a) (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred by the other party) and for this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time;
 - (ff) "Net Paying Securities", Securities which are of a kind such that, were they to be the subject of a Transaction to which paragraph 5 applies, any payment made by Buyer under paragraph 5 would be one in respect of which either Buyer would or might be required to make a withholding or deduction for or on account of taxes or duties or Seller might be required to make or account for a payment for or on account of taxes or duties (in each case other than tax on overall net income) by reference to such payment;
 - (gg) "Net Value", the meaning specified in paragraph 10;
 - (hh) "New Purchased Securities", the meaning specified in paragraph 8(a);
 - (ii) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction), for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;
 - (jj) "Pricing Rate", with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction;

- (kk) "Purchase Date", with respect to any Transaction, the date on which Purchased Securities are to be sold by Seller to Buyer in relation to that Transaction;
- (ll) "Purchase Price", on the Purchase Date, the price at which Purchased Securities are sold or are to be sold by Seller to Buyer;
- (mm) "Purchased Securities", with respect to any Transaction, the Securities sold or to be sold by Seller to Buyer under that Transaction, and any New Purchased Securities transferred by Seller to Buyer under paragraph 8 in respect of that Transaction;
- (nn) "Receivable Securities", the meaning specified in paragraph 10;
- (oo) "Repurchase Date", with respect to any Transaction, the date on which Buyer is to sell Equivalent Securities to Seller in relation to that Transaction;
- (pp) "Repurchase Price", with respect to any Transaction and as of any date, the sum of the Purchase Price and the Price Differential as of such date;
- (qq) "Special Default Notice", the meaning specified in paragraph 14;
- (rr) "Spot Rate", where an amount in one currency is to be converted into a second currency on any date, unless the parties otherwise agree, the spot rate of exchange quoted by Barclays Bank PLC in the London inter-bank market for the sale by it of such second currency against a purchase by it of such first currency;
- (ss) "TARGET", the Trans-European Automated Real-time Gross Settlement Express Transfer System;
- (tt) "Term", with respect to any Transaction, the interval of time commencing with the Purchase Date and ending with the Repurchase Date;
- (uu) "Termination", with respect to any Transaction, refers to the requirement with respect to such Transaction for Buyer to sell Equivalent Securities against payment by Seller of the Repurchase Price in accordance with paragraph 3(f), and reference to a Transaction having a "fixed term" or being "terminable upon demand" shall be construed accordingly;
- (vv) "Transaction Costs", the meaning specified in paragraph 10;
- (ww) "Transaction Exposure", with respect to any Transaction at any time during the period from the Purchase Date to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(g) or 10(h)), the difference between (i) the Repurchase Price at such time multiplied by the applicable Margin Ratio (or, where the Transaction relates to Securities of more than one description to which different Margin Ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin Ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was apportioned among the Purchased Securities) and (ii) the Market Value of Equivalent Securities at such time. If (i) is greater than (ii), Buyer has a Transaction Exposure for that Transaction equal to that excess. If (ii) is greater than (i), Seller has a Transaction Exposure for that Transaction equal to that excess; and
- (xx) except in paragraphs 14(b)(i) and 18, references in this Agreement to "written" communications and communications "in writing" include communications made through any electronic system agreed between the parties which is capable of reproducing such communication in hard copy form.

3. Initiation; Confirmation; Termination

- (a) A Transaction may be entered into orally or in writing at the initiation of either Buyer or Seller.
- (b) Upon agreeing to enter into a Transaction hereunder Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party written confirmation of such Transaction (a "Confirmation").

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The Confirmation shall describe the Purchased Securities (including CUSIP or ISIN or other identifying number or numbers, if any), identify Buyer and Seller and set forth -

- (i) the Purchase Date;
- (ii) the Purchase Price;
- (iii) the Repurchase Date, unless the Transaction is to be terminable on demand (in which case the Confirmation shall state that it is terminable on demand);
- (iv) the Pricing Rate applicable to the Transaction;
- (v) in respect of each party the details of the bank account[s] to which payments to be made hereunder are to be credited;
- (vi) where the Buy/Sell Back Annex applies, whether the Transaction is a Repurchase Transaction or a Buy/Sell Back Transaction;
- (vii) where the Agency Annex applies, whether the Transaction is an Agency Transaction and, if so, the identity of the party which is acting as agent and the name, code or identifier of the Principal; and
- (viii) any additional terms or conditions of the Transaction;

and may be in the form of Annex II hereto or may be in any other form to which the parties agree.

The Confirmation relating to a Transaction shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.

- (c) On the Purchase Date for a Transaction, Seller shall transfer the Purchased Securities to Buyer or its agent against the payment of the Purchase Price by Buyer.
- (d) Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for Termination in such demand, and, in the case of fixed term Transactions, on the date fixed for Termination.
- (e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur after not less than the minimum period as is customarily required for the settlement or delivery of money or Equivalent Securities of the relevant kind.
- (f) On the Repurchase Date, Buyer shall transfer to Seller or its agent Equivalent Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5).

4. Margin Maintenance

- (a) If at any time either party has a Net Exposure in respect of the other party it may by notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.
- (b) A notice under subparagraph (a) above may be given orally or in writing.
- (c) For the purposes of this Agreement a party has a Net Exposure in respect of the other party if the aggregate of all the first party's Transaction Exposures plus any amount payable to the first party under paragraph 5 but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other party under paragraph 5 but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.
- (d) To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it, that party shall be entitled to require that such Margin Transfer be satisfied first by

the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer.

- (e) Any Cash Margin transferred shall be in the Base Currency or such other currency as the parties may agree.
- (f) A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest at such rate, payable at such times, as may be specified in Annex I hereto in respect of the relevant currency or otherwise agreed between the parties, and shall be repayable subject to the terms of this Agreement.
- (g) Where Seller or Buyer becomes obliged under subparagraph (a) above to make a Margin Transfer, it shall transfer Cash Margin or Margin Securities or Equivalent Margin Securities within the minimum period specified in Annex I hereto or, if no period is there specified, such minimum period as is customarily required for the settlement or delivery of money, Margin Securities or Equivalent Margin Securities of the relevant kind.
- (h) The parties may agree that, with respect to any Transaction, the provisions of subparagraphs (a) to (g) above shall not apply but instead that margin may be provided separately in respect of that Transaction in which case –
 - (i) that Transaction shall not be taken into account when calculating whether either party has a Net Exposure;
 - (ii) margin shall be provided in respect of that Transaction in such manner as the parties may agree; and
 - (iii) margin provided in respect of that Transaction shall not be taken into account for the purposes of subparagraphs (a) to (g) above.
- (i) The parties may agree that any Net Exposure which may arise shall be eliminated not by Margin Transfers under the preceding provisions of this paragraph but by the repricing of Transactions under subparagraph (j) below, the adjustment of Transactions under subparagraph (k) below or a combination of both these methods.
- (j) Where the parties agree that a Transaction is to be repriced under this subparagraph, such repricing shall be effected as follows -
 - (i) the Repurchase Date under the relevant Transaction (the "Original Transaction") shall be deemed to occur on the date on which the repricing is to be effected (the "Repricing Date");
 - (ii) the parties shall be deemed to have entered into a new Transaction (the "Repriced Transaction") on the terms set out in (iii) to (vi) below;
 - (iii) the Purchased Securities under the Repriced Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
 - (iv) the Purchase Date under the Repriced Transaction shall be the Repricing Date;
 - (v) the Purchase Price under the Repriced Transaction shall be such amount as shall, when multiplied by the Margin Ratio applicable to the Original Transaction, be equal to the Market Value of such Securities on the Repricing Date;
 - (vi) the Repurchase Date, the Pricing Rate, the Margin Ratio and, subject as aforesaid, the other terms of the Repriced Transaction shall be identical to those of the Original Transaction;
 - (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Repriced Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. Such net cash sum shall be paid within the period specified in subparagraph (g) above.
- (k) The adjustment of a Transaction (the "Original Transaction") under this subparagraph shall be effected by the parties agreeing that on the date on which the adjustment is to be made (the "Adjustment Date")

the Original Transaction shall be terminated and they shall enter into a new Transaction (the "Replacement Transaction") in accordance with the following provisions -

- (i) the Original Transaction shall be terminated on the Adjustment Date on such terms as the parties shall agree on or before the Adjustment Date;
- (ii) the Purchased Securities under the Replacement Transaction shall be such Securities as the parties shall agree on or before the Adjustment Date (being Securities the aggregate Market Value of which at the Adjustment Date is substantially equal to the Repurchase Price under the Original Transaction at the Adjustment Date multiplied by the Margin Ratio applicable to the Original Transaction);
- (iii) the Purchase Date under the Replacement Transaction shall be the Adjustment Date;
- (iv) the other terms of the Replacement Transaction shall be such as the parties shall agree on or before the Adjustment Date; and
- (v) the obligations of the parties with respect to payment and delivery of Securities on the Adjustment Date under the Original Transaction and the Replacement Transaction shall be settled in accordance with paragraph 6 within the minimum period specified in subparagraph (g) above.

5. **Income Payments**

Unless otherwise agreed -

- (i) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (ii) where Margin Securities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer;

and for the avoidance of doubt references in this paragraph to the amount of any Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction.

6. **Payment and Transfer**

- (a) Unless otherwise agreed, all money paid hereunder shall be in immediately available freely convertible funds of the relevant currency. All Securities to be transferred hereunder (i) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (ii) shall be transferred through the book entry system of Euroclear or Clearstream, or (iii) shall be transferred through any other agreed securities clearance system or (iv) shall be transferred by any other method mutually acceptable to Seller and Buyer.
- (b) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.
- (c) Unless otherwise agreed in writing between the parties, under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Buyer and payment of Repurchase Price payable by Seller against the transfer of such Equivalent Securities shall be made simultaneously.

- (d) Subject to and without prejudice to the provisions of subparagraph 6(c), either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation to any Transaction its rights under this Agreement to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.
- (e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, any Equivalent Securities, any Margin Securities and any Equivalent Margin Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement, free from all liens, claims, charges and encumbrances.
- (f) Notwithstanding the use of expressions such as "*Repurchase Date*", "*Repurchase Price*", "*margin*", "*Net Margin*", "*Margin Ratio*" and "*substitution*", which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass to the transferee upon transfer or payment, the obligation of the party receiving Purchased Securities or Margin Securities being an obligation to transfer Equivalent Securities or Equivalent Margin Securities.
- (g) Time shall be of the essence in this Agreement.
- (h) Subject to paragraph 10, all amounts in the same currency payable by each party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.
- (i) Subject to paragraph 10, all Securities of the same issue, denomination, currency and series, transferable by each party to the other under any Transaction or hereunder on the same date shall be combined in a single calculation of a net quantity of Securities transferable by one party to the other and the obligation to transfer the net quantity of Securities shall be the only obligation of either party in respect of the Securities so transferable and receivable.
- (j) If the parties have specified in Annex I hereto that this paragraph 6(j) shall apply, each obligation of a party under this Agreement (other than an obligation arising under paragraph 10) is subject to the condition precedent that none of those events specified in paragraph 10(a) which are identified in Annex I hereto for the purposes of this paragraph 6(j) (being events which, upon the serving of a Default Notice, would be an Event of Default with respect to the other party) shall have occurred and be continuing with respect to the other party.

7. Contractual Currency

- (a) All the payments made in respect of the Purchase Price or the Repurchase Price of any Transaction shall be made in the currency of the Purchase Price (the "Contractual Currency") save as provided in paragraph 10(c)(ii). Notwithstanding the foregoing, the payee of any money may, at its option, accept tender thereof in any other currency, provided, however, that, to the extent permitted by applicable law, the obligation of the payer to pay such money will be discharged only to the extent of the amount of the Contractual Currency that such payee may, consistent with normal banking procedures, purchase with such other currency (after deduction of any premium and costs of exchange) for delivery within the customary delivery period for spot transactions in respect of the relevant currency.
- (b) If for any reason the amount in the Contractual Currency received by a party, including amounts received after conversion of any recovery under any judgment or order expressed in a currency other than the Contractual Currency, falls short of the amount in the Contractual Currency due and payable, the party required to make the payment will, as a separate and independent obligation, to the extent permitted by applicable law, immediately transfer such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall.
- (c) If for any reason the amount in the Contractual Currency received by a party exceeds the amount of the Contractual Currency due and payable, the party receiving the transfer will refund promptly the amount of such excess.

