

(Security interest over Posted Collateral (IM) held with a Custodian (IM) on behalf of the Security-provider)

(ISDA 2019 Collateral Transfer Agreement for Initial Margin (IM))<sup>1</sup>

Multi-Regime Scope



International Swaps and Derivatives Association, Inc.

# 2019 COLLATERAL TRANSFER AGREEMENT FOR INITIAL MARGIN (IM)

between

..... and .....

(“Party A”)

(“Party B”)

dated .....

relating to the

**ISDA Master Agreement**

dated as of ..... between Party A and Party B.

This Agreement is entered into in relation to:

- (a) the ISDA Master Agreement referred to above (as amended and supplemented from time to time, the “*ISDA Master Agreement*”);
- (b) the Party A Security Agreement (as amended and supplemented from time to time); and
- (c) the Party B Security Agreement (as amended and supplemented from time to time) (and together with the Party A Security Agreement, the “*Security Agreements*”),

subject to the One Way Provisions (if applicable under Paragraph 13), in which event no Party A Security Agreement or Party B Security Agreement (as the case may be) shall be entered into by the parties in connection with this Agreement (and references to such security agreement shall be disregarded for the purposes of interpreting the provisions of this Agreement).

Accordingly, the parties agree as follows:

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<sup>1</sup> This 2019 Collateral Transfer Agreement for Initial Margin (IM) has been prepared for use with one or two (to the extent both parties are Security-providers hereunder) ISDA published security agreements, which are identified as compatible with this Agreement. Paragraph 13 provides wording if a counterparty pairing wish to use this Agreement to cover only one collateral posting leg (see “One Way Provisions”). Users should consult their legal advisers as to the proper use and effect of this form and the arrangements it contemplates. Parties should consider whether any of the provisions included herein need to be amended in light of the governing law of the security agreement(s).

### **Paragraph 1. Interpretation**

(a) **Definitions and Inconsistency.** Capitalised terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Agreement to Paragraphs are to Paragraphs of this Agreement. Capitalised terms used but not defined in this Agreement have the meanings specified in the Security Agreements and/or the ISDA Master Agreement, as applicable. In the event of any inconsistency between this Agreement and the ISDA Master Agreement or any Other CSA, this Agreement will prevail in the case of (i) matters concerning regulatory initial margin requirements relating to Covered Transactions (IM) posted by a Security-provider and (ii) specific amendments made herein to the ISDA Master Agreement, including the Schedule to the ISDA Master Agreement or any Other CSA, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Agreement, Paragraph 13 will prevail. In the event of any inconsistency between the provisions of this Agreement and a Security Agreement, the provisions of this Agreement will prevail.

(b) **Security-taker and Security-provider.**

(i) Unless otherwise specified in Paragraph 13, all references in this Agreement to the “Security-taker” will be to either party when acting in that capacity and all corresponding references to the “Security-provider” will be to the other party when acting in that capacity.

(ii) Any Eligible Collateral (IM) transferable by Party A as “Security-provider” under this Agreement shall be transferred into the relevant Party A Segregated Account and be subject to the security interest created pursuant to the Party A Security Agreement.

(iii) Any Eligible Collateral (IM) transferable by Party B as “Security-provider” under this Agreement shall be transferred into the relevant Party B Segregated Account and be subject to the security interest created pursuant to the Party B Security Agreement.

(c) **Headings.** Headings are for ease of reference only and shall be ignored in interpreting this Agreement.

### **Paragraph 2. Scope, Amendment Effective Date (IM) and Acknowledgements**

(a) **Scope of this Agreement.** The only Transactions governed by the ISDA Master Agreement which will be relevant for the purposes of determining a “*Margin Amount (IM)*” under this Agreement with respect to a posting obligation of a Security-provider will be the relevant Covered Transactions (IM) specified in accordance with the provisions of Paragraph 13. Except as expressly provided herein, nothing in this Agreement will affect the rights and obligations, if any, of either party under the ISDA Master Agreement or any Other CSA.<sup>2</sup>

(b) **Amendment Effective Date (IM).** Unless otherwise specified in Paragraph 13, any specific amendments made herein to the ISDA Master Agreement, including the Schedule to the ISDA Master Agreement or any Other CSA, will become effective as of the Amendment Effective Date (IM).

(c) **Acknowledgements.** The parties acknowledge and agree that the following documents are in each case a Credit Support Document in relation to the ISDA Master Agreement:

(i) this Agreement;

(ii) the Party A Security Agreement; and

(iii) the Party B Security Agreement.

### **Paragraph 3. Credit Support Obligations**

(a) **Delivery Amount (IM).** Subject to Paragraph 4 and Paragraph 5, upon a demand made by the Security-taker on or promptly following a Calculation Date (IM), if the Delivery Amount (IM) applicable to the Security-

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<sup>2</sup> As this Agreement may amend another agreement, parties should ensure that any relevant formalities required to amend such agreement are complied with.

provider for that Calculation Date (IM) equals or exceeds the Security-provider's Minimum Transfer Amount (IM), then the Security-provider will transfer to the relevant Segregated Account (secured for the benefit of the Security-taker) Eligible Collateral (IM) having a Value as of the date of transfer at least equal to the applicable Delivery Amount (IM) (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "**Delivery Amount (IM)**" applicable to the Security-provider for any Calculation Date (IM) will equal the amount by which:

(i) the Credit Support Amount (IM) applicable to the Security-provider

exceeds

(ii) the Value as of that Calculation Date (IM) of all Posted Collateral (IM) held by the Security-taker (as adjusted to include any prior Delivery Amount (IM) and to exclude any prior Return Amount (IM), the transfer of which, in either case, has not yet been completed and for which the relevant Regular Settlement Day falls on or prior to such Calculation Date (IM)).

(b) **Return Amount (IM)**. Subject to Paragraphs 4 and 5, upon a demand made by the Security-provider on or promptly following a Calculation Date (IM), if the Return Amount (IM) applicable to the Security-taker for that Calculation Date (IM) equals or exceeds the Security-taker's Minimum Transfer Amount (IM), then the Security-taker will instruct the Custodian (IM) to transfer (from the relevant Segregated Account secured for its benefit) Posted Collateral (IM) to the Security-provider specified by the Security-provider having a Value as of the date of transfer as close as practicable to (but not more than) the applicable Return Amount (IM) (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "**Return Amount (IM)**" applicable to the Security-taker for any Calculation Date (IM) will equal the amount by which:

(i) the Value as of that Calculation Date (IM) of all Posted Collateral (IM) held by the Security-taker (as adjusted to include any prior Delivery Amount (IM) and to exclude any prior Return Amount (IM), the transfer of which, in either case, has not yet been completed and for which the relevant Regular Settlement Day falls on or prior to such Calculation Date (IM))

exceeds

(ii) the Credit Support Amount (IM) applicable to the Security-provider.

(c) **"Margin Amount (IM)"; "Margin Amount (IA)"; Margin Approach.**

(i) "**Margin Amount (IM)**" means, for any Calculation Date (IM) and a posting obligation of a Security-provider under a Regime, the Base Currency Equivalent of an amount equal to the sum of the initial margin amounts in respect of the Covered Transactions (IM) determined using the Method specified as applicable to such Regime in Paragraph 13.

(ii) "**Margin Amount (IA)**" means, for any Calculation Date (IM) and a posting obligation of a Security-provider, the Base Currency Equivalent of an amount equal to the sum of the Independent Amounts (as defined in any Other CSA) applicable to the Security-provider and any other amounts applicable to the Security-provider (other than any amounts in respect of Margin Amount (IM) or Exposure), however described, intended by the parties to operate as an Independent Amount, if any, after taking into account any relevant Threshold applicable to the Security-provider and any other relevant amounts applicable to the Security-provider, however described, intended by the parties to operate as a Threshold but prior to giving effect to any other applicable deduction, discharge or netting of such amounts, under or in relation to the ISDA Master Agreement, as determined and reported by the party responsible for calculating such amounts. For the avoidance of doubt, in order to determine the amounts "applicable to the Security-provider" for the purposes hereof, the parties will take into account the effect of any conditions precedent applicable to such amounts.

(iii) **Margin Approach.**<sup>3</sup> The parties have agreed, in Paragraph 13, to implement one of the following approaches (each a “**Margin Approach**”) with respect to the relationship between “**Margin Amount (IM)**” and “**Margin Amount (IA)**”.

(A) If the “**Distinct Margin Flow (IM) Approach**” is specified as applicable in Paragraph 13, the following provisions will apply:

(1) “**Credit Support Amount (IM)**” means, with respect to a party as the Security-provider, for any Calculation Date (IM), (i) the Margin Amount (IM) applicable to the Security-provider, if any, minus (ii) the Security-provider’s Threshold (IM); *provided, however*, that the Credit Support Amount (IM) will be deemed to be zero whenever the calculation of the Credit Support Amount (IM) yields a number less than zero.

(2) **No Amendment to Obligations in respect of Margin Amount (IA).** The posting obligation of a Security-provider in respect of any amount that constitutes a Margin Amount (IA) under any Other CSA shall not be affected or amended in any way by the provisions of this Agreement.

(B) If the “**Allocated Margin Flow (IM/IA) Approach**” is specified as applicable in Paragraph 13, the following provisions will apply:

(1) “**Credit Support Amount (IM)**” means, with respect to a party as the Security-provider, for any Calculation Date (IM), (i) the Margin Amount (IM) applicable to the Security-provider, if any, minus (ii) the Security-provider’s Threshold (IM); *provided, however*, that the Credit Support Amount (IM) will be deemed to be zero whenever the calculation of the Credit Support Amount (IM) yields a number less than zero.

(2) **Amendment to Obligations in respect of Margin Amount (IA).** The posting obligation of a Security-provider in respect of any amount that constitutes a Margin Amount (IA) under any Other CSA shall be reduced on an aggregate basis by the amount of the Security-provider’s Credit Support Amount (IM); *provided, however*, that if, after such reduction, any such Margin Amount (IA) would be a negative amount, such Margin Amount (IA) will be deemed to be zero.<sup>4</sup>

(C) If the “**Greater of Margin Flow (IM/IA) Approach**” is specified as applicable in Paragraph 13, the following provisions will apply:

(1) “**Credit Support Amount (IM)**” means, with respect to a party as the Security-provider, for any Calculation Date (IM), the greater of (i)(A) the Margin Amount (IM) applicable to the Security-provider, if any, minus (B) the Security-provider’s Threshold (IM) and (ii) the Margin Amount (IA); *provided, however*, that the Credit Support Amount (IM) will be deemed to be zero whenever the calculation of the Credit Support Amount (IM) yields a number less than zero.