8. Substitution

- (a) A Transaction may at any time between the Purchase Date and Repurchase Date, if Seller so requests and Buyer so agrees, be varied by the transfer by Buyer to Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by Seller to Buyer of other Securities of such amount and description as shall be agreed ("New Purchased Securities") (being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to Seller).
- (b) Any variation under subparagraph (a) above shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned.
- (c) A Transaction which is varied under subparagraph (a) above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to Seller.
- (d) Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under paragraph 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time of transfer at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, the parties shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this subparagraph does not give rise to any net payment of cash by either party to the other.

9. Representations

Each party represents and warrants to the other that -

- (a) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and thereunder and has taken all necessary action to authorise such execution, delivery and performance;
- (b) it will engage in this Agreement and the Transactions contemplated hereunder (other than Agency Transactions) as principal;
- (c) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction will be, duly authorised to do so on its behalf;
- (d) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;
- (e) the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;
- (f) it has satisfied itself and will continue to satisfy itself as to the tax implications of the Transactions contemplated hereunder;
- (g) in connection with this Agreement and each Transaction -
 - (i) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in this Agreement;

- (ii) it has made and will make its own decisions regarding the entering into of any Transaction based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;
 - (iii) it understands the terms, conditions and risks of each Transaction and is willing to assume (financially and otherwise) those risks; and
- (h) at the time of transfer to the other party of any Securities it will have the full and unqualified right to make such transfer and that upon such transfer of Securities the other party will receive all right, title and interest in and to those Securities free of any lien, claim, charge or encumbrance. On the date on which any Transaction is entered into pursuant hereto, and on each day on which Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are to be transferred under any Transaction, Buyer and Seller shall each be deemed to repeat all the foregoing representations. For the avoidance of doubt and notwithstanding any arrangements which Seller or Buyer may have with any third party, each party will be liable as a principal for its obligations under this Agreement and each Transaction.

10. Events of Default

- (a) If any of the following events (each an "Event of Default") occurs in relation to either party (the "Defaulting Party", the other party being the "non-Defaulting Party") whether acting as Seller or Buyer:
- (i) Buyer fails to pay the Purchase Price upon the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (ii) if the parties have specified in Annex I hereto that this subparagraph shall apply, Seller fails to deliver Purchased Securities on the Purchase Date or Buyer fails to deliver Equivalent Securities on the Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iii) Seller or Buyer fails to pay when due any sum payable under subparagraph (g) or (h) below, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iv) Seller or Buyer fails to comply with paragraph 4 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (v) Seller or Buyer fails to comply with paragraph 5 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (vi) an Act of Insolvency occurs with respect to Seller or Buyer and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (vii) any representations made by Seller or Buyer are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (viii) Seller or Buyer admits to the other that it is unable to, or intends not to, perform any of its obligations hereunder and/or in respect of any Transaction and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (ix) Seller or Buyer is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of either Seller or Buyer or the assets of investors held by, or to the order of, Seller or Buyer are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (x) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so, and the non-Defaulting Party serves a Default Notice on the Defaulting Party;

then subparagraphs (b) to (f) below shall apply.

- (b) The Repurchase Date for each Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Cash Margin (including interest accrued) shall be immediately repayable and Equivalent Margin Securities shall be immediately deliverable (and so that, where this subparagraph applies, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Prices for any Equivalent Securities and the repayment of any Cash Margin shall be effected only in accordance with the provisions of subparagraph (c) below).
- (c) (i) The Default Market Values of the Equivalent Securities and any Equivalent Margin Securities to be transferred, the amount of any Cash Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices to be paid by each party shall be established by the non-Defaulting Party for all Transactions as at the Repurchase Date; and
- (ii) on the basis of the sums so established, an account shall be taken (as at the Repurchase Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Equivalent Margin Securities under this Agreement equals the Default Market Value therefor) and 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) and such balance shall be due and payable on the next following Business Day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency on the relevant date at the Spot Rate prevailing at the relevant time.
- (d) For the purposes of this Agreement, the "Default Market Value" of any Equivalent Securities or Equivalent Margin Securities shall be determined in accordance with subparagraph (c) below, and for this purpose -
- (i) the "Appropriate Market" means, in relation to Securities of any description, the market which is the most appropriate market for Securities of that description, as determined by the non-Defaulting Party;
- (ii) the "Default Valuation Time" means, in relation to an Event of Default, the close of business in the Appropriate Market on the fifth dealing day after the day on which that Event of Default occurs or, where that Event of Default is the occurrence of an Act of Insolvency in respect of which under paragraph 10(a) no notice is required from the non-Defaulting Party in order for such event to constitute an Event of Default, the close of business on the fifth dealing day after the day on which the non-Defaulting Party first became aware of the occurrence of such Event of Default;
- (iii) "Deliverable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered by the Defaulting Party;
- (iv) "Net Value" means at any time, in relation to any Deliverable Securities or Receivable Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, 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 relevant Equivalent Securities or Equivalent Margin Securities) as the non-Defaulting Party considers appropriate, less, in the case of Receivable Securities, or plus, on the case of Deliverable Securities, all Transaction Costs which would be incurred in connection with the purchase or sale of such Securities;
- (v) "Receivable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered to the Defaulting Party; and
- (vi) "Transaction Costs" in relation to any transaction contemplated in paragraph 10(d) or (e) means the reasonable costs, commission, fees and expenses (including any mark-up or mark-down) that would be incurred in connection with the purchase of Deliverable Securities or 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;

- (e) (i) If between the occurrence of the relevant Event of Default and the Default Valuation Time the non-Defaulting Party gives to the Defaulting Party a written notice (a "Default Valuation Notice") which -
- (A) states that, since the occurrence of the relevant Event of Default, the non-Defaulting Party has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or Equivalent Margin Securities, and that the non-Defaulting Party elects to treat as the Default Market Value -
- (aa) in the case of Receivable Securities, the net proceeds of such sale after deducting all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities sold are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such net proceeds of sale divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat such net proceeds of sale of the Equivalent Securities or Equivalent Margin Securities actually sold as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i)); or
- (bb) in the case of Deliverable Securities, the aggregate cost of such purchase, including all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities purchased are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such aggregate cost divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat the aggregate cost of purchasing the Equivalent Securities or Equivalent Margin Securities actually purchased as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i));
- (B) states that the non-Defaulting Party has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size (as determined by the non-Defaulting Party) and specifies -
- (aa) the price or prices quoted by each of them for, in the case of Deliverable Securities, the sale by the relevant market maker or dealer of such Securities or, in the case of Receivable Securities, the purchase by the relevant market maker or dealer of such Securities;
- (bb) the Transaction Costs which would be incurred in connection with such a transaction; and
- (cc) that the non-Defaulting Party elects to treat the price so quoted (or, where more than one price is so quoted, the arithmetic mean of the prices so quoted), after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities, such Transaction Costs, as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities; or
- (C) states -
- (aa) that either (x) acting in good faith, the non-Defaulting Party has endeavoured but been unable to sell or purchase Securities in accordance with subparagraph (i)(A)

above or to obtain quotations in accordance with subparagraph (i)(B) above (or both) or (y) the non-Defaulting Party has determined that it would not be commercially reasonable to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under subparagraph (i)(B) above; and

- (bb) that the non-Defaulting Party has determined the Net Value of the relevant Equivalent Securities or Equivalent Margin Securities (which shall be specified) and that the non-Defaulting Party elects to treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities,

then the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to the Default Market Value specified in accordance with (A), (B)(cc) or, as the case may be, (C)(bb) above.

- (ii) If by the Default Valuation Time the non-Defaulting Party has not given a Default Valuation Notice, the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value at the Default Valuation Time; provided that, if at the Default Valuation Time the non-Defaulting Party reasonably determines that, owing to circumstances affecting the market in the Equivalent Securities or Equivalent Margin Securities in question, it is not possible for the non-Defaulting Party to determine a Net Value of such Equivalent Securities or Equivalent Margin Securities which is commercially reasonable, the Default Market Value of such Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value as determined by the non-Defaulting Party as soon as reasonably practicable after the Default Valuation Time.
- (f) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at LIBOR or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than LIBOR.
- (g) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may -
 - (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;
 - (ii) if Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.
- (h) If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date Seller may -
 - (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
 - (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, by written notice to Buyer declare that that Transaction (but only that Transaction) shall be terminated immediately in accordance with subparagraph (c) above (disregarding for this purpose references in that subparagraph to transfer of Cash Margin and delivery of Equivalent Margin Securities and as if references to the Repurchase Date were to the date on which notice was given under this subparagraph).
- (i) The provisions of this Agreement constitute a complete statement of the remedies available to each party in respect of any Event of Default.

- (j) Subject to paragraph 10(k), neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.
- (k)
 - (i) Subject to subparagraph (ii) below, if as a result of a Transaction terminating before its agreed Repurchase Date under paragraphs 10(b), 10(g)(iii) or 10(h)(iii), the non-Defaulting Party, in the case of paragraph 10(b), Buyer, in the case of paragraph 10(g)(iii), or Seller, in the case of paragraph 10(h)(iii), (in each case the "first party") incurs any loss or expense in entering into replacement transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with such replacement transactions (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement transactions; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
 - (ii) If the first party reasonably decides, instead of entering into such replacement transactions, to replace or unwind any hedging transactions which the first party entered into in connection with the Transaction so terminating, or to enter into any replacement hedging transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with entering into such replacement or unwinding (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement or unwinding; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
- (l) Each party shall immediately notify the other if an Event of Default, or an event which, upon the serving of a Default Notice, would be an Event of Default, occurs in relation to it.

11. Tax Event

- (a) This paragraph shall apply if either party notifies the other that -
 - (i) any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or
 - (ii) a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax),
 has or will, in the notifying party's reasonable opinion, have a material adverse effect on that party in the context of a Transaction.
- (b) If so requested by the other party, the notifying party will furnish the other with an opinion of a suitably qualified adviser that an event referred to in subparagraph (a)(i) or (ii) above has occurred and affects the notifying party.
- (c) Where this paragraph applies, the party giving the notice referred to in subparagraph (a) may, subject to subparagraph (d) below, terminate the Transaction with effect from a date specified in the notice, not being earlier (unless so agreed by the other party) than 30 days after the date of the notice, by nominating that date as the Repurchase Date.
- (d) If the party receiving the notice referred to in subparagraph (a) so elects, it may override that notice by giving a counter-notice to the other party. If a counter-notice is given, the party which gives the counter-notice will be deemed to have agreed to indemnify the other party against the adverse effect referred to in subparagraph (a) so far as relates to the relevant Transaction and the original Repurchase Date will continue to apply.
- (e) Where a Transaction is terminated as described in this paragraph, the party which has given the notice to terminate shall indemnify the other party against any reasonable legal and other professional expenses incurred by the other party by reason of the termination, but the other party may not claim any sum by way of consequential loss or damage in respect of a termination in accordance with this paragraph.
- (f) This paragraph is without prejudice to paragraph 6(b) (obligation to pay additional amounts if withholding or deduction required); but an obligation to pay such additional amounts may, where appropriate, be a circumstance which causes this paragraph to apply.

12. Interest

To the extent permitted by applicable law, if any sum of money payable hereunder or under any Transaction is not paid when due, interest shall accrue on the unpaid sum as a separate debt at the greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is preferable to a Transaction) and LIBOR on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, for the actual number of days during the period from and including the date on which payment was due to, but excluding, the date of payment.

13. Single Agreement

Each party acknowledges that, and has entered into this Agreement and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that all Transactions hereunder constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each party agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, and (ii) that payments, deliveries and other transfers made by either 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 hereunder.