(2) **Amendment to Obligations in respect of Margin Amount (IA).** The posting obligation of a Security-provider in respect of any amount that constitutes a Margin Amount (IA) under any Other CSA, other than such obligations of a Security-provider under this Agreement, shall be reduced to zero.<sup>5</sup>

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<sup>3</sup> If the parties do not currently exchange Margin Amount (IA), each of the three Margin Approaches will yield the same Credit Support Amount (IM). In such a case, the parties should agree on the Margin Approach they would want to apply in the event they exchange Margin Amount (IA) in the future.

<sup>4</sup> Parties should (i) ensure that any relevant formalities required to amend any Other CSA are complied with and (ii) consider the impact of these amendments on any Other CSA, including, but not limited to, in respect of any security interest granted thereunder.

<sup>5</sup> See footnote 4.

**Paragraph 4. Conditions Precedent, Transfers, Calculations and Substitutions**

(a) **Conditions Precedent.** Unless otherwise specified in Paragraph 13, each obligation of the Security-provider to make a transfer under Paragraphs 3 and 5 and of the Security-taker to instruct the Custodian (IM) to make a transfer under Paragraphs 3, 4(e)(iii) and 5 and the provisions of Paragraph 13 relating to the return of Posted Collateral (IM) with a Value of zero is subject to the conditions precedent that:

(i) no Event of Default, Potential Event of Default or Specified Condition has occurred and is continuing with respect to the other party; and

(ii) no Early Termination Date has occurred or been designated for which any unsatisfied payment obligations (whether present, actual, future or contingent) exist which is in respect of all Covered Transactions (IM).

(b) **Means of Transfer.** All transfers under this Agreement or any Security Agreement of any Eligible Collateral (IM) or Posted Collateral (IM) shall be made in accordance with the instructions of the Security-taker, Security-provider or Custodian (IM), as applicable, and shall be made:

(i) in the case of Eligible Collateral (IM), (A) by book-entry, wire or other transfer of such Eligible Collateral (IM) to the Custodian (IM) (accompanied in the case of certificated securities that cannot be paid or delivered by book-entry by any duly executed instruments of transfer, assignments in blank, transfer tax stamps or any other documents necessary to permit the Custodian (IM) to make legally valid transfers of such certificated securities upon instruction of the Security-taker) and (B) the Custodian (IM)'s crediting such assets to the relevant Segregated Account; and

(ii) in the case of Posted Collateral (IM), by book-entry, wire or other transfer of such Posted Collateral (IM) by the Custodian (IM) (or in the case of excess proceeds, the Security-taker) to the relevant cash, securities or other account of the Security-provider (with the same Custodian (IM) or elsewhere) identified by the Security-provider for the receipt of such transfer (accompanied in the case of certificated securities that cannot be paid or delivered by book-entry by any duly executed instruments of transfer, assignments in blank, transfer tax stamps or any other documents necessary to permit the Security-provider to make legally valid transfers of such certificated securities without further action of the Custodian (IM)).

(c) **Transfer Timing.** Subject to Paragraph 4(a) above (if applicable) and Paragraph 5 and unless otherwise specified in Paragraph 13, if a demand for the transfer of Eligible Collateral (IM) is made by the Notification Time, then the relevant transfer by the Security-provider will be made not later than the close of business on the relevant Regular Settlement Day; if a demand is made after the Notification Time, then the relevant transfer by the Security-provider will be made not later than the close of business on the next Local Business Day following the relevant Regular Settlement Day.

Subject to Paragraph 4(a) above (if applicable) and Paragraph 5 and unless otherwise specified in Paragraph 13, if a demand for the transfer of Posted Collateral (IM) is made by the Notification Time, then the relevant instruction by the Security-taker to the Custodian (IM) will be served prior to the latest time by which instructions must be submitted to the Custodian (IM) under the relevant Control Agreement in order for the Custodian (IM) to effect the transfer of Posted Collateral (IM) by close of business on the relevant Regular Settlement Day; if a demand is made after the Notification Time, then the relevant instruction by the Security-taker to the Custodian (IM) will be served not later than the latest time (and day) by which instructions must be submitted to the Custodian (IM) under the relevant Control Agreement in order for the Custodian (IM) to effect the transfer of Posted Collateral (IM) by close of business on the next Local Business Day following the relevant Regular Settlement Day.

(d) **Calculations.** All calculations of Value and Credit Support Amount (IM) for purposes of Paragraph 3 in respect of a Calculation Date (IM) will be made by the Calculation Agent (IM) as of the Calculation Time (IM) on such Calculation Date (IM). In the case of any calculation of Value, the Calculation Agent (IM) may use Values most recently reasonably available for close of business in the relevant market for the relevant Eligible Collateral (IM) as of the relevant Calculation Time (IM). In the case of any calculation of Credit Support Amount (IM), the Calculation Agent (IM) may use relevant information or data (including, but not limited to, inputs for any applicable model specified in Paragraph 13 to determine Margin Amount (IM) for certain Covered

Transactions (IM)) most recently reasonably available for close of business in the relevant market(s) as of the Calculation Time (IM). The Calculation Agent (IM) will notify each party (or the other party, if the Calculation Agent (IM) is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Calculation Date (IM).

(e) **Substitutions.**

(i) The Security-provider may on any Local Business Day by notice (a “**Substitution Notice**”) inform the Security-taker that it wishes to transfer to the Segregated Accounts Eligible Collateral (IM) (the “**Substitute Collateral (IM)**”) specified in that Substitution Notice in substitution for certain Posted Collateral (IM) (the “**Original Collateral (IM)**”) specified in the Substitution Notice.

(ii) Unless Paragraph 13 specifies that no consent is required, the Security-provider must obtain the Security-taker’s consent to the proposed substitution. The Security-provider will be obliged to transfer the Substitute Collateral (IM) to the Segregated Accounts on the next Local Business Day following the date:

(A) on which the Security-provider receives notice (which may be oral telephonic notice) from the Security-taker of its consent (if consent is needed); or

(B) of the Substitution Notice (if no consent is needed).

(iii) Subject to Paragraph 4(a) above (if applicable), following the date on which the Substitute Collateral (IM) is transferred to the Segregated Accounts, unless otherwise specified in Paragraph 13 (the “**Substitution Date**”), the Security-taker will be obliged to instruct the Custodian (IM) to transfer to the Security-provider the Original Collateral (IM) as if a demand for such Original Collateral (IM) had been made pursuant to Paragraph 3(b) after the Notification Time on such Substitution Date; *provided* that the Security-taker will only be obliged to instruct the Custodian (IM) to transfer Original Collateral (IM) with a Value as of the date of transfer as close as practicable to, but in any event not more than, the Value of the Substitute Collateral (IM) as of that date, as calculated by the Calculation Agent (IM).

**Paragraph 5. Dispute Resolution**

(a) **Disputed Calculations or Valuations.** If a party (a “**Disputing Party**”) disputes: (I) the Calculation Agent (IM)’s calculation of a Delivery Amount (IM) or a Return Amount (IM) or (II) the Value of any transfer of Eligible Collateral (IM) or Posted Collateral (IM), then:

(i) the Disputing Party will notify the other party and the Calculation Agent (IM) (if the Calculation Agent (IM) is not the other party) not later than the close of business (x) on the date that the transfer is due in respect of such Delivery Amount (IM) or Return Amount (IM) in the case of (I) above, or (y) on the Local Business Day immediately following the date of transfer in the case of (II) above;

(ii) subject to Paragraph 4(a) (if applicable), the appropriate party will transfer the undisputed amount to the other party not later than the close of business on (x) the date that the transfer is due in respect of such Delivery Amount (IM) or Return Amount (IM) in the case of (I) above, or (y) on the Local Business Day following the date that the transfer is due in the case of (II) above;

(iii) the parties will consult with each other in an attempt to resolve the dispute; and

(iv) if they fail to resolve the dispute by the Resolution Time, then:

(A) in the case of a dispute involving a Delivery Amount (IM) or Return Amount (IM), the Calculation Agent (IM) will recalculate the Credit Support Amount (IM) and Value as of the Recalculation Date by using the procedures specified in Paragraph 13 for calculating the Credit Support Amount (IM), and for calculating the Value, if disputed, of Posted Collateral (IM); and

(B) in the case of a dispute involving the Value of any transfer of Eligible Collateral (IM) or Posted Collateral (IM), the Calculation Agent (IM) will recalculate the Value as of the date of transfer pursuant to Paragraph 13.

Following a recalculation pursuant to this Paragraph 5, the Calculation Agent (IM) will notify each party (or the other party, if the Calculation Agent (IM) is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Calculation Agent (IM) or a resolution pursuant to Paragraph 5(a)(iii) above and subject to Paragraphs 4(a) (if applicable) and 4(c), make the appropriate transfer.

(b) **No Event of Default.** The failure by a party to make a transfer of any amount which is the subject of a dispute to which Paragraph 5(a) above applies will not constitute an Event of Default for as long as the procedures set out in this Paragraph 5 (as supplemented by the provisions of Paragraph 13) are being carried out (but without prejudice to a party's obligation to transfer the undisputed amount under Paragraph 5(a)(ii)). For the avoidance of doubt, upon completion of those procedures, Section 5(a)(iii)(1) of the ISDA Master Agreement will apply to any failure by a party to make a transfer required under the final sentence of Paragraph 5(a) on the relevant due date (subject to Paragraph 7).

#### **Paragraph 6. Holding Posted Collateral (IM)**

(a) **Eligibility to Hold Posted Collateral (IM).** The Custodian (IM) appointed with respect to each party as Security-provider is set out in Paragraph 13. Each party as the Security-provider and the other party as the Security-taker and the relevant Custodian (IM) have entered, or will, on or before the first day amounts are required to be transferred hereunder, enter into the Control Agreement regulating the rights of each party to serve instructions on the Custodian (IM). Prior to the enforcement of its rights under the relevant Security Agreement, the Security-taker will have no right to hold (other than in accordance with Paragraph 10(k)(iv) or as otherwise agreed between the parties) and have no duty with respect to the Posted Collateral (IM), including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining to the Posted Collateral (IM).

(b) **Custodian (IM) Risk.** Unless otherwise specified in Paragraph 13, with respect to a party as the Security-provider and the other party as the Security-taker:

(i) the Security-provider will be liable for the acts or omissions of the Custodian (IM) to the same extent that Security-provider would be liable hereunder or under the relevant Security Agreement for its own acts or omissions and any such act or omission of the Custodian (IM) will be deemed to be the act or omission of the Security-provider for the purposes of Paragraph 7, unless "Custodian Event" is specified as applicable in Paragraph 13, in which case, the consequences of any act or omission of the Custodian (IM) that constitutes a Custodian Event will be as set out in the "**Custodian Event**" provisions in Paragraph 13;

(ii) the Security-taker will not be liable for the acts or omissions of the Custodian (IM), and

(iii) any obligation of the Security-taker to instruct the Custodian (IM) to transfer Posted Collateral (IM) to the Security-provider will be deemed satisfied by the Security-taker's sending appropriate instructions to the Custodian (IM) in accordance with the terms of the Control Agreement. For the avoidance of doubt, the Security-taker will bear no liability for the failure of:

(A) the Custodian (IM) to comply with such instructions; or

(B) the Security-provider to provide matched instructions with the Security-taker to the extent required under the Control Agreement in order to give effect to such a transfer of Posted Collateral (IM) by the Custodian (IM),

and a failure to transfer Posted Collateral (IM) to the Security-provider under this Agreement caused by either (A) or (B) above will not constitute an Event of Default with respect to the Security-taker.

(c) **No Use of Posted Collateral (IM).** Without limiting the rights of the Security-taker under the other provisions of this Agreement or the relevant Security Agreement, the Security-taker will have no right to:

(i) sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Posted Collateral (IM), except as expressly permitted by or pursuant to the relevant Security Agreement and/or this Agreement; or

(ii) register any Posted Collateral (IM) in the name of the Security-taker, its custodian or a nominee for either.

(d) **No Offset.** For the avoidance of doubt, no delivery or return of any margin under any Other CSA will be offset against (or netted with) any Delivery Amount (IM) or Return Amount (IM) under this Agreement.

(e) **Distributions and Interest Amount.** Except as otherwise provided in this Agreement, the Security-taker will have no obligation hereunder to pay or to transfer to the Security-provider any amount of interest in respect of any Posted Collateral (IM) in the form of Cash or any Distributions in respect of Posted Collateral (IM).

#### **Paragraph 7. Default**

For the purposes of Section 5(a)(iii)(1) of the ISDA Master Agreement (and subject to the provisions of Paragraph 6(b)), an Event of Default will exist with respect to a party if:

(i) that party fails to make, or instruct the Custodian (IM) before the relevant time to make, when due, any payment or transfer of Eligible Collateral (IM) or Posted Collateral (IM), as applicable, required to be made by it under this Agreement or the relevant Security Agreement and that failure continues for two Local Business Days after notice of that failure is given to that party;

(ii) that party fails to comply with Paragraph 6(c) of this Agreement (or any substantially equivalent provision of the relevant Security Agreement) and that failure continues for five Local Business Days after notice of that failure is given to that party; or

(iii) that party fails to comply with or perform any agreement or obligation under this Agreement or the relevant Security Agreement, in each case, other than those specified in Paragraphs 7(i) or 7(ii) above and that failure continues for 30 days after notice of that failure is given to that party,

*provided that*, if Custodian Event is specified as applicable in Paragraph 13, any event or circumstance that constitutes or gives rise to a Custodian Event will not constitute or give rise to such Event of Default.

#### **Paragraph 8. Representations**

Each party represents to the other party (which representations will be deemed to be repeated as of each date on which it, as the Security-provider, in relation to its posting obligation, transfers Eligible Collateral (IM), including for the purposes of substitutions under Paragraph 4(e)) that:

(i) it has the power to grant a security interest in any Eligible Collateral (IM) it transfers as the Security-provider to the relevant Segregated Account in relation to such posting obligation under the relevant Security Agreement and has taken all necessary actions to authorise the granting of that security interest;

(ii) it is the beneficial owner of all Eligible Collateral (IM) (and rights thereto) it transfers as the Security-provider to the relevant Segregated Account pursuant to this Agreement, free and clear of any security interest, lien, encumbrance or other interest or restriction other than the security interest granted under the relevant Security Agreement and other than (A) any lien routinely imposed on all securities in a clearing system in which any such Eligible Collateral (IM) may be held or (B) any security interest referred to in, or in connection with, the Control Agreement and each such item of Eligible Collateral (IM) is fully paid and is not subject to any option to purchase or similar right;

(iii) upon the transfer of any Eligible Collateral (IM) by it as the Security-provider to the relevant Segregated Account under the terms of this Agreement and the relevant Security Agreement, the Security-taker will have a valid and perfected first priority security interest in such Eligible Collateral (IM) except to the extent subordinate to (A) any lien routinely imposed on all securities in a clearing system in which



any such Eligible Collateral (IM) may be held or (B) any security interest referred to in, or in connection with, the Control Agreement; and

(iv) the performance by it as the Security-provider of its obligations under this Agreement will not result in the creation of any security interest, lien or other interest or encumbrance in or on any Posted Collateral (IM) other than the security interest created under the relevant Security Agreement (other than (A) any lien routinely imposed on all securities in a clearing system in which any such Posted Collateral (IM) may be held or (B) any security interest referred to in, or in connection with, the Control Agreement).

#### **Paragraph 9. Expenses**

(a) **General.** Except as otherwise provided in Paragraph 9(b), each party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer the Security-provider is required to make under this Agreement and/or the Security Agreements) in connection with performing its obligations under this Agreement and/or the Security Agreements and neither party will be liable for any such costs and expenses incurred by the other party. The Security-provider will be liable for any costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer from the relevant Segregated Account to the Security-provider in accordance with the terms of this Agreement and/or the Security Agreements) incurred by the Custodian (IM) in connection with performing any of its obligations to the parties in relation to this Agreement and/or the Security Agreements.

(b) **Posted Collateral (IM).** The Security-provider will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Collateral (IM) credited to the relevant Segregated Account upon becoming aware of the same.

#### **Paragraph 10. Other Provisions**

(a) **Default Interest.** A Security-taker that fails, when required to do so, to instruct the Custodian (IM) to transfer Posted Collateral (IM) to the Security-provider under this Agreement or the relevant Security Agreement, will be obliged to pay the Security-provider (to the extent permitted under applicable law) an amount equal to interest at the Default Rate (as defined in the ISDA Master Agreement) multiplied by the Value on the relevant Calculation Date (IM) of the items of property that the Security-taker was required to instruct the Custodian (IM) to transfer, from (and including) the date that the Security-taker was required to instruct the Custodian (IM) to transfer the Posted Collateral (IM) to (but excluding) the date that the Security-taker instructs the Custodian (IM) to transfer the Posted Collateral (IM). This default interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(c) **Further Protection.** The Security-provider will promptly give notice to the Security-taker of, and defend against, any suit, action, proceeding or lien that involves Posted Collateral (IM) transferred by the Security-provider or that could adversely affect the security interest granted by it under the relevant Security Agreement.

(d) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Agreement, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(e) **Entire Agreement.** Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(f) **Demands and Notices.** All demands and notices made by a party under this Agreement will be made as specified in Section 12 of the ISDA Master Agreement, except as otherwise specified in Paragraph 13.

(g) **Specifications of Certain Matters.** Anything referred to in this Agreement as being specified in Paragraph 13 also may be specified in one or more Confirmations or other documents and this Agreement will be construed accordingly.

(h) **Partial Invalidity.** If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will, in any way, be affected or impaired.

(i) **Counterparts.** This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

(j) **Amendments.** An amendment, modification or waiver in respect of this Agreement will only be effective if in writing and executed by each of the parties.

(k) **Interpretation.** In this Agreement, except to the extent that the context requires otherwise and unless otherwise specified in Paragraph 13:

(i) References to a law, statute or statutory provision include:

(A) such law, statute or statutory provision as from time to time amended, modified, re-enacted or consolidated whether before or after the date of this Agreement; and

(B) any subordinate legislation from time to time made, amended, modified, re-enacted or consolidated, whether before or after the date of this Agreement under any such law, statute or statutory provision.

Notwithstanding the foregoing, for the purposes of determining (a) if a “Transaction” under the ISDA Master Agreement is a Covered Transaction (IM) and (b) what version of any standardised initial margin schedule applies to a particular Transaction (if the parties have otherwise agreed to apply such standardised initial margin schedule to such Transaction), the relevant law, statute, statutory provision or subordinate legislation will be such law, statute, statutory provision or subordinate legislation as in effect on the date the relevant Transaction was entered into.

(ii) References to sub-paragraphs or Paragraphs are references to such provisions of this Agreement. References to a sub-paragraph are references to the relevant sub-paragraph of the Paragraph in which it appears.

(iii) A reference to transfer means, in relation to cash, payment and, in relation to other assets, delivery and, in relation to Eligible Collateral (IM) or Posted Collateral (IM), includes a transfer made in accordance with Paragraph 4(b).

(iv) A reference to Posted Collateral (IM) being held by the Security-taker (in relation to a Security-provider’s posting obligation) includes any Posted Collateral (IM) credited to the relevant Segregated Account under the Control Agreement and secured in favour of the Security-taker under the relevant Security Agreement.

## **Paragraph 11. Governing Law, Jurisdiction and Miscellaneous Provisions**

(a) **Governing Law.**<sup>6</sup> This Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with the law by which the ISDA Master Agreement is expressed to be governed.

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<sup>6</sup> The governing law of this Agreement will follow the governing law of the relevant ISDA Master Agreement. Parties should consider including in Paragraph 13 any additional provisions that they consider required in relation to such choice of law.

(b) ***Jurisdiction; Service of Process.***<sup>7</sup>

(i) ***Jurisdiction.*** With respect to any dispute, claim, difference or controversy arising out of, relating to or having any connection with this Agreement, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (“***Proceedings***”), each party irrevocably:

(A) submits to the same (and to the same extent) jurisdiction of the courts to which it submits to under the ISDA Master Agreement with respect to any similar proceedings arising out of or in connection with the ISDA Master Agreement;

(B) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

(C) unless it agrees under the ISDA Master Agreement to submit to the exclusive jurisdiction of any courts with respect to any similar proceedings arising out of or in connection with the ISDA Master Agreement, agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(ii) ***Service of Process.***

(A) Each party irrevocably appoints the Process Agent, if any, specified opposite its name in Paragraph 13 to receive, for it and on its behalf, service of process in any Proceedings.