14. Notices and Other Communications

(a) Any notice or other communication to be given under this Agreement -

- (i) shall be in the English language, and except where expressly otherwise provided in this Agreement, shall be in writing;
- (ii) may be given in any manner described in subparagraphs (b) and (c) below;
- (iii) shall be sent to the party to whom it is to be given at the address or number, or in accordance with the electronic messaging details, set out in Annex I hereto.

(b) Subject to subparagraph (c) below, any such notice or other communication shall be effective -

- (i) if in writing and delivered in person or by courier, at the time when it is delivered;
- (ii) if sent by telex, at the time when the recipient's answerback is received;
- (iii) if sent by facsimile transmission, at the time when the transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when that mail is delivered or its delivery is attempted;
- (v) if sent by electronic messaging system, at the time that electronic message is received;

except that any notice or communication which is received, or delivery of which is attempted, after close of business on the date of receipt or attempted delivery or on a day which is not a day on which commercial banks are open for business in the place where that notice or other communication is to be given shall be treated as given at the opening of business on the next following day which is such a day.

(c) If:

- (i) there occurs in relation to either party an event which, upon the service of a Default Notice, would be an Event of Default; and
- (ii) the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in subparagraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those subparagraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party),

The non-Defaulting Party may sign a written notice (a "Special Default Notice") which -

- (aa) specifies the relevant event referred to in paragraph 10(a) which has occurred in relation to the Defaulting Party;
- (bb) states that the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in subparagraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those subparagraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party);
- (cc) specifies the date on which, and the time at which, the Special Default Notice is signed by the non-Defaulting Party; and
- (dd) states that the event specified in accordance with subparagraph (aa) above shall be treated as an Event of Default with effect from the date and time so specified.

On the signature of a Special Default Notice the relevant event shall be treated with effect from the date and time so specified as an Event of Default in relation to the Defaulting Party, and accordingly references in paragraph 10 to a Default Notice shall be treated as including a Special Default Notice. A Special Default Notice shall be given to the Defaulting Party as soon as practicable after it is signed.

- (d) Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

15. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for Transactions. Each provision and agreement herein shall be treated as separate from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

16. Non-assignability; Termination

- (a) Subject to subparagraph (b) below, neither party may assign, charge or otherwise deal with (including without limitation any dealing with any interest in or the creation of any interest in) its rights or obligations under this Agreement or under any Transaction without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
- (b) Subparagraph (a) above shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 10(c) or (f) above.
- (c) Either party may terminate this Agreement by giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.
- (d) All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.
- (e) The participation of any additional member State of the European Union in economic and monetary union after 1 January 1999 shall not have the effect of altering any term of the Agreement or any Transaction, nor give a party the right unilaterally to alter or terminate the Agreement or any Transaction.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of England. Buyer and Seller hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction to the jurisdiction of the Courts of England.

Party A hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party A shall promptly appoint, and notify Party B of the identity of, a new agent in England.

Party B hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party B shall promptly appoint, and notify Party A of the identity of, a new agent in England.

Each party shall deliver to the other, within 30 days of the date of this Agreement in the case of the appointment of a person identified in Annex I or of the date of the appointment of the relevant agent in any other case, evidence of the acceptance by the agent appointed by it pursuant to this paragraph of such appointment.

Nothing in this paragraph shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction.

18. No Waivers, etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such modification, waiver or consent shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to paragraph 4(a) hereof will not constitute a waiver of any right to do so at a later date.

19. Waiver of immunity

Each party hereto hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgment) and execution to which it might otherwise be entitled in any action or proceeding in the Courts of England or of any other country or jurisdiction, relating in any way to this Agreement or any Transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

20. Recording

The parties agree that each may electronically record all telephone conversations between them.

21. Third Party Rights

No person shall have any right to enforce any provision of this Agreement under the Contracts (Rights of Third Parties) Act 1999.

DEUTSCHE BANK AG

By *Mary Breslin*
.....
By **Mary Breslin**
Title **Vice President**
Date

By *[Signature]*
.....
By **Director**
Title **Director**
Date **1/20/15**

SOUTHERN FINANCIAL LLC

By *[Signature]*
.....
By **Jeffrey Epstein, Manager**
Title **1-8-15**
Date

ANNEX I

**Supplemental Terms or Conditions to the
TBMA / ISMA Global Master Repurchase Agreement
between DEUTSCHE BANK AG (as Party A) and
SOUTHERN FINANCIAL LLC (as Party B)**

Paragraph references are to paragraphs in the Agreement.

1. The following elections shall apply:

- (a) Paragraph 1. Buy/Sell Back Transactions may be effected under this Agreement and accordingly the Buy/Sell Back Annex will apply.
- (b) Paragraph 1. Transactions in Equities or Net Paying Securities may be effected under this Agreement and accordingly the provisions of the following subparagraphs (i) to (iii) shall apply:
 - (i) In paragraph 1(a) the phrase "other than equities and Net Paying Securities" shall be deleted;
 - (ii) In the Buy/Sell Back Annex such that the following words shall be added to the end of the definition of the expression IR: "and for the avoidance of doubt the reference to the amount of income capital for these purposes shall be to an amount paid without withholding or deduction for or on account of taxes or duties not withstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction"; and
 - (iii) The Equities Annex shall apply to all Transactions in Equities.
- (c) Paragraph 1. Agency Transactions may not be effected under this Agreement and accordingly the Agency Annex will not apply.
- (d) Paragraph 1. Transactions (including Buy/Sell Back Transactions) in respect of gilt-edged securities (as defined in the Gilts Annex, paragraph 1.1(d)) may be effected under this Agreement and accordingly the Gilts Annex will apply.
- (e) Paragraph 1. Transactions in Italian Bonds may be effected under this Agreement and accordingly the Italian Bond Annex will apply.
- (f) Paragraph 2(d). The Base Currency shall be:
 - (i) for the purposes of paragraph 4 hereof, US Dollars ("USD").
 - (ii) for the purposes of paragraph 10 hereof, USD.
- (g) Paragraph 2(p). Party A will act through its head office in Frankfurt or its branch in London. Party B will act through its offices in the United States Virgin Islands.
- (h) Paragraph 2(cc). The pricing source for calculation of Market Value shall be the relevant page of Bloomberg or as agreed between the two parties and stated in the relevant Confirmation. With respect to Transactions over gilt-edged securities, the pricing source shall be the latest available GEMM's prices published by the Bank of England.
- (i) Paragraph 2(rr). Spot Rate to be as set forth in paragraph 2(rr).
- (j) Paragraph 3(b). Both Seller and Buyer to deliver Confirmation.

- (k) Paragraph 4(f). Interest shall accrue on the Cash Margin on a daily basis at a rate to be agreed between the parties, failing which the interest rate applicable to Cash Margin shall be equal to the U.S. Federal Funds rate at the end of the relevant dealing day as shown on the relevant page of Bloomberg and may be payable two Business Days after the last Business Day of each calendar month.
- (l) Paragraph 4(g). Delivery period for margin calls shall be unless otherwise agreed: (i) for gilt-edged securities, close of business (London time) on the same Business Day if the call is made before 12 noon London time, otherwise close of business (London time) on the next Business Day; (ii) for US Dollars and US Treasuries, close of business (New York time) on the same Business Day if the call is made before 10:00 am New York time, otherwise close of business (New York time) on the next Business Day; (iii) for any other currency and Margin Securities, standard settlement time in the market for such currency or securities.
- (m) Paragraph 6(j). Paragraph 6(j) shall apply and the events specified in paragraph 10(a) identified for the purposes of paragraph 6(j) shall be those set out in subparagraphs (i), (iii), (iv), (v), (vi) and (viii) of paragraph 10(a) of the Agreement.
- (n) Paragraph 10(a)(ii). Paragraph 10(a)(ii) shall not apply.
- (o) Paragraph 14. For the purposes of paragraph 14 of this Agreement—
- (i) All notices to Party A under paragraph 10 of the Agreement shall be sent to:
- Deutsche Bank AG, Head Office
 Taunusanlage 12
 60262 Frankfurt
 Germany
 Attention: Legal Department
 Fax: + 49 69 910 39255
- With a copy to:**
- Deutsche Bank AG London
 Winchester House
 1 Great Winchester Street
 London EC2N 2DB
 Attention: Legal Department
 Fax: + 44 20 7545 4437/1999
- (ii) All notices to Party A (other than those provided for in paragraph (i) above) shall be sent directly to the office through which Party A is acting for the relevant Transaction, using the address and contact particulars specified in the Confirmation for the purposes of confirming that Transaction. If no such particulars are so specified, such notices shall be sent to the address of the relevant office set out below:
- Where Party A is acting through its Frankfurt Head Office:**
- Deutsche Bank AG, Head Office
 Taunusanlage 12
 60262 Frankfurt
 Germany
 Attention: Head of Global Finance
 Telephone: + 49 69 910 30200

Fax: + 49 69 910 36422

Where Party A is acting through its London Branch:

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
Attention: Head of Money Markets Repo
Telephone: + 44 20 7547 1767
Fax: + 44 20 7545 4455

(iii) Address for notices and other communications for Party B:

SOUTHERN FINANCIAL LLC
6100 Red Hook Quarter, B3
St. Thomas, USVI 00802
Virgin Islands (United States)
Attention: Jeffrey Epstein
Fax: 340-775-2528

- (p) Paragraph 17 (i) Party A appoints Deutsche Bank AG London, Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom (Attention: General Counsel, Legal Department) as its agent for service of process.
- (ii) Party B appoints TMF Corporate Services Limited, 6 St Andrew Street, 5th Floor, London, EC4A 3AE, United Kingdom as its agent for service of process.

2. Definitions.

(a) The following additional Definitions shall be added after subparagraph 2(xx):

(yy) "*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 ownership of a majority of the voting power of the entity or person.

(zz) "*Financial Market Transaction*" means (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between Party B and any other person or entity, including, without limitation, Party A or any of its respective affiliates, including without limitation any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, commodity transaction, credit derivative transaction, repurchase or reverse repurchase transaction, securities lending transaction, futures transaction, prime brokerage or margin lending transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transaction), (b) any combination of these transactions and (c) any other transaction identified as a Financial Market Transaction in this Agreement or the relevant Confirmation.

(aaa) "*Operative Documents*" means (a) as applicable, the most recent prospectus, private placement or offering memorandum, the trust indenture, corporate charter, limited partnership agreement, memorandum and articles of association, by-laws or other constituent documents of Party B; and (b) the investment policies, procedures, restrictions, or guidelines relating to Party B, and (c) the then-current disclosure document of Party B.

(bbb) "*Specified Agreement*" means any master agreement (including, but not limited to, any ISDA Master Agreement (as published by the International Swaps & Derivatives Association, Inc., the "ISDA Agreement"), any prime brokerage agreement and any master securities

lending agreement or other master agreement for financial transactions) between Party A (including any of its affiliates) and Party B whether executed now or at any time in the future which governs the terms of transactions entered into between the parties pursuant to any such master agreement regardless of whether any one or more of any such transactions was or were entered into before or after the execution of any such master agreement;

(ccc) "*Code*", the United States of America Internal Revenue Code of 1986, as amended; and

(ddd) "*FATCA*", Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code".

- (b) Subparagraph 2(s) "*Equivalent Securities*" shall be deleted in its entirety and replaced by the following:

"(s) "*Equivalent Securities*", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of the redemption, without taking into account any deduction or withholding imposed or collected in connection with FATCA that would not have been imposed but for Buyer's non-compliance with FATCA."

3. **The following supplemental terms and conditions shall apply:**

- (a) Save for the amendments made hereby, the parties agree that the text of the body of the Agreement is intended to conform with the Global Master Repurchase Agreement (November 2000 version) promulgated by the Securities Industry and Financial Markets Association (formerly, The Bond Market Association) and the International Capital Market Association (formerly, the International Securities Market Association) (or any other respective successor organisation) and shall be construed accordingly.
- (b) In the event that any of the events listed in subparagraphs (i), (iii), (iv) or (v) of paragraph 10(a) occurs, the parties agree that no such event shall be an Event of Default unless continuing un-rectified by close of business on the Business Day following notice of that event being served by the non-Defaulting Party on the Defaulting Party, provided however, that this subparagraph shall only apply if the occurrence of the said event(s) is, as demonstrated to the reasonable satisfaction of the non-Defaulting Party, caused by an error or omission of an administrative or operational nature and further that funds were available to the Defaulting Party to enable it to make the relevant payments when due.
- (c) Each individual paragraph of this Annex I shall be read as separate and distinct from the other paragraphs, and in the event that any paragraph or any provision thereof is deemed void or unenforceable, the other paragraphs and provisions of the affected paragraph shall remain in full force and effect.
- (d) Neither party may require a Margin Transfer to it under the Agreement if its Net Exposure in respect of the other party is less than USD 100,000 (or the equivalent in other currencies at the Spot Rate).
- (e) Paragraph 2(aa) of the Agreement shall be deleted in its entirety and replaced with the following:
"*Margin Securities*", in relation to a Margin Transfer, Securities reasonably acceptable to the party calling for such Margin Transfer; and, in cases where the party calling for such Margin Transfer is Party A, then "reasonably acceptable" shall, unless otherwise agreed, mean U.S. Treasury instruments or U.S. dollar cash;
- (f) In the event that a party delivers Margin Securities or Equivalent Margin Securities in respect of a Margin Transfer, such delivery shall be in an amount that is of itself equal to an integral multiple of the minimum round lot size.

- (g) The parties agree that this Agreement shall apply to all transactions having the characteristics of a sale and repurchase agreement (including but not limited to those subject to any prior Global Master Repurchase Agreement, but excluding those subject to a Master Repurchase Agreement), and which are outstanding as at the date of this Agreement so that such transactions shall be treated as if they had been entered into under this Agreement and the terms of such transactions are amended accordingly with effect from the date of this Agreement.
- (h) Notwithstanding the provisions of paragraph 2(cc) (as amended by part 1(h) above), if there is no generally recognized source agreed to by the parties for determining the price of any Securities, the price for such Securities shall be determined by Party A (using the bid price for such Securities) in its sole discretion.
- (i) **ADDITIONAL EVENT OF DEFAULT.** The following subparagraph shall be added to paragraph 10(a) after the end of subparagraph (x) and before "then" in the last line of paragraph 10(a) and paragraph 10(a) shall be renumbered accordingly:
 "(xi) Party B fails to deliver or furnish to Party A any of the documents or information required pursuant to this Agreement and Party A serves a Default Notice on Party B;"
- For the purposes of the Event of Default listed in subparagraph 10(a)(xi), Paragraph 10(a)(x) does not apply.
- (j) **EARLY TERMINATION.** If:
- (a) as a result of sovereign action or inaction (directly or indirectly), Buyer or Seller becomes unable to perform any absolute or contingent obligation to make a payment or transfer or to receive a payment or transfer in respect of any Transaction hereunder or to comply with any other material provision of this Agreement relating to such Transaction (each such occurrence a "*Termination Event*"), or
- (b) there occurs an event which would constitute a default, event of default or other similar condition or event (however described, including, without limitation, an Additional Termination Event as defined in the ISDA Agreement) in respect of Party B under any Specified Agreement or Financial Market Transaction such as to cause an early termination of or close out of or acceleration of any obligation under that Specified Agreement or Financial Market Transaction in accordance with its terms, regardless of whether a transaction under the Specified Agreement or Financial Market Transaction is in effect on the date of such occurrence, and Party A serves written notice on Party B,
- then Party A may, at its option, declare an early termination of or close-out of or acceleration of Party B's obligations to have occurred hereunder and, upon the exercise of such option, take all steps and exercise all rights granted to the nondefaulting party in Paragraph 10(b) to Paragraph 10(f) of the Agreement (with all references to the "defaulting party" changed to "Party B", all references to the "nondefaulting party" changed to "Party A", and all references to an "Event of Default" changed to "Termination Event").
- (k) **REPRESENTATIONS.** Party B represents to Party A (which representation will be deemed to be repeated by Party B on each date on which a Transaction is entered into) that:
- (i) with respect to this Agreement and each Transaction, it will be in full compliance with, all Operative Documents and all applicable laws, rules, regulations, interpretations, guidelines, procedures and policies of applicable, governmental and regulatory authorities affecting Party B, and this Agreement and each Transaction is, and will be, authorised and permissible transactions and investments thereunder; and
- (ii) all governmental and other consents that are required to have been obtained by Party B with respect to this Agreement have been obtained and are in full force and effect and all conditions of such consents have been complied with.
- (l) **CONFIRMATIONS.** Notwithstanding paragraph 3(b) or Annex II, the parties agree that, for operational reasons, the form of the Confirmations automatically issued by Party A and which do not require the signature of the parties may vary from the form set out in Annex II and each reference in any such Confirmation to:

- (i) the "Master Agreement" shall be read as references to the Agreement;
 - (ii) the "Master Agreement Date" shall be read as references to the date of the Agreement;
 - (iii) the "Trade Date" shall be deemed to be references to the "Contract Date" of the relevant Transactions;
 - (iv) the "Date of Repurchase" shall be deemed to be the "Repurchase Date" of the relevant Transactions;
 - (v) the "Repo Rate in % p.a." shall be deemed to be the Pricing Rate of the relevant Transactions, expressed as a per annum percentage;
 - (vi) the "Currency" in the Confirmations shall be deemed to be the "Contractual Currency" of the relevant Transactions; and
 - (vii) the "Buying Rate", "Haircut" and "Repurchase Rate" shall be deemed to be indicative only and not operative provisions or terms of the relevant Transactions.
- (m) Paragraph 10(a)(vi) shall be amended to add the words "or which is described in Paragraph 2(a)(v)" after the words "Defaulting Party" and before the words "in which case no such notice shall be required".
- (n) Paragraph 13 shall be amended to add at the end thereof after the word "hereunder" and before the "." the following:
- " , and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted, and (iii) that each party shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder."
- (o) **NO RELIANCE**
- Each Party hereby represents and warrants to the other that in connection with the negotiation of, the entering into, and the performance under the Agreement and each Transaction:
- (i) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered to be investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.
 - (ii) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.
 - (iii) **Status of Parties.** The other party is not acting as a fiduciary for or adviser to it in respect of that Transaction.
- (p) **SET-OFF**
- Without prejudice to the provisions of paragraph 10 of this Agreement, upon the occurrence of an Event of Default or Termination Event under this Agreement the party that is the non-Defaulting Party ("X") may, without prior notice to the Defaulting Party ("Y"), set off any sum or obligation (whether or not arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by Y to X or any Affiliate of X (the "*X Set Off Amount*") against any sum or obligation (whether or not arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency,

place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y (the "*Y Set Off Amount*"). X will give notice to the other party of any set off effected under this subparagraph of Annex 1.

- (i) For this purpose, either the X Set Off Amount or the Y Set Off Amount (or the relevant portion of such set off amounts) may be converted by X into the currency in which the other set off amount is denominated at the rate of exchange at which X would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.
- (ii) If a sum or obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this subparagraph will be effective to create a charge or other security interest. This subparagraph will be without prejudice and in addition to any right of set-off, combination of accounts, lien or other rights to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

4. **DELIVERY OF DOCUMENTS.** The Parties agree that each will deliver to the other party the documents required pursuant to Part 3 of the Schedule to the ISDA Master Agreement between Party A and Party B, as may be amended ("ISDA"). The documents shall be provided within the delivery deadlines set forth therein and shall be provided notwithstanding any termination of the ISDA.

5. **The following supplemental terms shall apply where Party B is domiciled in the United States:**

- (a) Paragraph 2(a)(v) and (vi) shall be renumbered 2(a)(vi) and (vii) respectively and a new 2(a)(v) shall be added as follows:

"(v)(A) the commencement by any party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganisation, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or the election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of a meeting of creditors for purposes of commencing any such case or proceeding or seeking such appointment or election, or (B) the commencement of any such case or proceeding against any such party seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investors Protection Act of 1970, which (1) is consented to or not timely contested by such party, (2) results in an entry of an order for relief, such appointment or election, the issuance of a protective decree or the entry of an order having similar effect, or (3) is not dismissed within 15 days;"

- (b) A new Paragraph 9(i) shall be added as follows:

"(i) The source of any of the funds or assets involved in any Transaction are not deemed to include the assets of any "plan" (as such term is defined in Section 4975 of the Internal Revenue Code of 1986 (United States), as amended (the "*Code*")) subject to Section 4975 of the Code or any "employee benefit plan" (as such term is defined in Section 3(3) of the United States' Employee Retirement Income Security Act of 1974, as amended ("*ERISA*")) subject to Title I of ERISA, or otherwise out of "plan assets" within the meaning of United States Department of Labor regulation § 2510.3-101, 29CFR § 2510-3-101."

- (c) **The following new paragraphs shall be added the Agreement:**

"22. INTENT

- (a) The parties recognise that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code as amended (the "*US Code*") (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of the US Code.

- (b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 10 hereof, is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of the US Code.
- (c) The parties agree and acknowledge that if a party hereto is an "insured depository institution", as such term is defined in the Federal Deposit Insurance Act, as amended ("*FDIA*"), then each Transaction hereunder is a "qualified financial contract", as such term is defined in the FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).
- (d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("*FDICIA*") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as such term is defined in FDICIA).

23. ACKNOWLEDGEMENTS

The parties acknowledge that they have been advised that:

- (a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("*SEC*") under Section 15 of the Securities Exchange Act of 1934 ("*1934 Act*"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("*SIPA*") do not protect the other party with respect to Transactions hereunder;
- (b) in the case of Transactions in which one of the parties is a government securities broker or government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and
- (c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable."

- 6. The following additional supplemental terms and conditions shall apply to Transactions with respect to which Party A has dealt with a representative of Party B in the United States or Party B has dealt with an officer of Deutsche Bank Securities Inc. ("*DBSI*"), an affiliate of Party A ("*Applicable Transactions*"):
 - (a) As a broker-dealer registered with the SEC, DBSI, as agent, will be responsible for (a) effecting Applicable Transactions under the Agreement, (b) issuing all required confirmations and statements to Party A and Party B in connection with Applicable Transactions, and (c) maintaining books and records relating to Applicable Transactions as required by SEC regulations. Notwithstanding the foregoing, transfers of funds and securities in connection with Applicable Transactions shall be directly between Party A and Party B (or their respective agents or custodians) and DBSI, as agent, will not be responsible for receiving, delivering and safeguarding funds and securities in connection with Applicable Transactions under this Agreement.
 - (b) DBSI is acting in connection with Applicable Transactions solely in its capacity as agent pursuant to instructions from Party A and Party B. DBSI shall have no responsibility or liability to Party A or Party B arising from a failure by Party A or Party B to pay or perform any obligation under the Agreement, and is not acting as guarantor of either Party A or Party B in connection with any obligation under the Agreement. Each of Party A and Party B agrees to proceed solely against the other to collect or recover any amounts owing to it or to enforce any of its rights in connection with or as a result of Applicable Transactions under the Agreement.