(B) If for any reason any party’s Process Agent is unable to act as such, such party will promptly notify the other party and may within 30 days appoint a substitute process agent acceptable to the other party.

(C) The parties irrevocably consent to service of process given in the manner provided for notices in Section 12 of the ISDA Master Agreement, except as otherwise provided in Paragraph 13.

(D) Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

**Paragraph 12. Definitions**

As used in this Agreement:

“***Access Condition***” has the meaning specified in Paragraph 13.

“***Agreement***” means this collateral transfer agreement.

“***Allocated Margin Flow (IM/IA) Approach***” has the meaning specified in Paragraph 3(c)(iii)(B).

“***Amendment Effective Date (IM)***” means the first date on which a Covered Transaction (IM) is entered into by the parties hereto.

“***Base Currency***” means the currency specified as such in Paragraph 13.

“***Base Currency Equivalent***” means, with respect to an amount on a Calculation Date (IM), in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount

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<sup>7</sup> Where parties have amended the Jurisdiction and/or Service of Process provisions in the ISDA Master Agreement they should consider including any relevant amendments to this Agreement in Paragraph 13.

denominated in a currency other than the Base Currency (the “**Other Currency**”), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate on such Calculation Date (IM) as determined by the Calculation Agent (IM).

“**Calculation Agent (IM)**” has the meaning specified in Paragraph 13.

“**Calculation Date (IM)**” means, unless otherwise specified in Paragraph 13, each day from, and including the date of this Agreement, that is a day on which commercial banks are open for general business in at least one Calculation Date Location (IM) for Party A and at least one Calculation Date Location (IM) for Party B.

“**Calculation Date Location (IM)**” has the meaning specified in Paragraph 13.

“**Calculation Time (IM)**” has the meaning specified in Paragraph 13.

“**Cash**” means, respectively the Base Currency and each other Eligible Currency.

“**Control Agreement**” has the meaning specified in Paragraph 13.

“**Covered Transactions (IM)**” has the meaning specified in Paragraph 13.

“**Credit Support Amount (IM)**” has the meaning specified in the relevant Margin Approach in Paragraph 3(c).

“**Custodian Event**” has the meaning specified in Paragraph 13.

“**Custodian (IM)**” means, with respect to a party as Security-provider and related Segregated Accounts, the relevant entity specified in Paragraph 13 as the Custodian (IM) for such Security-provider.

“**Delivery Amount (IM)**” has the meaning specified in Paragraph 3(a).

“**Disputing Party**” has the meaning specified in Paragraph 5.

“**Distinct Margin Flow (IM) Approach**” has the meaning specified in Paragraph 3(c)(iii)(A).

“**Distributions**” means, with respect to Posted Collateral (IM) other than cash, all principal, interest and other payments and distributions of cash or other property with respect to that Posted Collateral (IM). Distributions will not include any item of property acquired by the Security-taker upon any disposition or liquidation of Posted Collateral (IM).

“**Eligible Collateral (IM)**” has the meaning specified in Paragraph 13.

“**Eligible Currency**” means each currency specified as such in Paragraph 13, if such currency is freely available.

“**FX Haircut Percentage**” means, for any item of Eligible Collateral (IM), the percentage specified in accordance with Paragraph 13.

“**Greater of Margin Flow (IM/IA) Approach**” has the meaning specified in Paragraph 3(c)(iii)(C).

“**ISDA**” means the International Swaps and Derivatives Association, Inc.

“**ISDA Master Agreement**” has the meaning given to it on the first page of this Agreement.

“**Local Business Day**”, unless otherwise specified in Paragraph 13, means:

- (i) in relation to a transfer of cash or other property (other than securities) under this Agreement, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant Segregated Account is located and, if different, in the principal financial centre, if any, of the currency of such payment or, as applicable, place of delivery;

(ii) in relation to a transfer of securities under this Agreement, (a) a day on which the clearance system agreed between the parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose and (b) a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant Segregated Account is located;

(iii) in relation to a valuation under this Agreement, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose; and

(iv) in relation to any notice or other communication or other reference to Local Business Day under this Agreement, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

“**Margin Amount (IA)**” has the meaning specified in Paragraph 3(c)(ii).

“**Margin Amount (IM)**” has the meaning specified in Paragraph 3(c)(i).

“**Margin Approach**” has the meaning specified in Paragraph 3(c)(iii).

“**Method**” has the meaning specified in Paragraph 13.

“**Minimum Transfer Amount (IM)**” means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 13 and, if no amount is specified, zero.

“**Notification Time**” has the meaning specified in Paragraph 13.

“**Original Collateral (IM)**” has the meaning specified in Paragraph 4(c)(i).

“**Other CSA**” means any other credit support annex, credit support deed, collateral transfer agreement (and related security agreement) or other collateral related supplement or provision that (i) is a Credit Support Document in relation to the ISDA Master Agreement or (ii) forms part of the ISDA Master Agreement. For the avoidance of doubt, the Control Agreement is not an Other CSA.

“**Party A Security Agreement**” means the security agreement or deed under which Party A (as Security-provider) grants a security interest over the relevant collateral account (including any securities and/or cash credited thereto from time to time) in favour of Party B (as Security-taker) to secure its obligations to Party B under this Agreement, such security agreement or deed and the ISDA Master Agreement.

“**Party A Segregated Account**” means the segregated account(s) opened with the Custodian (IM) in the name of Party A as the Security-provider subject to the terms of the Control Agreement (or any successor account(s) (including following any redesignation or renumbering) which is subject to the terms of the Control Agreement) and the security interest granted under the Party A Security Agreement.

“**Party B Security Agreement**” means the security agreement or deed under which Party B (as Security-provider) grants a security interest over the relevant collateral account (including any securities and/or cash credited thereto from time to time) in favour of Party A (as Security-taker) to secure its obligations to Party A under this Agreement, such security agreement or deed and the ISDA Master Agreement.

“**Party B Segregated Account**” means the segregated account(s) opened with the Custodian (IM) in the name of Party B as the Security-provider subject to the terms of the Control Agreement (or any successor account(s) (including following any redesignation or renumbering) which is subject to the terms of the Control Agreement) and the security interest granted under the Party B Security Agreement.

“**Posted Collateral (IM)**” means, with respect to a Segregated Account, the related Security-provider’s posting obligation and a related Security Agreement, all Eligible Collateral (IM), other property, Distributions and all

proceeds thereof that have been transferred to or received into the relevant Segregated Account pursuant to this Agreement or otherwise credited to the relevant Segregated Account by the Custodian (IM) and not transferred to the Security-provider pursuant to the provisions of this Agreement, the Control Agreement or the related Security Agreement, or otherwise debited from the relevant Segregated Account by the Custodian (IM).

“**Proceedings**” has the meaning specified in Paragraph 11(b)(i).

“**Recalculation Date**” has the meaning specified in Paragraph 13.

“**Regime**” has the meaning specified in Paragraph 13 and with the definitions of the individual Regimes also being set out in Paragraph 13.

“**Regular Settlement Day**” means, unless otherwise specified in Paragraph 13, the same Local Business Day on which a demand for the transfer of Eligible Collateral (IM) or Posted Collateral (IM) is made.

“**Regulations**” means the Financial Collateral Arrangements (No. 2) Regulations 2003.

“**Resolution Time**” has the meaning specified in Paragraph 13.

“**Return Amount (IM)**” has the meaning specified in Paragraph 3(b).

“**Security Agreement**” means, (i) in respect of Party A as Security-provider, the Party A Security Agreement and (ii) in respect of Party B as Security-provider, the Party B Security Agreement.

“**Security-provider**” means, unless otherwise specified in Paragraph 13, either party, when (i) that party receives a demand for or is required to transfer Eligible Collateral (IM) under Paragraph 3(a) or (ii) in relation to that party, the Custodian (IM) holds any Posted Collateral (IM) in the Segregated Accounts.

“**Security-provider Rights Event**”, with respect to a party as the Security-provider, has the meaning specified in Paragraph 13.

“**Security-taker**” means, unless otherwise specified in Paragraph 13, either party, when (i) that party makes a demand for or is entitled to receive Eligible Collateral (IM) under Paragraph 3(a) or (ii) the Posted Collateral (IM) credited to the Segregated Accounts is subject to a security interest created under the Security Agreement in its favour.

“**Security-taker Rights Event**” has the meaning specified in Paragraph 13.

“**Segregated Account**” means, (i) in respect of Party A as Security-provider and its posting obligation, the Party A Segregated Account and (ii) in respect of Party B as Security-provider and its posting obligation, the Party B Segregated Account.

“**Specified Condition**” means, with respect to a party, any event specified as such for that party in Paragraph 13.

“**Substitute Collateral (IM)**” has the meaning specified in Paragraph 4(e)(i).

“**Substitution Date**” has the meaning specified in Paragraph 4(e)(iii).

“**Substitution Notice**” has the meaning specified in Paragraph 4(e)(i).

“**Threshold (IM)**” means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 13 and, if no amount is specified, zero.

“**Valuation Percentage**” means, for any item of Eligible Collateral (IM), the percentage specified in accordance with Paragraph 13.

“**Value**” means, unless otherwise specified in Paragraph 13, for any Calculation Date (IM) or other date for which Value is calculated and subject to Paragraph 5 in the case of a dispute, with respect to:

(i) save as provided in clause (ii) below, Eligible Collateral (IM) comprised in the Posted Collateral (IM):

(A) an amount of Cash, the Base Currency Equivalent of such amount multiplied by  $(VP - H_{FX})$ ; and

(B) a security, the Base Currency Equivalent of the bid price obtained by the Calculation Agent (IM) multiplied by  $(VP - H_{FX})$ :

where:

“**VP**” equals the applicable Valuation Percentage; and

“**H<sub>FX</sub>**” equals the applicable FX Haircut Percentage,

*provided* that, for the purposes of calculating Value under Paragraph 10(a), the VP will be 100% and H<sub>FX</sub> will be zero; and

(ii) Posted Collateral (IM) that consists of items that are, in respect of the relevant posting obligation, deemed as of such date to have a Value of zero pursuant to Paragraph 13, zero.