- (c) Any and all notices, demands or communications of any kind relating to Applicable Transactions hereunder shall be transmitted exclusively through DBSI, notwithstanding anything to the contrary contained in Annex 1.
 - (d) Party A, Party B and DBSI each acknowledge that this Agreement shall not govern any repurchase or buy/sell back transaction between (a) DBSI, acting in its individual capacity, and Party B or (b) Party B and any entity other than Party A, regardless of whether DBSI is acting as agent for any such other entity.
7. **FORWARD TRANSACTIONS.** The following additional terms relating to Forward Transactions shall apply:
- (a) The parties agree that Forward Transactions (as defined in subparagraph (i)(A) below) may be effected under this Agreement and accordingly the provisions of subparagraphs (i) to (iv) below shall apply.
 - (i) The following definitions shall apply-
 - (A) “*Forward Transaction*”, a Transaction in respect of which the Purchase Date is at least three Business Days after the date on which the Transaction was entered into and has not yet occurred;
 - (B) “*Forward Repricing Date*”, with respect to any Forward Transaction the date which is such number of Business Days before the Purchase Date as is equal to the minimum period for the delivery of margin applicable under paragraph 4(g).
 - (ii) The Confirmation relating to any Forward Transaction may describe the Purchased Securities by reference to a type or class of Securities, which, without limitation, may be identified by issuer or class of issuers and a maturity or range of maturities. Where this paragraph applies, the parties shall agree the actual Purchased Securities not less than two Business Days before the Purchase Date and Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party a Confirmation which shall describe such Purchased Securities.
 - (iii) At any time between the Forward Repricing Date and the Purchase Date for any Forward Transaction the parties may agree either –
 - (A) to adjust the Purchase Price under that Forward Transaction; or
 - (B) to adjust the number of Purchased Securities to be sold by Seller to Buyer under that Forward Transaction.
 - (iv) Where the parties agree to an adjustment under paragraph (iii) above, Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party a Confirmation of the Forward Transaction, as adjusted in under paragraph (iii) above.
 - (b) Where the parties agree that this paragraph shall apply, paragraphs 2 and 4 of the Agreement are amended as follows.
 - (i) Paragraph 2(w) is deleted and replaced by the following:
 - “(ww) “*Transaction Exposure*” means -
 - (a) with respect to any Forward Transaction at any time between the Forward Repricing Date and the Purchase Date, the difference between (A) the Market Value of the Purchased Securities at the relevant time and (B) the Purchase Price;
 - (b) with respect to any Transaction at any time during the period (if any) from the Purchase Date to the date on which the Purchased Securities are delivered to Buyer or, if earlier, the date on which the Transaction is terminated under paragraph 10(g), the difference between (A) the Market Value of the Purchased Securities at the relevant time and (B) the Repurchase Price at the relevant time;
 - (c) with respect to any Transaction at any time during the period from the Purchase Date (or, if later, the date on which the Purchased Securities are

delivered to Buyer or the Transaction is terminated under paragraph 10(g)) to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(h)), the difference between (A) the Repurchase Price at the relevant time multiplied by the applicable Margin Ratio (or, where the Transaction relates to Securities of more than one description to which different Margin Ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin Ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was apportioned among the Purchased Securities) and (B) the Market Value of Equivalent Securities at the relevant time.

In each case, if (A) is greater than (B), Buyer has a Transaction Exposure for that Transaction equal to the excess, and if (B) is greater than (A), Seller has a Transaction Exposure to Buyer equal to the excess."

- (ii) In paragraph 4(c) -
 - (aa) the words "any amount payable to the first party under paragraph 5 but unpaid" are deleted and replaced by "any amount which will become payable to the first party under paragraph 5 during the period after the time at which the calculation is made which is equal to the minimum period for the delivery of margin applicable under paragraph 4(g) or which is payable to the first party under paragraph 5 but unpaid"; and
 - (bb) the words "any amount payable to the other party under paragraph 5 but unpaid" are deleted and replaced by "any amount which will become payable to the other party under paragraph 5 during the period after the time at which the calculation is made which is equal to the minimum period for the delivery of margin applicable under paragraph 4(g) or which is payable to the other party under paragraph 5 but unpaid".

8. FATCA PROVISIONS.

- (a) Paragraph 5 "Income Payments" shall be deleted in its entirety and replaced by the following:

"5. Unless otherwise agreed:

- (a) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (b) where Margin Securities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer,

and for the avoidance of doubt references in this paragraph to the amount of Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to a withholding or deduction, except, where a withholding or deduction for or on account of taxes or duties has been imposed under FATCA, to the extent an equivalent or greater amount of withholding or deduction for or on account of taxes or duties would have been imposed under FATCA in respect of Income paid by the issuer on such Securities (or Margin Securities, as applicable) had the Seller (or the first party, as applicable) retained the Securities (or the Margin Securities, as applicable)."

- (b) Subparagraph 6(b) shall be deleted in its entirety and replaced by the following:

“(b)

- (i) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted. For the avoidance of doubt, the reference to “law” in this paragraph includes FATCA. However, no additional amounts shall be payable by the paying party to the other party under this subparagraph (b)(i) to the extent that such tax is imposed or collected under FATCA.
- (ii) If the paying party is required to make a withholding or deduction under FATCA but does not so withhold or deduct, and a liability resulting from such tax is assessed directly against the paying party, then, except to the extent the other party has satisfied or then satisfies the liability resulting from such tax, the other party will promptly pay to the paying party the amount of such liability (including any related liability for interest, but including any related liability for penalties only to the extent provided in subparagraph b(iii)). No payment under this subparagraph (b)(ii) is required to be made to the extent that the relevant liability arises from any gross negligence or wilful misconduct of the paying party.
- (iii) The amount of related liability for penalties shall only be payable to the paying party under subparagraph (b)(ii) where such penalties become due because the other party has failed to provide appropriate US tax forms.”

- (c) A new subparagraph 6(k) shall be added as follows:

“(k) If at any time a party (the “first party”) is required to remit an amount of tax to the IRS with respect to a payment under a Transaction in connection with FATCA, then without duplication of any amount the first party has deducted on account of such tax from any amount previously paid to the other party (the “second party”) pursuant to the Transaction, the second party shall be required to pay to the first party an amount equal to that amount of tax on the payment date on which a payment giving rise to remittance required under FATCA occurs. Upon the reasonable request of the second party with respect to any payment date, the first party will supply to the second party computations setting forth in reasonable detail the amount payable on such payment date pursuant to the preceding sentence.”

- (d) A new subparagraph 6(l) shall be added as follows:

“(l) For the avoidance of doubt, the imposition of any withholding or deduction pursuant to or on account of FATCA on any amounts paid or received under a Transaction shall not be treated as an Event of Default under paragraph 10 or as a material adverse effect that could cause a Tax Event under paragraph 11, even if such imposition results in either party receiving amounts that differ materially from the amount that the party would have otherwise received if no such withholding or deduction were imposed.”

- (e) A new subparagraph 10(e)(iii) shall be added as follows:

“(iii) The Default Market Value determined pursuant to subparagraphs (i) or (ii) above shall not take into account any deduction or withholding imposed or collected (or that would be imposed or collected) in connection with FATCA that would not be imposed but for the non-Defaulting Party’s non-compliance with FATCA.”

ANNEX II
Form of Confirmation

To:
From:
Date:
Subject: [Repurchase][Buy/Sell Back]* Transaction
(Reference Number:)

Dear Sirs,

The purpose of this [letter / facsimile / telex], a "Confirmation" for the purposes of the Agreement, is to set forth the terms and conditions of the above repurchase transaction entered into between us on the Contract Date referred to below.

This Confirmation supplements and forms part of, and is subject to, the Global Master Repurchase Agreement as entered into between us as of **January 7, 2015** as the same may be amended from time to time (the "Agreement"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and phrases defined in the Agreement and used in this Confirmation shall have the same meaning herein as in the Agreement.

1. Contract Date:
2. Purchased Securities [state type[s] and nominal value[s]]:
3. CUSIP, ISIN or other identifying number[s]:
4. Buyer:
5. Seller:
6. Purchase Date:
7. Purchase Price:
8. Contractual Currency:
9. Repurchase Date]:*
10. Terminable on demand]:*
11. Pricing Rate:
- [12. Sell Back Price]:*
13. Buyers Bank Account[s] Details:
14. Sellers Bank Account[s] Details:
- [15. The Transaction is an Agency Transaction. [Name of Investment Manager] is acting as agent for [name or identifier of Principal]]:*
- [16. Additional Terms]:*

Yours faithfully

* Delete as appropriate

30
Confidential

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

BUY/SELL BACK ANNEX

Supplemental terms and conditions for Buy/Sell Back Transactions

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated **January 7, 2015** between **DEUTSCHE BANK AG** and **SOUTHERN FINANCIAL LLC** (the "**Agreement**").

1. Scope

- (a) The parties have agreed that the Transactions to which this Agreement applies may include Buy/Sell Transactions.
- (b) In relation to Buy/Sell Back Transactions, the Agreement shall be construed as if it had been amended and supplemented as set out in paragraphs 3 to 5 of this Annex.

2. Interpretation

- (a) In this Annex -

- (i) "Accrued Interest", with respect to any Purchased Securities subject to a Buy/Sell Back Transaction, unpaid Income that has accrued during the period from (and including) the issue date or the last Income Payment Date (whichever is the later) in respect of such Purchased Securities to (but excluding) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and including) the issue date or the last Income Payment Date (as the case may be) to (but excluding) the next Income Payment Date or the maturity date (whichever is the earlier);

- (ii) "Sell Back Differential", with respect to any Buy/Sell Back Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction) to the sum of (a) the Purchase Price and (b) Accrued Interest paid on the Purchase Date for such Transaction for the actual number of days during the period commencing on (and including) the Purchase Date for such Buy/Sell Back Transaction and ending on (but excluding) the date of calculation;

- (iii) "Sell Back Price", with respect to any Buy/Sell Back Transaction, means -

- (x) in relation to the date originally specified by the parties as the Repurchase Date pursuant to paragraph 3(b)(iii) of the Agreement, the price agreed by the Parties in relation to that Buy/Sell Back Transaction, and

- (y) in any other case (including for the purposes of the application of paragraph 4 (margin maintenance) or paragraph 10 (Events of Default) of the Agreement), the product of the formula $(P + AI + D)(IR + C)$, where -

P = the Purchase Price

AI = the amount, equal to Accrued Interest at the Purchase Date, paid under paragraph 3(f) of this Annex

D = the Sell Back Differential

IR = the amount of any income in respect of the Purchased Securities payable by the issuer on or, in the case of registered Securities, by reference to, any date falling between the Purchase Date and the Repurchase Date

C = the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction to any such Income from (and including) the date of payment by the issuer to (but excluding) the date of calculation

- (b) References to "Repurchase Price" throughout the Agreement shall be construed as references to "Repurchase Price or the Sell Back Price, as the case may be".

- (c) In paragraph 10(c)(i) of the Agreement (relating to Events of Default), the reference to the "Repurchase Prices" shall be construed as a reference to "Repurchase Prices and Sell Back Prices".
- (d) In the event of any conflict between the terms of this Annex III and any other term of the Agreement, the terms in this Annex shall prevail.

3. Initiation; Confirmation; Termination

- (a) Each Transaction shall be identified at the time it is entered into and in the Confirmation relating to it as either a Repurchase Transaction or a Buy/Sell Back Transaction.
- (b) In the case of a Buy/Sell Back Transaction the Confirmation delivered in accordance with paragraph 3 of the Agreement may consist of a single document in respect of both of the transactions which together form the Buy/Sell Back Transaction or separate Confirmations may be delivered in respect of each such transaction. Such Confirmations may be in the form of Annex II to the Agreement except that, subject to subparagraph (c) below, such Confirmations shall not include the item specified in paragraph 10 of Annex II.
- (c) When entering into a Buy/Sell Back Transaction the parties shall also agree the Sell Back Price and the Pricing Rate to apply in relation to that Transaction on the scheduled Repurchase Date. The parties shall record the Pricing Rate in at least one Confirmation applicable to that Buy/Sell Back Transaction.
- (d) Buy/Sell Back Transactions shall not be terminable on demand.
- (e) In the case of a Buy/Sell Back Transaction, the Purchase Price shall be quoted exclusive of Accrued Interest to the Purchase Date on the Purchased Securities and the Sell Back Price shall be quoted exclusive of Accrued Interest.
- (f) For the purposes of paragraph 3(c) of the Agreement, in the case of a Buy/Sell Back Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the payment of the Purchase Price plus an amount equal to Accrued Interest to the Purchase Price on such Purchased Securities.
- (g) In the case of a Buy/Sell Back Transaction, paragraph 3(f) of the Agreement shall not apply. Termination of such a Transaction will be effected on the Repurchase Date by transfer to Seller or its agent of Equivalent Securities against the payment by Seller of (i) in a case where the Repurchase Date is the date originally scheduled by the parties pursuant to paragraph 3(b)(iii) of the Agreement, the Sell Back Price referred to in paragraph 2(iii)(x) of this Annex plus an amount equal to Accrued Interest to the Repurchase Date; and (ii) in any other case, the Sell Back Price referred to in paragraph 2(iii)(y) of this Annex.

4. Margin maintenance: "repricing"

If the parties agree that a Buy/Sell Back Transaction is to be repriced in accordance with paragraph 4(i) of the Agreement, they shall at the time of such repricing agree the Purchase Price, the Sell Back Price and the Pricing Rate applicable to the Repriced Transaction.

5. Income Payments

Paragraph 5 of the Agreement (relating to Income payments) shall not apply to Buy/Sell Back Transactions.

TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT (2000 VERSION)

GILTS ANNEX

Supplemental terms and conditions where repurchase transactions are to be effected
in UK gilt-edged securities

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated **January 7, 2015** between **DEUTSCHE BANK AG** and **SOUTHERN FINANCIAL LLC** (the "**Agreement**").

1. Interpretation

1.1 In this Part of this Annex -

- (a) the Agreement means the Agreement dated **January 7, 2015** substantially in the form of the TBMA/ISMA Global Master Repurchase Agreement (2000 Version) of which this Annex forms part;
- (b) **CREST** means the computer-based system and associated clerical procedures established by CRESTCo Limited to facilitate the transfer of gilt-edged securities and other uncertificated securities;
- (c) **CHAPS system** means the same day payment system operated by the CHAPS Clearing Company Limited;
- (d) ***gilt-edged securities*** means securities which are gilt-edged securities for the purposes of section 50 (7) of the Income and Corporation Taxes Act 1988.

1.2 Terms to which a defined meaning is given in the Agreement have the same meanings in this Annex.

2. Scope

2.1 The parties have agreed that the Transactions to which the Agreement applies may include Transactions in respect of gilt-edged securities.

2.2 The terms and conditions set out in this Annex apply to Transactions in respect of gilt-edged securities and, to the extent and in the circumstances provided in paragraph 3.3(c) below, Transactions wholly or partly in respect of such other securities as are referred to in that paragraph.

3. CREST

3.1 CREST shall be an agreed securities clearance system for the purposes of paragraph 6(a)(iii) of the Agreement.

3.2 Where under the rules and procedures of the CREST the delivery of any Securities from a securities account in the name of one party or its nominee or agent (***the transferor***) to a securities account in the name of the other party or its nominee or agent (***the transferee***) gives rise to an assured payment obligation by which the settlement bank acting for the transferee is obliged to make a payment to the settlement bank acting for the transferor, the creation of that assured payment obligation shall for the purposes of the Agreement and any Transaction be treated as a payment from the transferee to the transferor of an amount equal to the amount of the assured payment obligation.

- 3.3 (a) Subject to and in accordance with the following provisions of the subparagraph, the parties may agree to enter into an overnight sale and repurchase transaction (a ***DBV Transaction***) to be effected under the "delivery-by-value" facility of CREST.
- (b) The Confirmation relating to a DBV Transaction -
 - (i) shall specify the Transaction as a DBV Transaction;

- (ii) shall not describe the Purchased Securities;
 - (iii) shall specify as the Purchase Price the consideration to be input in respect of the delivery of the Purchased Securities through CREST;
 - (iv) shall specify the pricing rate for that DBV Transaction.
- (c) The Purchased Securities under a DBV Transaction shall be such Securities (which may include Securities which are not gilt-edged securities) as shall be selected and delivered by CREST on the apportionment of securities to the relevant delivery in accordance with the rules and procedures of CREST.
- (d) The amount by which the Repurchase Price under a DBV Transaction exceeds the Purchase Price shall be paid by Seller to Buyer on the Repurchase Date on or as soon as practicable after the delivery of Equivalent Securities through CREST from a securities account of Buyer to a securities account of Seller. Such payment shall be made through CREST or outside CREST in same day funds.
- (e) If on the Repurchase Date of a DBV Transaction Equivalent Securities are not delivered to Seller by reason of the fact that either party's membership of CREST has been terminated or suspended then, unless before the latest time for delivery of such Equivalent Securities under the rules and procedures of CREST an Event of Default has occurred under paragraph 10 of the Agreement in respect of either party, such non-delivery shall be deemed to constitute -
- (i) where Buyer's membership of CREST has been terminated or suspended, a failure by Buyer to deliver Equivalent Securities on the Repurchase Date.
 - (ii) where Seller's membership of CREST has been terminated or suspended, a failure by Seller to pay the Repurchase Price on the Repurchase Date.
- (f) If on the Repurchase Date of a DBV Transaction Equivalent Securities are not delivered to Seller by reason of the fact that there are insufficient Securities of the relevant description standing to the credit of Buyer's account to enable delivery of the Equivalent Securities or there is insufficient cash standing to the credit of Seller's account to enable payment of the Repurchase Price then, unless before the latest time for delivery of such Equivalent Securities under the rules and procedures of CREST an Event of Default has occurred under paragraph 10 of the Agreement in respect of either party, such non-delivery shall be deemed to constitute -
- (i) where there are insufficient Securities of the relevant description standing to the credit of Buyer's account to enable delivery of the Equivalent Securities, a failure by Buyer to deliver Equivalent Securities on the Repurchase Date;
 - (ii) where there is insufficient cash standing to the credit of Seller's account to enable payment of the Repurchase Price, a failure by Seller to pay Repurchase Price on the Repurchase Date.
- (g) If after an Event of Default has occurred under paragraph 10 of the Agreement Equivalent Securities to the Purchased Securities are delivered to a securities account of Seller against the creation of an assured payment obligation in accordance with the rules and procedures of CREST notwithstanding the termination of the relevant DBV Transaction, such delivery shall give rise to the following obligations, each of which shall be conditional on the simultaneous performance of the other -
- (i) an obligation on Seller to deliver to Buyer on demand securities equivalent to the securities so delivered; and
 - (ii) an obligation on Buyer to pay to Seller on demand a sum equal to the assured payment obligation so created.

- 3.4 (a) The parties may agree to enter into a series of DBV Transactions to be confirmed by a single Confirmation, each such DBV Transaction being for the same Purchase Price and each such DBV Transaction other than the first commencing on the Repurchase Date of the previous Transaction. Such a series DBV Transactions is in the paragraph referred to as -
- (i) an *Open DBV Repo* if the Repurchase Date of the last Transaction in the series is not specified in the Confirmation but it is instead provided that, if either party gives to the other notice of not less than a stated period, the DBV Transaction which will be due for Termination on the date specified in the notice will be the last Transaction in the series and the series will be limited accordingly;
 - (ii) a *Term DBV Repo* if the date on which the last Transaction in the series is due for Termination is specified in the Confirmation.
- (b) Subject to the following provisions of this subparagraph, paragraph 3.3 above shall apply in respect of each DBV Transaction forming part of an Open DBV Repo or a Term DBV Repo.
- (c) It shall not be necessary for any Transaction forming part of an Open DBV Repo or a Term DBV Repo to be evidenced by a separate Confirmation and, subject to subparagraph 3.4(d) below, each such Transaction shall be deemed to be entered into on the Repurchase Date of the preceding such Transaction.
- (d) Notwithstanding the preceding provisions of this subparagraph, a transaction which would otherwise be deemed to be entered into on any day and would form part of an Open DBV Repo or a Term DBV Repo shall be deemed not to be entered into if before the parties have taken the steps necessary to effect delivery of the Purchased Securities under that Transaction on that day in accordance with the rules and procedures of the CREST -
- (i) an Event of Default has occurred in relation to either party; or
 - (ii) an earlier Transaction forming part of that Open DBV Repo or Term DBV Repo has been terminated under paragraph 10(g) or 10(h) of the Agreement.
- (e) In any case where subparagraph 3.4(d) above applies, no further Transaction forming part of the relevant Open DBV Repo or Term DBV Repo shall arise.
- (f) Subject to subparagraph 3.4(h) below, and save in so far as the Confirmation relating to an Open DBV Repo or Term DBV Repo may otherwise provide, that part (if any) of the Repurchase Price in respect of each Transaction in the relevant series (other than the last such Transaction) which exceeds the Purchase Price shall not be payable on the Repurchase Date, but shall instead be deferred until, and shall be payable on, the Repurchase Date of the last Transaction in the series. Such payments shall be made through CREST or outside CREST in same day funds.
- (g) Any amount payable in respect of a Transaction forming part of an Open DBV Repo or Term DBV Repo payment of which has been deferred under subparagraph 3.4(f) above shall, until it is paid or the relevant Transaction is terminated under any provision of paragraph 10 of the Agreement, be treated for the purposes of paragraph 4(c) of the Agreement as if it were an amount payable under paragraph 5 of the Agreement.
- (h) If any Transaction forming part of an Open DBV Repo or Term DBV Repo is terminated under any provision of paragraph 10 of the Agreement, any amounts payable in respect of any earlier Transactions forming part of that Open DBV Repo or Term DBV Repo payment of which has been deferred under subparagraph 3.4(f) above shall become due and payable immediately.

4. Transactions in partly-paid Securities

4.1 This paragraph applies where -

- (a) the Purchased Securities under a Transaction are Securities on which a call or instalment remains to be paid; and

- (b) the due date for the payment of any such call or instalment occurs before the Termination of the Transaction.

4.2 Seller shall pay to Buyer, for value on or before the due date of the call or instalment, an amount equal to the call or instalment payable on that date in respect of Securities equivalent to the Purchased Securities.

4.3 No adjustment to the Repurchase Price shall be made in consequence of the call or instalment or of the payment made by Seller under paragraph 4.2 above.

4.4 On and from the due date for the payment of the call or instalment the expression "Equivalent Securities" shall with respect to that Transaction be taken to mean Securities of the same issuer, forming part of the same issue and being of an identical type, nominal value, description and amount as the Purchased Securities but after payment of the call or instalment in question.

5. Exercise of rights of conversion

5.1 This paragraph applies where the Purchased Securities under a Transaction are Securities in respect of which a right of conversion (whether arising under the terms of issue of the Securities or under a conversion offer made after such issue) becomes exercisable before the Termination of the Transaction.

5.2 Seller may, not later than a reasonable period before the latest time for the exercise of the right of conversion, give to Buyer written notice to the effect that, on Termination of the Transaction, it wishes to receive Securities in such form as will arise if the right of conversion is exercised or, in the case of a right of conversion which may be exercised in more than one manner, is exercised in such manner as is specified in the notice.

5.3 With effect from the latest time for the exercise of the right of conversion the expression "Equivalent Securities" shall be taken to mean -

- (a) if a notice has been given under paragraph 5.2 above not later than the time specified in that subparagraph, such amount of such Securities of such description as fall to be held by a holder of Securities of the same issuer, forming part of the same issue and being of an identical type, nominal value, description and amount as the Purchased Securities if he has exercised the right of conversion in the manner specified in the notice;
- (b) in any other case, such amount of Securities of such description as fall to be held by a holder of Securities of the same issuer, forming part of the same issue and being of an identical type, nominal value, description and amount as the Purchased Securities if he has not exercised the right of conversion.

6. Termination of on demand Transactions

6.1 Paragraph 3(c) of the Agreement shall not apply, but shall be replaced by the following -

"(e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur as soon as reasonably practicable after such demand or on such date (being at least one Business Day after that on which the demand is made) as may be specified in the demand: provided that, unless otherwise agreed between the parties, a demand which is made before 10 a.m. on a Business Day may provide for Termination to occur not later than the close of business on that day."

7. Dividend entitlements: effect on margin provisions

7.1 This paragraph applies where -

- (a) the ex-dividend date for the payment of any dividend on any Purchased Securities occurs before the Termination of the relevant Transaction; or

- (b) the ex-dividend date for the payment of any dividend on any gilt-edged securities which have been delivered to a party as Margin Securities occurs before Equivalent Margin Securities have been delivered to the other party.