**Paragraph 13. Elections and Variables**

**Regime Table.**

For the purposes of this Agreement, the parties have specified the regulatory regimes (each a “*Regime*” and together the “*Regimes*”) applicable to them in their capacity as the Security-taker in the below table (the “*Regime Table*”). For the avoidance of doubt, any Regime that is specified as being applicable in the Regime Table shall not be construed as a representation, admission or acknowledgement that either party is actually regulated under such Regime.

<b>Regime<sup>8</sup></b>	<b>Party A as the Security-taker (Party B as the Security-provider)</b>	<b>Party B as the Security-taker (Party A as the Security-provider)</b>
<b>EMIR</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>Prudential</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>CFTC</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>SEC</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]

<sup>8</sup> The second and third columns relate to specific posting legs of each party. These columns are expressed from the perspective of the relevant Security-taker. If One Way Provisions apply, only the “Other Party’s” Regimes need to be specified and only one column will need to be completed (as the relevant Posting Party’s posting leg is the only leg being documented under this Agreement).



<b>Canada</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>Switzerland</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>Japan</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>Australia</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>Hong Kong</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]
<b>Singapore</b>	[Applicable] / [Not Applicable]	[Applicable] / [Not Applicable]
	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]	SIMM Exception:  [Not Applicable] / [Applicable: [Fallback to Mandatory Method] / [Mandatory Method] / [As follows: .....]]

**Regime Table Definitions:**

(i) “**Fallback to Mandatory Method**” means, if specified as applicable in the Regime Table with respect to a Regime, ISDA SIMM™ will be the Method applicable to such Regime, but if, to the extent that a party notifies the other that it is mandatory under such Regime for such notifying party to apply the Mandatory Method to one or more transaction types with respect to either the Security-provider’s or the Security-taker’s posting or collecting obligation, as applicable (specifying in such notice the relevant transaction types), then with effect from the later of (x) the date which is the [●] calendar day after such notice is effectively delivered and (y) the date specified in such notice as the date on which the Mandatory Method becomes mandatory under such Regime (and only in respect of Transactions of the relevant transaction type entered into after the later of the dates in (x) and (y)):

(A) SIMM Exception will be applicable solely with respect to such transaction types; and

(B) the applicable Method for such transaction types will be the Mandatory Method.

(ii) “**Mandatory Method**” means, if specified as applicable in the Regime Table with respect to a Regime, the Method applicable to such Regime is to determine the Margin Amount (IM) by reference to the methodology prescribed pursuant to such Regime which uses a standardised initial margin schedule (such that prescribed percentages are applied to notional amounts before being adjusted, including by a net-to-gross ratio (NGR)).

### **General Principles.**

Unless otherwise specified or agreed between the parties, the following principles (the “**General Principles**”) will apply for the purposes of this Agreement and the provisions of this Agreement shall be construed accordingly:

- (aa) One Way Provisions: One Way Provisions are [Applicable/Not Applicable]  
  
[Posting Party for the purposes of One Way Provisions: [Specify Party]];
- (bb) in respect of a Security-provider and its obligations to post Margin Amount (IM) hereunder, any reference to the term “**Regime**” or “**Regimes**” in this Agreement is to all Regimes that are specified as applicable in the Regime Table to the other party as the Security-taker; *provided* that each such Regime will, subject to sub-paragraph (cc) below, be included only from the date that the applicable law requires the relevant Security-taker to collect and/or, if applicable, such Security-provider to post initial margin under such Regime (and only for as long as it does so);
- (cc) for the purposes of sub-paragraph (bb) above, where one or more Regimes are considered to be the substitute for compliance with one or more other Regimes for the purposes of a posting obligation hereunder, all such Regime(s) will nevertheless continue to be applicable absent agreement in writing between the parties to the contrary;
- (dd) the parties acknowledge that the Security-provider may nevertheless be obliged to post to the Security-taker under a regulatory regime which is not specified as a Regime with respect to the Security-taker in the Regime Table. In the event that the Security-provider determines that such regulatory regime requires the Security-provider to post an additional amount to the Security-taker, the Security-provider may request that the Security-taker accept such additional amount and the Security-taker will use reasonable endeavours to accommodate such request;
- (ee) subject to sub-paragraph (ff) below, ISDA SIMM™ is the specified “**Method**” for all Covered Transactions (IM) with respect to all Regimes (irrespective of asset class or, as applicable, category applicable to a Transaction under the relevant Regime), whereby:
  - (1) ISDA SIMM™ will refer to the version of ISDA SIMM™ applicable to the relevant Security-taker unless otherwise specified here: [Not specified][ISDA SIMM™ will refer to the version of ISDA SIMM™ applicable to [Party A][Party B]];
  - (2) the margin period of risk will be as provided for in such version of ISDA SIMM™; and
  - (3) the “SIMM Calculation Currency” (also known as “SIMM Reporting Currency”) means:
    - (A) in respect of Party A and its calculations, the [Base Currency/[●]]; and
    - (B) in respect of Party B and its calculations, the [Base Currency/[●]];
- (ff) if SIMM Exception is specified as applicable with respect to a Regime and a Security-taker in the Regime Table, then solely for the purposes of: (1) the relevant Security-provider’s posting obligation to such Security-taker; and (2) Covered Transactions (IM) falling within the relevant specified asset class or, as applicable, category under the relevant Regime, the “**Method**” will instead be as specified in the Regime Table;
- (gg) for all Regimes and posting obligations hereunder:
  - (1) in respect of a Covered Transaction (IM) under a Regime which the parties agree constitutes a “cross-currency swap”, obligations to exchange principal will be disregarded for the purpose of determining the Margin Amount (IM) with respect to such Regime; and

(2) the following approaches apply for the purposes of calculations in respect of the related type of Covered Transaction (IM):

(A) Unless otherwise specified below, the relevant sensitivities to equity indices, funds and ETFs are addressed by the standard preferred approach where the entire delta is put into the applicable asset class/category for equity indices, funds and ETFs.

If alternative approach is specified here, the parties agree that in respect of the relevant sensitivities, the delta is allocated back to individual equities in equity indices, funds and ETFs: [Not specified][Alternative approach].

(B) Unless otherwise specified below, the relevant sensitivities to commodity indices are addressed by the standard preferred approach where the entire delta is put into the applicable asset class/category for commodity indices.

If alternative approach is specified here, the parties agree that in respect of the relevant sensitivities, the delta is allocated back to individual commodities in commodity indices: [Not specified][Alternative approach].

Unless expressly agreed otherwise in writing, any failure by a party to use the applicable approach specified in this sub-paragraph (gg) in its determination of the Margin Amount (IM) will not constitute an Event of Default, Potential Event of Default or Termination Event under the ISDA Master Agreement in respect of such party;

(hh) if more than one Regime is specified in the Regime Table with respect to a Security-taker, then in respect of the Security-provider's obligations to post initial margin hereunder to such Security-taker:

(1) the "**Margin Amount (IM)**" for any Calculation Date (IM) with respect to a party as the Security-provider will be the Strictest Of; and

(2) the Valuation Percentage and FX Haircut Percentage for all Regimes with respect to the Security-provider's posting hereunder will be the Strictest Of;

(ii) in respect of a Security-provider's posting obligation, "**Eligible Currencies**" and "**Eligible Collateral (IM)**" and each related "**Valuation Percentage**" and "**FX Haircut Percentage**" will be as specified in:

Where Party A is the Security-provider: [the Control Agreement Eligible Collateral (IM) Schedule][the Eligible Collateral (IM) Schedule].

Where Party B is the Security-provider: [the Control Agreement Eligible Collateral (IM) Schedule][the Eligible Collateral (IM) Schedule].

For the purposes hereof:

"**Control Agreement Eligible Collateral (IM) Schedule**" means, in respect of a Security-provider's posting obligation, such items, and related haircuts and currencies, that can be transferred to the relevant Segregated Account by such Security-provider pursuant to the Control Agreement (and/or any related asset schedule or operational document relating to assets held by the relevant Custodian (IM)).

"**Eligible Collateral (IM) Schedule**" means, in respect of a Security-provider's posting obligation, the schedule attached hereto detailing the collateral and haircuts applicable to such collateral;

(jj) the parties may from time to time agree in writing that other regimes also comprise "Regimes" hereunder and that the General Principles be adopted and/or amended to accommodate such additional Regimes;

(kk) to the extent required by a Regime specified as applicable to its posting obligation, the Security-provider will, within a reasonable period of time, procure that any cash credited to the relevant

Segregated Account to satisfy its posting obligation hereunder is (i) transferred out of the relevant Segregated Account pursuant to a substitution in accordance with this Agreement or (ii) reinvested in accordance with any reinvestment provisions set out in the Control Agreement (unless such cash is otherwise transferred out of the relevant Segregated Account as a Return Amount (IM)). For the avoidance of doubt, upon the expiry of such period, such Cash shall not satisfy the Eligibility Requirements; and

- (ll) notwithstanding that a Regime is specified as not applicable in the Regime Table and that no initial margin amounts will be calculated for such Regime under this Agreement, the parties agree that, with respect to a party, “**Regime**” for the purposes of the definition of “**Regulatory Event**” and the proviso in the definition of “**ISDA SIMM™**” will include such Regime if it is specified as a “**Substituted Regime**” for that party below:

With respect to Party A, each of the following is a “**Substituted Regime**”:

.....

With respect to Party B, each of the following is a “**Substituted Regime**”:

.....

“**Australia**” means Australian Prudential Standard CPS 226 Margining and risk mitigation for non-centrally cleared derivatives published by the Australian Prudential Regulation Authority on December 6, 2016.

“**Canada**” means Guideline E-22, Margin Requirements for Non-Centrally Cleared Derivatives issued by the Canadian Office of the Superintendent of Financial Institutions in February 2016.

“**CEA**” means the U.S. Commodity Exchange Act.

“**CFTC**” means the margin requirements adopted by the U.S. Commodity Futures Trading Commission pursuant to CEA § 4s(e).

“**EMIR**” means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (including the EMIR RTS).

“**EMIR RTS**” means the published regulatory technical standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP under Article 11(15) of EMIR.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934.

“**Hong Kong**” means Chapter CR-G-14 “Non-centrally Cleared OTC Derivatives Transactions – Margin and Other Risk Mitigation Standards” in the Banking Supervisory Policy Manual issued by the Hong Kong Monetary Authority.