7.2 For the purposes of paragraph 4 of the Agreement -

- (a) where paragraph 7.1(a) above applies, from the period from the ex-dividend date until the Termination of the Transaction, Buyer shall be deemed to have received a payment of Cash Margin equal to the amount of the dividend payable on the Purchased Securities by reference to that ex-dividend date;
- (b) where paragraph 7.1(b) above applies, the party which has received those Margin Securities shall, from the period from the ex-dividend date until Equivalent Margin Securities are delivered to the other party, be deemed to have received a payment of Cash Margin equal to the amount of the dividend payable on those Margin Securities by reference to that ex-dividend date.

ITALIAN ANNEX
Supplemental terms and conditions for transactions in
Italian Domestic Purchased Securities or Italian Bonds

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated **January 7, 2015** between **DEUTSCHE BANK AG** and **SOUTHERN FINANCIAL LLC** (the "**Agreement**").

1. Scope

In the event of Repurchase Transactions or Buy/Sell Back Transactions in Domestic Purchased Securities (as defined below) or in Italian Bonds (as defined below) whether or not such Italian Bonds fall within the definition of Domestic Purchased Securities, the following provisions shall apply and, where in conflict with any other term of the Agreement or of the Buy/Sell Back Annex, they shall prevail.

2. Interpretation

- (a) The following definition shall be added to paragraph 2 of the Agreement –

"Domestic Purchased Securities" means Purchased Securities which are issued in Italy whether or not the issuer thereof is incorporated in Italy or has a presence in Italy.

- (b) The following definitions shall replace the corresponding definitions contained in paragraph 2 of the Buy/Sell Back Annex –

(i) "Accrued Interest", with respect to any Domestic Purchased Securities unpaid Income that has accrued during the period from (and excluding) the issue date or the last Income Payment Date (whichever is the later) in respect of such Domestic Purchased Securities to (and including) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and excluding) the issue date or the last Income Payment Date (as the case may be) to (and including) the next Income Payment Date or the maturity date (whichever is the earlier).

(ii) "Sell Back Differential", with respect to any Transaction in Domestic Purchased Securities as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction (on a 360 day basis unless otherwise agreed between the parties for the Transaction) to the sum of (a) the Purchase Price and (b) Accrued Interest paid on the Purchase Date for such Transaction for the actual number of days during the period commencing on (and excluding) the Purchase Date for such Transaction and ending on (and including), the date of calculation.

- 0(c) References to "Repurchase Price" and to "Sell Back Price" throughout this Annex shall be construed as references to "Repurchase Price or the Sell Back Price, as the case may be".

3. Settlement Method

The settlement method in relation to Transactions in Domestic Purchased Securities shall be "in the counter" (giornaliera titoli) unless the parties in the relevant Confirmation agree that such settlement method shall be "over the counter" (Conto Accentrato Titoli (CAT) copertura giornaliera) (such terms having the meanings specified in the relevant regulations issued by the Bank of Italy).

4. Late Delivery

- (a) In connection with a Transaction in Domestic Purchased Securities, if Seller fails to deliver Domestic Purchased Securities to Buyer on the Purchase Date or Buyer fails to deliver Securities equivalent to Domestic Purchased Securities on the Repurchase Date and Buyer or, as the case may be, Seller (the "affected party") elects to terminate the Transaction in accordance with paragraph 10(g)(iii) or, as the case may be paragraph 10(h)(iii) of the Agreement, the parties agree that for the purposes of paragraph 10(c) -

- (i) if the affected party has at any time in the period beginning on the date on which the failure occurred and ending at the Default Valuation Time, purchased, whether by way of a repurchase transaction, buy and sell back transaction or otherwise, Securities forming part of the same issue and being of an identical type and description as those Purchased Securities or Equivalent Securities, the affected party shall, to the extent that it does not fall within paragraph 10(e), treat the cost of such purchase (including all Transaction Costs) as the Default Market Value of those Securities;
- (ii) in calculating the Default Market Value, Transaction Costs incurred in connection with a purchase of Securities under paragraph 10(e)(i)(A) (aa) or (bb) shall include
 - (aa) any costs imposed by the Bank of Italy as a result of the failure; and
 - (bb) an amount equal to interest on any deposit which the affected party is required to make with the Bank of Italy at the greater of the Pricing Rate for the relevant Transaction and EURIBOR (on a 360 day basis unless otherwise agreed by the parties to the Transaction) which shall be payable by the other party to the affected party.
- (b) If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date, Seller may by written notice to the other party, elect to adjust the Transaction in accordance with subparagraph (c) below.
- (c) The adjustment of a Transaction (the "Original Transaction") under this subparagraph shall be effected as follows. The Original Transaction shall be terminated on the Repurchase Date for the Original Transaction and the parties shall be deemed to enter into a new Transaction (the "Replacement Transaction") in accordance with the following provisions-
 - (i) the Purchase Date under the Replacement Transaction shall be the Repurchase Date under the Original Transaction;
 - (ii) the Purchased Securities under the Replacement Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
 - (iii) the Purchase Price under the Replacement Transaction shall, unless otherwise agreed, be the Market Value of the Purchased Securities for that Transaction on the Purchase Date for the Replacement Transaction as determined by Seller;
 - (iv) the Pricing Rate under the Replacement Transaction shall, unless otherwise agreed, be minus five per cent.;
 - (v) the Repurchase Date under the Replacement Transaction shall be the Business Day following the Purchase Date under the Replacement Transaction;
 - (vi) the Margin Ratio and, subject as aforesaid, the other terms of the Replacement Transaction shall, unless otherwise agreed, be identical to those of the Original Transaction; and
 - (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Replacement Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. If such net sum is payable by Seller to Buyer, that sum shall be payable on the Repurchase Date under the Replacement Transaction.
- (d) If on the Repurchase Date for any Transaction Buyer delivers to Seller part only of the Equivalent Securities which it should have delivered (the "Delivered Securities" and the part of the Equivalent Securities which Buyer has failed to deliver being the "Undelivered Securities") Seller shall not be obliged to accept delivery of the Delivered Securities but instead may elect to terminate that Transaction in accordance with paragraph 10(h)(iii) of the Agreement, in which

case subparagraph (a) above shall apply. If Seller elects to accept delivery of the Delivered Securities, the Transaction shall be terminated and Buyer and Seller shall be deemed to enter into a new Transaction in respect of the Undelivered Securities in accordance with the provisions of subparagraph (e) below.

- (e) Where this paragraph applies, the Transaction (the "Terminated Transaction") shall be terminated. Upon such termination, Buyer shall transfer to Seller or its agent the Delivered Securities against payment by Seller of the proportion of the Repurchase Price which corresponds to the Delivered Securities and the parties shall be deemed to enter into a new Transaction on the following terms-
- (i) the Purchase Date under the new Transaction shall be the Repurchase Date under the Terminated Transaction;
 - (ii) the Purchased Securities under the new Transaction shall be Securities equivalent to the Undelivered Securities;
 - (iii) the Purchase Price under the new Transaction shall be the Market Value of the Undelivered Securities at the Purchase Date under the new Transaction as determined by Seller;
 - (iv) the Repurchase Date under the new Transaction shall be the Business Day following the Purchase Date under the new Transaction;
 - (v) the Pricing Rate under the new Transaction shall, unless otherwise agreed, be minus five per cent.;
 - (vi) the Margin Ratio and, subject as aforesaid, the other terms of the new Transaction shall, unless otherwise agreed, be identical to those of the Terminated Transaction; and
 - (vii) the obligations of the parties with respect to the delivery of the Undelivered Securities and the payment of that part of the Repurchase Price which corresponds to the Undelivered Securities under the Terminated Transaction shall be set off against their obligations with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the new Transaction and accordingly only a net cash sum shall be paid by Seller to Buyer. If such net sum is payable by Seller to Buyer, that sum shall be payable on the Repurchase Date under the new Transaction.

5. Withholding Tax

- (a) Transactions in Domestic Purchased Securities between an Italian resident and a counterparty which is not resident in Italy for Italian tax purposes (but excluding the foreign branches of entities incorporated in Italy) where the non-Italian party is Buyer, are subject to the then applicable withholding tax in accordance with the following formula which provides the adjustment of the originally agreed Pricing Rate (such adjustment expressed as a percentage, the "Pricing Rate Adjustment") in such a manner which reduces the Pricing Rate by a percentage equal to the relevant applicable withholding tax rate on any capital gains realised on the relevant Domestic Purchased Securities unless otherwise provided in any applicable tax treaty.

Pricing Rate Adjustment = $(Pssnt - Pssnp) \times Awtr \times (360/gg) \times (100/Pssnp)$

Pssnt = Prezzo supersecco netto a termine (Sell Back Price net of accrued interest and matured original issue discount)

Pssnp = Prezzo supersecco netto a pronti (Purchase price net of accrued interest and matured original issue discount)

Awtr = Tasso della ritenuta d'imposta applicabile (Applicable withholding tax rate)

gg = giorni di durata della Transaction number of days in the Transaction (excluding the Purchase Date and including the Repurchase Date).

To the extent that the withholding tax referred to above is applicable to Buyer and Seller is required to pay the amount of such withholding tax to the Italian tax authorities, Seller shall be

entitled to deduct the amount of such tax from the Repurchase Price as adjusted in accordance with the Pricing Rate Adjustment or, within ten days of the demand of Seller to make the relevant payment, Buyer shall reimburse Seller in respect of the amount required to be paid by it. Seller shall, upon demand by Buyer, provide Buyer with appropriate evidence of the amount of tax deducted and paid to the Italian tax authorities as Buyer may reasonably require to obtain any tax relief under any applicable tax treaty or to obtain any tax credit in respect of its income in the country in which it is resident or out of which it is acting.

(b) Should Buyer be -

- (i) resident in a country with which Italy has entered into a double tax treaty which recognises the Italian tax authorities' right to exchange information with the tax authorities of such country; or
- (ii) a supranational entity, no withholding tax shall apply pursuant to Article 26bis of Presidential Decree no. 600 of 29th September, 1973.

6. Construction of Buy/Sell Back Annex

The provisions of the Buy/Sell Back Annex shall apply to Buy/Sell Back Transactions in Domestic Purchased Securities as if -

- (a) references to Buy/Sell Back Transactions shall be construed as references to Buy/Sell Back Transactions in Domestic Purchased Securities; and
- (b) references to Purchased Securities shall be construed as references to Domestic Purchased Securities.

7. Income

(a) Unless otherwise agreed -

- (i) paragraph 5 of the Agreement shall apply without modification in respect of any payment of Income in respect of Italian Bonds which could be received without a withholding or deduction on account of Italian tax being made at source by an owner of such Italian Bonds which is a body corporate resident in Italy or in one of the jurisdictions listed in Decree of the Minister of Finance of the Republic of Italy dated 4th September, 1996 issued pursuant to Legislative Decree no. 239 of 1st April, 1996 having an appropriate double tax treaty with Italy (whether or not either of the parties is such a body corporate);
- (ii) paragraph 5 of the Agreement shall be modified, in its application to any payment of Income in respect of Italian Bonds other than such a payment falling within subparagraph (i) above, by deducting from the amount required to be transferred or credited under that paragraph an amount equal to any amount which would, on the assumption that Buyer owned the Italian Bonds at the relevant Income Payment Date, be withheld or deducted at source on account of Italian tax;
- (iii) in relation to Buy/Sell Back Transactions in Italian Bonds, the amount "IR" in the formula for computing the Sell Back Price pursuant to paragraph 2(iii)(y) of the Buy/Sell Annex shall be calculated on the same basis as the amount required to be transferred or credited pursuant to paragraph 5 is calculated in accordance with subparagraphs (i) and (ii) above;
- (iv) without prejudice to the provisions set out in the final sentence of subparagraph 5(a) above, neither party shall be obliged to deliver or transfer to the other, or to account to the other for, any tax credits or refunds to which it may become entitled in respect of Income on Italian Bonds; and

- (v) paragraph 11 of the Agreement (Tax Event) shall not apply to any Transaction by virtue of any Italian Bonds ceasing to be Securities in respect of which a deduction or withholding on account of Italian tax is required to be made in respect of a payment of Income to such an owner as is referred to in subparagraph (i) above.
- (b) For the purposes of this paragraph "Italian Bonds" means any Securities which are issued by the Italian government or local authorities (or the Securities which for Italian tax purposes are treated likewise) or by other entities and to which the provisions of Legislative Decree no. 239 of 1st April, 1996, as amended, granting a special tax treatment will apply.