“**ISDA SIMM™**” means, where specified as the applicable Method in respect of a Regime, that the initial margin amount for the Covered Transactions (IM) in the relevant asset class or, as applicable, category under the relevant Regime will be determined through use of ISDA SIMM™ as published by International Swaps and Derivatives Association, Inc.; *provided that* (A) with respect to a Security-taker, if approval of a particular version of ISDA SIMM™ by a governmental or regulatory authority is required under law applicable to such party in respect of a Regime, ISDA SIMM™ will mean the particular version of ISDA SIMM™ subject to an initial application for approval and, following initial approval, the most recently approved (even if subsequently withdrawn) for use by such party by the applicable government or regulatory authority(ies) or (B) if such model approval is not required, the version of ISDA SIMM™ used will be the latest published model for which the implementation deadline designated by International Swaps and Derivatives Association, Inc. has passed.

“**Japan**” means the margin rules adopted by the Financial Services Agency of Japan pursuant to Article 40, Item 2 of the Financial Instruments and Exchange Act (*kin'yuu shouhin torihiki hou*) (Act No. 25 of 1948) and by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry pursuant to

the Commodity Derivatives Act (*shouhin sakimono torihiki hou*) (Act No. 239 of 1950) (including their subordinated regulations and the related supervisory guidelines).

“**Prudential**” means the margin requirements adopted by a “prudential regulator” (as defined in CEA § 1a(39)) pursuant to CEA § 4s(e) and Exchange Act § 15F(e).

“**SEC**” means the margin requirements adopted by the U.S. Securities and Exchange Commission pursuant to Exchange Act § 15F(e).

“**Singapore**” means the Guidelines on Margin Requirements for Non-centrally Cleared OTC Derivatives Contracts issued by the Monetary Authority of Singapore (MAS) pursuant to section 321 of the Securities and Futures Act, Chapter 289 of Singapore.

“**Strictest Of**” means:

(i) in respect of the Margin Amount (IM) applicable to a Security-provider’s posting obligation hereunder, that:

(A) a Margin Amount (IM) will be determined in respect of each Regime applicable to such posting obligation pursuant to the Method specified as applicable to each such Regime (whereby such amount will be determined for each such Regime solely by reference to the applicable Covered Transactions (IM) under such Regime); and

(B) the Margin Amount (IM) to be used for the purposes of this Agreement will be the greatest Margin Amount (IM) determined under paragraph (A) above; and

(ii) in respect of Valuation Percentages and FX Haircut Percentages applicable to a Security-provider’s posting obligation hereunder, that:

(A) the Valuation Percentage to be applied to an item of Eligible Collateral (IM) will be the lowest Valuation Percentage specified for such item in accordance with General Principle (ii) with respect to a party (as the Security-provider); *provided* that if at any time such Valuation Percentage is greater than the maximum permitted valuation percentage (prescribed or implied) for such item under the requirements of all Regimes, then the Valuation Percentage with respect to such item and such party (as the Security-provider) will be such maximum permitted valuation percentage; and

(B) the FX Haircut Percentage will be the highest haircut percentage specified in accordance with General Principle (ii); *provided* that if at any time such FX Haircut Percentage is less than the highest haircut percentage applicable under all Regimes for a currency mismatch with the Termination Currency applicable to the relevant Security-taker, the FX Haircut Percentage relating to such posting obligation will be such highest haircut percentage.

The parties will, as soon as reasonably practicable following the request of either party update the Control Agreement (and/or any related asset schedule or operational document relating to assets held by the relevant Custodian (IM)) and/or the types of items which constitute Eligible Collateral (IM) specified in the Eligible Collateral (IM) Schedule to the extent any such percentages change, in each case as applicable.

“**Switzerland**” means the margin rules adopted by the Swiss Federal Council pursuant to Article 110-111 of the Financial Market Infrastructure Act as well as Articles 100 to 107 and Annexes 3 to 5 of the Financial Market Infrastructure Ordinance.

- (a) **Base Currency.** “*Base Currency*” means: [United States Dollar/Euro].
- (b) **Covered Transactions (IM).**

The term “*Covered Transactions (IM)*” as used in this Agreement means, in respect of a Regime, any outstanding Transaction that is of a type which is, when entered into, and which is, as of any date of determination, subject to law applicable to either party requiring the collection or delivery of initial margin under such Regime.

For the purposes of the foregoing, a Transaction will be deemed to be entered into if an amendment, novation or other event occurs with respect to such Transaction such that either party is required to collect or deliver initial margin in respect of such Transaction under the relevant Regime.

- (c) **Credit Support Obligations.**

(i) **Selection of Margin Approach.** The parties hereby agree to implement the following Margin Approach: [Distinct Margin Flow (IM) Approach][Allocated Margin Flow (IM/IA) Approach][Greater of Margin Flow (IM/IA) Approach].

(ii) “*Calculation Agent (IM)*” for each party as the Security-provider will be:

[the party making the demand for purposes of Paragraphs 3, 4(d) and 5 and the Security-taker for the purposes of Paragraph 4(e)]/[Party A]/[Party B].

(iii) **Delivery Amount (IM) and Return Amount (IM).**

(A) “*Delivery Amount (IM)*” has the meaning specified in Paragraph 3(a), subject to the General Principles.

(B) “*Return Amount (IM)*” has the meaning specified in Paragraph 3(b), subject to the General Principles.

(iv) **Ineligible Collateral (IM) Provisions.**

(A) **Ineligible Collateral (IM).** Upon effective delivery of an Ineligibility Notice by a party with respect to a posting obligation of a Security-provider hereunder: (i) each item (or a specified amount of such item) identified in such notice will, to the extent comprised in the related Posted Collateral (IM), have a Value of zero on and from the Ineligibility Date with respect to such posting obligation for the purposes of this Agreement; and (ii) save in circumstances where the Security-taker objected in writing to the transfer of such item to the relevant Segregated Account prior to such transfer on the basis that such item has ceased to satisfy (or never did satisfy) one or more of the Eligibility Requirements but the relevant Ineligibility Date has not yet occurred due to the minimum five Local Business Days’ notice period, until the occurrence of such Ineligibility Date there shall be no Potential Event of Default or Event of Default arising solely out of such type of items comprising Posted Collateral (IM) with respect to such posting obligation. The parties will use reasonable endeavours, as soon as reasonably practicable following effective delivery of such notice, to update the Control Agreement (and/or any related asset schedule or operational document relating to assets held by the relevant Custodian (IM)) and/or the types of items which constitute Eligible Collateral (IM) specified in the Eligible Collateral (IM) Schedule in order to mitigate against the risk of such event recurring, in each case, as applicable.

For the avoidance of doubt, property credited at any time to the relevant Segregated Account (which has not been transferred to the Security-provider pursuant to the provisions of this Agreement or otherwise debited from the relevant Segregated Account) but which no longer constitutes Eligible Collateral (IM) as at such time pursuant to this Paragraph 13 will be subject to the security interest created pursuant to the relevant Security Agreement.

For the purpose of limb (ii) of the definition of Value, Posted Collateral (IM) that consists of items that are, in respect of the relevant posting obligation, the subject of a continuing Ineligibility Notice, will, subject to Paragraph 13(c)(iv)(C), be deemed to have a value of zero from and including the applicable Ineligibility Date.

(B) **Return of Posted Collateral with a Value of Zero.** Subject to Paragraph 4(a) (if applicable), the Security-taker will, promptly upon demand (but in no event later than the latest time at which an instruction is required to be served under Paragraph 4(c) with respect to a demand for the transfer of Posted Collateral (IM)), instruct the Custodian (IM) to transfer to the Security-provider any item of Posted Collateral (IM) (or the specified amount of such item) that as of the date of such demand has a Value of zero in respect of the Security-provider's posting obligation; *provided* that the Security-taker will only be obligated to instruct the Custodian (IM) to transfer any Posted Collateral (IM) in accordance with this Paragraph 13(c)(iv)(B), if, as of the date of instruction, the Security-provider has satisfied all of its transfer obligations under this Agreement, if any.

(C) **Reinstatement of Eligibility.** Upon a reasonable request by the Security-provider, the Security-taker will determine whether an item (or a specified amount of such item) that was the subject of a prior Ineligibility Notice would currently satisfy the Eligibility Requirements applicable to the Security-provider and/or the Security-taker in respect of the Security-provider's posting obligation hereunder. If the Security-taker determines that as of such date of determination such item (or a specified amount of such item) satisfies such Eligibility Requirements, the Security-taker will, promptly following such determination, rescind the relevant Ineligibility Notice with respect to such item (or specified amount of such item) by written notice to the Security-provider. Upon effective delivery of such notice, the relevant item (or specified amount of such item) will no longer be deemed to have a Value of zero by virtue of such prior Ineligibility Notice. The parties will use reasonable endeavours, as soon as reasonably practicable following effective delivery of such notice, to update the Control Agreement (and/or any related asset schedule or operational document relating to assets held by the relevant Custodian (IM)) and/or the types of items which constitute Eligible Collateral (IM) specified in the Eligible Collateral (IM) Schedule, in each case as applicable.

(D) **Certain Definitions.**

**"Eligibility Requirements"** means, in respect of an item of Eligible Collateral (IM) and a party:

- (i) the requirements for such item to be Eligible Collateral (IM) as specified herein; and
- (ii) collateral eligibility requirements under law applicable to such party requiring the collection and/or posting of initial margin.

To the extent relevant under law applicable to such party requiring the collection and/or posting of initial margin, for the purposes of construing the Eligibility Requirements, the relevant requirements under law may be applied on a portfolio basis (including, without limitation, for the purposes of applying any concentration limits) such that an entire portfolio or group of items may be the subject of an Ineligibility Notice and will include, if relevant, whether or not the relevant item comprises financial collateral (or equivalent) for the purposes of the Regulations and/or the Directive 2002/47/EC of the European Parliament and Council of 6 June 2002 on financial collateral arrangements as implemented, or whose terms are otherwise substantially reflected, in the relevant jurisdiction.

**"Ineligibility Date"** means, the date on which the relevant item (or a specified amount of such item) has ceased to satisfy (or never did satisfy), or will cease to satisfy, one or more of the Eligibility Requirements applicable to the relevant party for all purposes hereunder; *provided* that if it never did satisfy the Eligibility Requirements or such date is earlier than the fifth Local Business Day following effective delivery of such Ineligibility Notice, the Ineligibility Date will be the fifth Local Business Day following effective delivery of such Ineligibility Notice.

**"Ineligibility Notice"** means a written notice from a party to the other party in relation to a Segregated Account (as specified in such notice) in which the notifying party:



(i) represents that it has determined that one or more items (or a specified amount of any such item) has ceased to satisfy (or never did satisfy), or as of a specified date will cease to satisfy, one or more of the Eligibility Requirements;

(ii) lists the item(s) (and, if applicable, the specified amount) that have ceased to satisfy (or never did satisfy), or as of a specified date will cease to satisfy, one or more of the Eligibility Requirements;

(iii) describes the reason(s) why such item(s) (or the specified amount thereof) have ceased to satisfy (or never did satisfy), or will cease to satisfy, one or more of the Eligibility Requirements; and

(iv) specifies the Ineligibility Date.

(v) **Thresholds (IM); Minimum Transfer Amount (IM); Rounding.**

(A) “**Threshold (IM)**” means with respect to Party A, [●], unless otherwise agreed between the parties.

“**Threshold (IM)**” means with respect to Party B, [●], unless otherwise agreed between the parties.

(B) “**Minimum Transfer Amount (IM)**” means with respect to Party A at any time, [●], unless otherwise agreed between the parties; and

“**Minimum Transfer Amount (IM)**” means with respect to Party B at any time, [●], unless otherwise agreed between the parties;

*provided* that, in the case of either Party A or Party B, if the Credit Support Amount (IM) at such time with respect to such party as the Security-provider is zero, the Minimum Transfer Amount (IM) with respect to the other party as the Security-taker shall be zero.

(C) **Rounding.**

(1) The Delivery Amount (IM) will be rounded up to the nearest integral multiple of 10,000 units of the Base Currency; and

(2) The Return Amount (IM) will be rounded down to the nearest integral multiple of 10,000 units of the Base Currency;

*provided* that, if the Credit Support Amount (IM) at such time with respect to a party as the Security-provider is zero, the Return Amount (IM) will not be rounded.

(vi) **Transfer Timing.** “**Regular Settlement Day**” has the meaning specified in Paragraph 12, unless otherwise specified here: Not specified.

(d) **Calculation(s) and Timing.**

(i) “**Calculation Date (IM)**” has the meaning specified in Paragraph 12, unless otherwise specified here: [Not specified].

(ii) “**Calculation Time (IM)**” has the meaning specified below:

[the time as of which the Calculation Agent (IM) computes its end of day valuations of derivatives transactions in the ordinary course of its business (or such other commercially reasonable convenient time on the relevant day as the Calculation Agent (IM) may determine)][.....].

For purposes of determining the Calculation Date (IM), “**Calculation Date Location (IM)**” means, with respect to each party, each city, region or country specified below:

Party A: .....

Party B: .....

(iii) “**Notification Time**” has the meaning specified below:

with respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: [[●], [●] time, on a Local Business Day].<sup>9</sup>

with respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: [[●], [●] time, on a Local Business Day].

(e) **Conditions Precedent.**

(i) The provisions of Paragraph 4(a) will apply, unless otherwise specified here:

[Not Specified][Paragraph 4(a) will not apply].

(ii) **Specified Condition and Access Condition.** For purposes of the provisions of Paragraph 4(a), a Security-provider Rights Event or a Security-taker Rights Event with respect to the other party shall constitute a “**Specified Condition**”. For purposes of the definitions of the NEC Event, Security-taker Rights Event and Security-provider Rights Event, the following Termination Event(s) (to the extent that such Termination Events are applicable in respect of the relevant party under this Agreement) specified below will be an “**Access Condition**” with respect to the party so specified if: (a) that party is an Affected Party with respect to such Termination Event; and (b) all Transactions are Affected Transactions:

	Party A	Party B
Illegality	<input type="checkbox"/>	<input type="checkbox"/>
Force Majeure Event	<input type="checkbox"/>	<input type="checkbox"/>
Tax Event	<input type="checkbox"/>	<input type="checkbox"/>
Tax Event Upon Merger	<input type="checkbox"/>	<input type="checkbox"/>
Credit Event Upon Merger	<input type="checkbox"/>	<input type="checkbox"/>
Additional Termination Event(s):		
[ ]	<input type="checkbox"/>	<input type="checkbox"/>
[ ]	<input type="checkbox"/>	<input type="checkbox"/>

(f) **Substitutions.**

(i) “**Substitution Date**” has the meaning specified in Paragraph 4(e)(iii); and

(ii) **Consent.** If specified here to be not applicable, the Security-provider does not need to obtain the Security-taker’s consent for any substitution pursuant to Paragraph 4(e): Consent is [Applicable][Not Applicable];

*provided* that Paragraph 4(e) will be subject to Paragraph 13(m)(vi), if applicable.

<sup>9</sup> Parties to ensure that the Notification Time specified meets the settlement timing requirements under the applicable regulatory regimes.

(g) **Dispute Resolution.**

(i) “**Resolution Time**” means [1:00 p.m.], [●] time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 5.

(ii) “**Recalculation Date**” means the Calculation Date (IM) that gives rise to the dispute under Paragraph 5, *provided* that, if a subsequent Calculation Date (IM) occurs under Paragraph 3 prior to the resolution of the dispute, the “**Recalculation Date**” means the most recent Calculation Date (IM) under Paragraph 3.

(iii) **Recalculation of Credit Support Amount (IM).** For the purpose of Paragraph 5(a)(iv)(A), the Credit Support Amount (IM) will be calculated as follows: the parties agree to consult (including, without limitation, exchanging reasonable details of their calculations and any supporting data as part of the consultation process; *provided* that the parties will not be required to exchange any proprietary or confidential information) in good faith and in a commercially reasonable and timely manner to resolve the dispute and agree on the amount of the relevant Credit Support Amount (IM). The Calculation Agent (IM) will recalculate related amounts using the amount agreed by the parties.

(iv) **Recalculation of Value.** For the purpose of Paragraphs 5(a)(iv)(A) and 5(a)(iv)(B), the Value of Eligible Collateral (IM) or Posted Collateral (IM), as applicable, will be calculated in accordance with the following procedure:

With respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: [Consultation Procedure][Other Regulatory CSA Procedure][Not applicable][As specified below:

.....].

With respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: [Consultation Procedure][Other Regulatory CSA Procedure][Not applicable][As specified below:

.....].

For the purposes hereof:

“**Consultation Procedure**” means the parties agree to consult (including, without limitation, exchanging reasonable details of their calculations and any supporting data as part of the consultation process; *provided* that the parties will not be required to exchange any proprietary or confidential information) in good faith and in a commercially reasonable and timely manner to resolve the dispute and agree on the Value. The Calculation Agent (IM) will recalculate related amounts using such amount agreed by the parties.

“**Other Regulatory CSA Procedure**” means the procedure specified in an Other Regulatory CSA (as defined in Paragraph 13(r)(ii)) for the calculation of the Value (or its equivalent under such Other Regulatory CSA) of collateral in the event of a dispute involving such Value thereunder.

(v) **Alternative.** The provisions of Paragraph 5 will apply.

(h) “**Security-taker Rights Event**” means:

(i) an Early Termination Date in respect of all Transactions has occurred or been designated as the result of an Event of Default or Access Condition with respect to the Security-provider [and the Security-provider has not paid in full all of its Obligations that are then due]; or

(ii) if “**Failure to Pay Early Termination Amount**” is specified as applicable here, an Event of Default has occurred and is continuing with respect to the Security-provider and its obligation to pay an amount

under Section 6(e) of the ISDA Master Agreement relating to an Early Termination Date with respect to all Transactions: Failure to Pay Early Termination Amount is [Applicable][Not Applicable].

Notwithstanding the foregoing, if “**Control Agreement Security-taker Rights Event**” is specified as applicable here with respect to a party as the Security-provider, a “**Security-taker Rights Event**” will only occur upon the occurrence of one or more of the events that the Security-provider and the Security-taker have agreed in the Control Agreement or otherwise, will permit the Security-taker to exercise sole and exclusive control of the Posted Collateral (IM) held under the Control Agreement:

With respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: Control Agreement Security-taker Rights Event is [Applicable][Not Applicable].

With respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: Control Agreement Security-taker Rights Event is [Applicable][Not Applicable].

(i) **Notice of Exclusive Control.** Each party as the Security-taker covenants to the other party as the Security-provider that:

(i) it will not give a Notice of Exclusive Control under the Control Agreement unless and until an NEC Event occurs and is continuing and that it will deliver a copy of the Notice of Exclusive Control to the Security-provider when it is delivered to the Custodian (IM); and

(ii) it will not exercise any rights of access in respect of the Posted Collateral (IM) held by the Custodian (IM) arising from delivery of such Notice of Exclusive Control unless and until a Security-taker Rights Event occurs and is continuing.

“**NEC Event**” means:

(A) if the Control Agreement permits delivery of a Notice of Exclusive Control separately from instructions from the Security-taker to the Custodian (IM) regarding the transfer of assets from the relevant Segregated Account: (1) an Event of Default or Access Condition with respect to the Security-provider has occurred and is continuing or (2) an Early Termination Date in respect of all Transactions has occurred or been designated as the result of an Event of Default or Access Condition with respect to the Security-provider; or

(B) otherwise, a Security-taker Rights Event has occurred and is continuing.

“**Notice of Exclusive Control**” means a notice that a secured party is entitled to give under the Control Agreement that has or will have the effect of giving such party the exclusive right to direct the Custodian (IM) to block withdrawals or to control the Posted Collateral (IM).

Notwithstanding the foregoing, if “**Control Agreement NEC Event**” is specified as applicable here with respect to a party as the Security-provider, a “**NEC Event**” will only occur upon the occurrence of one or more of the events that the Security-provider and the Security-taker have agreed, in the Control Agreement or otherwise, will permit the Security-taker to deliver a Notice of Exclusive Control under the Control Agreement:

With respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: Control Agreement NEC Event is [Applicable][Not Applicable].

With respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: Control Agreement NEC Event is [Applicable][Not Applicable].