EQUITIES ANNEX

Supplemental terms and conditions for transactions in equities

This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated **January 7, 2015** between **DEUTSCHE BANK AG** and **SOUTHERN FINANCIAL LLC** (the "*Agreement*").

1. Scope

- (a) The parties have agreed that -
- (i) the Transactions to which this Agreement applies may include Transactions in respect of which the Purchased Securities consist of or include equities; and
 - (ii) a transfer of Margin Securities may consist of or include equities,
- and the terms and conditions of this Annex shall apply to such Transactions and transfers of Margin Securities.
- (b) In relation to Transactions and transfers of Margin Securities to which this Annex applies, the Agreement shall be construed as if it had been amended and supplemented as set out in paragraphs 3 to 5 of this Annex.

2. Interpretation

- (a) In this Annex -
- (i) "equities" and "equity securities" include shares or stock in the share capital of a corporation, whether ordinary shares or preference shares or other kinds of shares or stock;
 - (ii) "Equivalent Margin Securities" and "Equivalent Securities" mean, in relation to Margin Securities and Purchased Securities which are equity securities and which are partly paid, or have been converted, subdivided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing -
 - (A) in the case of conversion, subdivision or consolidation, securities equivalent to the securities into which the relevant Securities have been converted, subdivided or consolidated; provided that, if appropriate, notice has been given in accordance with paragraph 4 (a) of this Annex;
 - (B) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
 - (C) in the case of takeover, a sum of money or securities equivalent to the consideration or alternative consideration of which notice has been given in accordance with paragraph 4(a) of this Annex;
 - (D) in the case of a call on partly paid securities, securities equivalent to the paid-up securities; provided that, in the case of Equivalent Securities, Seller or, in the case of Equivalent Margin Securities, the party which transferred the relevant Margin Securities shall have paid to the other party a sum of money equal to the sum due in respect of the call;
 - (E) in the case of a capitalisation issue, securities equivalent to the relevant Securities together with the securities allotted by way of bonus thereon;
 - (F) in the case of a rights issue, securities equivalent to the relevant Securities together with the securities allotted thereon; provided that notice has been given to the other party in accordance with paragraph 4(a) of this Annex;
 - (G) in the event that income in the form of securities, or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities is distributed, securities equivalent to the relevant Securities together with securities or a certificate or an entitlement equivalent to those allotted; provided that notice has been given in accordance with paragraph 4(a) of this Annex;
 - (H) in the case of any event similar to any of the foregoing, securities equivalent to the relevant 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) In the event of any conflict between the terms of this Annex and the Agreement the terms of this Annex shall prevail.

3. Income Payments

- (a) Subject as otherwise provided in this Annex or as otherwise agreed between the parties, where the Income paid or distributed by the issuer of Purchased Securities or Margin Securities is not in the form of money but is in the form of other property, the obligation of a party under paragraph 5 of the Agreement to pay to the other party an amount equal to the amount paid by the issuer shall be construed as an obligation to transfer property equivalent to that distributed by the issuer.
- (b) The existing paragraph 5 of the Agreement shall be replaced by the following -

"5. Income Payments

- (a) Unless otherwise agreed -

- (i) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction which are not equities, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (ii) where Margin Securities which are not equities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer,

and for the avoidance of doubt references in this subparagraph to the amount of Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to a withholding or deduction.

- (b) (i) Unless otherwise agreed, where the Purchased Securities the subject of a Transaction consist of or include equities in respect of which an Income Payment Date would, but for this provision, occur during the Term of such Transaction, Seller shall seek to effect a substitution of such equities in accordance with paragraph 8(a) before the Notice Date referred to in subparagraph (b)(iii), but if such a substitution has not been effected by that date then Termination of such Transaction shall, provided that Seller has notified Buyer of such Termination in accordance with subparagraph (b)(iii), occur on, and, accordingly, the Repurchase Date of such Transaction shall fall on, the Business Day immediately preceding such Income Payment Date.
- (ii) Unless otherwise agreed and except to the extent that Equivalent Margin Securities in respect of the relevant Margin Securities have already been transferred, where one party (the "transferor") has transferred Margin Securities which are equities to the other (the "transferee") then, on the Business Day preceding the next Income Payment Date in respect of such Margin Securities, the transferee shall transfer to the transferor Equivalent Margin Securities in respect of such Margin Securities in exchange for new Margin Securities as if such transfers were made pursuant to a request under paragraph 8(d) to which the transferee had agreed; provided that (aa) the transferor has given notice to the transferee in accordance with subparagraph (b)(iii) of the application of this subparagraph (b)(ii) and (bb) the transferor has provided reasonable details to the transferee of the Margin Securities in question, the relevant Income Payment Date and the new Margin Securities to be exchanged for such Equivalent Margin Securities and the transferee has indicated to the transferor that such new Margin Securities are acceptable to it.

- (iii) Any notice given pursuant to subparagraphs (b)(i) or (b)(ii) above shall not be valid unless given so as to be effective, at the latest, one hour before the close of business on the last Business Day (the "Notice Date") on which the recipient would customarily be required to initiate settlement of the securities to be transferred by it pursuant to such notice in order for settlement to take place on the Business Day immediately preceding the relevant Income Payment Date.
 - (iv) Nothing in this subparagraph (b) shall prejudice any entitlement of either party to terminate a Transaction in any other manner permitted by the Agreement.
- (c) Unless otherwise agreed between the parties, where (notwithstanding, and without prejudice to, subparagraph (b) above) Equivalent Securities in respect of Purchased Securities which are equities or, as the case may be, Equivalent Margin Securities in respect of Margin Securities which are equities have not been transferred by Buyer to Seller or the transferee to the transferor prior to an Income Payment Date in respect of such Securities, subparagraph (a) above shall not apply in respect of such Securities, but instead Buyer shall or, as the case may be, the transferee shall, on the date Income is paid by the issuer of those Securities, transfer to or credit to the account of Seller or, as the case may be, the transferor -
- (i) an amount equal to (and in the same currency as) so much of such Income attributable to such Securities as is (if it is the holder of such Securities on such Income Payment Date) or would have been (if it had been the holder of such Securities on such Income Payment Date) paid in cash by the issuer to the holder; and
 - (ii) an amount equal to such amount, if any, in respect of tax or tax benefit as Buyer or the transferee is (if it is the holder of such Securities on such Income Payment Date) or would have been (if it had been the holder of such Securities on such Income Payment Date) entitled to claim or recover in cash from the issuer's jurisdiction in respect of such Income payment;
- provided that, unless otherwise agreed between the parties, if Buyer or, as the case may be, the transferee has failed to make reasonable efforts to transfer the relevant Equivalent Securities or Equivalent Margin Securities prior to such Income Payment Date in circumstances where the proviso to subparagraph (b)(i) above or, as the case may be, subparagraph (b)(ii) has been satisfied, then, instead of transferring or crediting the amount referred to in subparagraphs (i) and (ii) of this subparagraph (c), Buyer or, as the case may be, the transferee shall indemnify Seller or, as the case may be, the transferor in respect of any cost, loss (including for the avoidance of doubt the amount of Income that would have been paid to Seller or, as the case may be, the transferor if it had been the holder of such Securities on such Income Payment Date) or damage (excluding, for the avoidance of doubt, any consequential loss or damage) suffered by such person which it would not have suffered had the relevant Equivalent Securities or Equivalent Margin Securities been transferred prior to such Income Payment Date.
- (d) Where Buyer or, as the case may be, the transferee is required by law to make any transfer or credit pursuant to subparagraph (c)(i) or (ii) above subject to withholding or deduction of taxes or duties, and as a result would, but for this subparagraph, be required to pay additional amounts under paragraph 6(b) of the Agreement, unless otherwise agreed between the parties, it shall only be obliged to pay such additional amounts to the extent that it could, in the relevant circumstances, have avoided, satisfied or off-set the relevant obligation to withhold or deduct (or to account for the tax withheld or deducted) by utilising any available tax credit in respect of the relevant Securities (or transactions relating to them)."

4. Corporate actions and voting

- (a) In relation to Purchased Securities or Margin Securities which are equities (and in respect of which Equivalent Securities or, as the case may be, Equivalent Margin Securities have not been transferred) Buyer, in the case of Purchased Securities, or the transferee, in the case of Margin Securities, shall notify the other party within a reasonable time after the date on which a holder of such Securities would in the normal course have received such notice from the issuer of any notice issued by the issuer of such Securities to the holders of such Securities relating to any proposed conversion,

subdivision, consolidation, takeover, pre-emption, option or other similar right or event affecting such Securities or of any Income payment declared in respect of such Securities. Whether or not such notice is received from the first party, the other party may -

- (i) where the relevant Securities are Purchased Securities, cause the Transaction to be terminated in accordance with paragraphs 3(d), (e) and (f) of the Agreement as if the Transaction were an on demand Transaction or, where the relevant Securities are Margin Securities, request that Equivalent Margin Securities be transferred in respect of such Securities to paragraph 8(d) of the Agreement; and/or (as appropriate);
 - (ii) within a reasonable time before the latest time for the exercise of the right or option give written notice to the first party that on redelivery of Equivalent Securities or Equivalent Margin Securities, as the case may be, it wishes to receive Equivalent Securities or Equivalent Margin Securities in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice; provided that if any sum is required to be paid by a holder of the securities to the issuer or any other person in order to exercise such rights, the other party shall pay to the first party an amount equal to such sum.
- (b) Where any voting rights fall to be exercised in relation to any Purchased Securities or Margin Securities which are equities and in respect of which Equivalent Securities or, as the case may be, Equivalent Margin Securities have not been transferred, neither Buyer, in the case of Purchased Securities, nor the transferee, in the case of Margin Securities, shall have any obligation to arrange for voting rights of that kind to be exercised in accordance with the instructions of the other party in relation to such Purchased Securities or Margin Securities, unless otherwise agreed between the parties.

5. Transfer

- (a) Seller shall promptly pay and account for any transfer or similar duties or taxes chargeable in connection with the transfer of Purchased Securities which are equities and any Equivalent Securities in respect thereof and shall reimburse to Buyer the amount of any liability incurred by it as a result of Seller's failure to do so.
- (b) Where Margin Securities which are equities are transferred by one party to the other, the transferor (the first party) shall promptly pay and account for any transfer or similar duties or taxes chargeable in connection with such transfer as well as in connection with any subsequent transfer by the transferee (the second party) of Equivalent Margin Securities in respect thereof to the first party and shall reimburse to the second party the amount of any liability incurred by the second party as a result of the first party's failure to do so.
- (c) In relation to Transactions to which this Annex applies and unless otherwise agreed, where any Purchased Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are transferred through a settlement system which automatically generates a mandatory payment or delivery, or a mandatory obligation to pay or deliver, against the transfer of such Securities, then -
 - (i) such automatically generated payment, delivery or obligation shall be treated as a payment or delivery by the transferee to the transferor, and except to the extent that it is applied to discharge an obligation of the transferee to effect a payment or delivery, such payment or delivery, or obligation to pay or deliver, shall be deemed to be a Margin Transfer made by the transferee; and
 - (ii) unless the parties shall have agreed otherwise, the party receiving such Margin Transfer shall cause to be made to the other party for value the same day either, where such Margin Transfer is a payment, an irrevocable payment in the amount of such Margin Transfer or, where such Margin Transfer is a delivery, an irrevocable delivery of Securities (or other property, as the case may be) equivalent thereto.