- (j) “**Security-provider Rights Event**” means an Early Termination Date in respect of all Transactions has occurred or been designated as the result of an Event of Default or Access Condition with respect to the Security-taker; *provided* that:

(i) if “**Security-provider Full Discharge Condition**” is specified as applicable here, a Security-provider Rights Event will not occur unless the Security-provider (A) has provided a statement to the Security-taker in respect of such Early Termination Date pursuant to Section 6(d) of the ISDA Master Agreement and (B) is claiming that an amount under Section 6(e) of the ISDA Master Agreement (I) is payable to the Security-provider, (II) is zero or (III) is payable by the Security-provider but (x) has been discharged in full together with any accrued interest or (y) will be discharged in full together with any accrued interest in whole or in part pursuant to the Security-provider’s exercise of the Delivery in Lieu Right as notified in writing by the Security-provider to the Security-taker in connection with its delivery of a Security-provider Access Notice, if applicable: Security-provider Full Discharge Condition is [Applicable][Not Applicable];

and

(ii) if “**Cooling-off Period Condition**” is specified as applicable here, a Security-provider Rights Event will not occur unless two Local Business Days have passed following the provision of a statement to the Security-taker pursuant to Section 6(d) of the ISDA Master Agreement: Cooling-off Period Condition is [Applicable][Not Applicable].

Notwithstanding the foregoing, if “**Control Agreement Security-provider Rights Event**” is specified as applicable here with respect to a party as the Security-provider, a “**Security-provider Rights Event**” will only occur upon the occurrence of one or more of the events that the Security-provider and the Security-taker have agreed, in the Control Agreement or otherwise, will permit the Security-provider to exercise sole and exclusive control of the Posted Collateral (IM) held under the Control Agreement:

With respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: Control Agreement Security-provider Rights Event is [Applicable][Not Applicable].

With respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: Control Agreement Security-provider Rights Event is [Applicable][Not Applicable].

- (k) **Security-provider Access Notice.** Each party as the Security-provider covenants to the other party as the Security-taker that:

(i) it will not give a Security-provider Access Notice under the Control Agreement in relation to the relevant Segregated Account unless and until a Security-provider Rights Event occurs and that it will deliver a copy of the Security-provider Access Notice to the Security-taker when it is delivered to the Custodian (IM); and

(ii) it will not exercise any rights or remedies arising from the delivery of such Security-provider Access Notice with respect to Posted Collateral (IM) held by the Custodian (IM) unless and until a Security-provider Rights Event occurs,

except in order to exercise its right to return of Posted Collateral (IM) pursuant to the relevant Security Agreement.

“**Security-provider Access Notice**” means a notice that a chargor or pledgor (howsoever described) is entitled to give under the Control Agreement that has the effect of giving such party exclusive right to direct the Custodian (IM) to block withdrawals or to control the Posted Collateral (IM).

- (l) **Modification to Security-provider’s Rights and Remedies.**

**Delivery in Lieu Right.** If specified as applicable here, has the meaning specified below (the “**Delivery in Lieu Right**”) and the Security-provider’s rights and remedies under the Security Agreement at any

time after a Security-provider Rights Event has occurred and is continuing will be construed accordingly: Delivery in Lieu Right is [Applicable][Not Applicable].

“The Security-provider may, without the consent of the Security-taker, direct the Custodian (IM) to transfer to the Security-taker so much of the Posted Collateral (IM) as is the Cash equivalent, by reference to the fair market value at or about the time of such transfer as determined by the Security-provider, necessary to satisfy (together with any other payments already made by the Security-provider) all amounts payable by the Security-provider pursuant to Section 6(e) of the ISDA Master Agreement (together with any accrued interest). Such Section 6(e) payment obligation (together with any accrued interest) of the Security-provider will be deemed satisfied to the extent of such transfer. At the time of giving directions to the Custodian (IM) for such transfer, the Security-provider shall also send a notice to the Security-taker specifying the details of the Posted Collateral (IM) being transferred and the related Cash equivalent as determined by the Security-provider. For the avoidance of doubt, the Security-provider in all events will remain liable for any amounts remaining unpaid after such transfer, and to the extent of any transfer of Posted Collateral (IM) under this subsection, the Security-provider waives any right to redemption or to require the Security-taker to make disposition of, account for any surplus in respect of, or request the sale of such Posted Collateral (IM) by the Security-taker.”

(m) **Custody Arrangements.**

The Custodian (IM) in respect of each party as Security-provider is:

	<b>Party A</b>	<b>Party B</b>
Name of Custodian (IM)	[...]	[...]

(i) “**Control Agreement**” means, with respect to a party as Security-provider and the other party as the Security-taker, the account control agreement among such party as the Security-provider, the other party as the Security-taker and the relevant Custodian (IM) entered into in relation to each relevant Segregated Account.

(ii) **Custodian (IM) Risk.** The provisions of Paragraph 6(b) will apply unless otherwise specified below:

[Not specified][In lieu of Paragraph 6(b), the following will apply: [.....]].

(iii) **Custodian Event.** If specified as applicable here, has the meaning specified below: Custodian Event is [Applicable][Not Applicable].

“**Custodian Event**” means, with respect to the Security-provider and its posting obligation hereunder: (1) any failure of the Security-provider’s Custodian (IM) to comply with instructions sent by the Security-provider in accordance with the Control Agreement to effect any transfer obligation of the Security-provider in accordance with this Agreement (other than any such failure caused solely by the action or inaction of the Security-provider); (2) the Security-provider’s Custodian (IM) ceases to comply with or perform, or is otherwise unable to comply with or perform, any agreement or obligation to be complied with or performed by it in accordance with the Control Agreement; (3) notice by the Security-provider’s Custodian (IM) is given to terminate the Control Agreement or the Control Agreement expires or terminates, whether in accordance with the terms thereof or otherwise; (4) the Security-provider’s Custodian (IM) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of the Control Agreement; or (5) the Security-provider’s Custodian (IM) makes a unilateral amendment to the terms of the Control Agreement or its status otherwise changes, in either case resulting in either of the parties ceasing to be in compliance with their regulatory obligations as determined by such party acting in good faith and in a commercially reasonable manner.

If a Custodian Event has occurred and is continuing after the CE End Date, it will constitute an Additional Termination Event under the ISDA Master Agreement and for purposes of such Additional Termination Event:

- (A) each Covered Transaction (IM) will be an Affected Transaction; and

(B) both the Security-provider and the Security-taker will be the Affected Parties.

For as long as the Custodian Event is continuing but on or prior to the relevant CE End Date, the Security-provider will attempt to identify a replacement custodian which is reasonably acceptable to the Security-taker and the parties agree to use reasonable endeavours to negotiate in good faith a successor control agreement with a replacement custodian and implement such amendments to the terms of this Agreement (and any related Security Agreement) and/or enter into such additional documents (including, if required, a new collateral transfer agreement and/or security agreement) as are reasonably necessary.

“**CE End Date**” means, in relation to a Custodian Event, the earlier to occur of:

(A)(1) other than in the case of a Custodian Event with respect to limb (3) of the definition of Custodian Event (a “**Custodian Resignation Event**”), the day falling [[90] calendar] days after the occurrence of such event;

(2) in the case of a Custodian Resignation Event where advance notice is given in accordance with the Control Agreement, the later of:

(x) the date the notice is given; and

(y) [the [28th] calendar] day to fall prior to the date on which the Control Agreement will terminate in accordance with its terms with respect to such notice (such date of termination under the Control Agreement being the “**Release Date**”);

*provided* that, if:

(I) an Early Termination Date has been designated as a result of a Custodian Resignation Event; and

(II) only one party has effectively provided a statement (the “**Timely Statement**”) to the other party pursuant to Section 6(d) of the ISDA Master Agreement on the later of (a) the date falling [[18] calendar] days prior to the Release Date and (b) the [[2nd] Local Business Day] after the date on which notification of such Timely Statement to the other party is effective,

then, notwithstanding the provisions of Section 6(e)(ii)(2) (*Two Affected Parties*) of the ISDA Master Agreement, the amount payable under Section 6(e) of the ISDA Master Agreement shall be determined and be payable solely on the basis of the Timely Statement (as if, for all purposes, the party which has provided the Timely Statement were the party which is not the Affected Party and the other party were the sole Affected Party); or

(3) in case of a Custodian Resignation Event where there is no advance notice in accordance with the Control Agreement, the date the Control Agreement expires or terminates; and

(B) effective delivery of a written notice by a party that a Regulatory Event has occurred with respect to such party in respect of such Custodian Event (specifying in reasonable detail in such notice the nature of such Regulatory Event).

If Custodian Event is applicable, any event or circumstance that constitutes or gives rise to a Custodian Event will not constitute or give rise to an Event of Default under Section 5(a)(iii) of the ISDA Master Agreement.

“**Regulatory Event**” means, in respect of a party and a Custodian Event, that:

(A) such party has received notice in writing from the relevant governmental or regulatory authority with proper jurisdiction that it has ceased or will cease to comply with its regulatory obligations under any Regime; or

(B) a relevant governmental or regulatory authority with proper jurisdiction has made a public statement to the effect of (A),

in each case, as a result of the occurrence of such Custodian Event.

(iv) ***The Control Agreement as a Credit Support Document.***

(A) With respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: the Control Agreement [is][is not] a Credit Support Document.

(B) With respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: the Control Agreement [is][is not] a Credit Support Document.

(v) ***Inconsistency with the Control Agreement.*** Unless “***Inconsistency with the Control Agreement***” is specified as not applicable here with respect to a party as the Security-provider, with respect to such party as the Security-provider, in the event of any inconsistency between this Agreement and the Control Agreement, this Agreement will prevail over the Control Agreement:

(A) With respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: Inconsistency with the Control Agreement is [Applicable][Not Applicable].

(B) With respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: Inconsistency with the Control Agreement is [Applicable][Not Applicable].

(vi) ***Relationship with the Control Agreement.***

Unless this provision is specified as not applicable below with respect to a party as the Security-provider, the parties recognise that the Control Agreement is a means by which the parties can perform their obligations or, as applicable, exercise their rights hereunder and in furtherance thereof agree to the following:

(A) each of the Security-provider and the Security-taker consent to any substitutions of Posted Collateral (IM) for replacement Eligible Collateral (IM) (or other assets) that are made by the Security-provider and/or the Custodian (IM) in accordance with the terms of the Control Agreement (without prejudice to the subsequent application of the Ineligible Collateral (IM) provisions);

(B) notwithstanding differences in methodology or timing, if the Custodian (IM) determines a Value (or any component thereof) and/or Base Currency Equivalent pursuant to the terms of the Control Agreement then such Value and/or Base Currency Equivalent so determined will be used for all purposes in this Agreement and the relevant Security Agreement (other than for the provisions relating to Security-taker’s rights and remedies at any time after a Security-taker Rights Event has occurred and is continuing and the Security-provider’s rights and remedies at any time after a Security-provider Rights Event has occurred and is continuing under the relevant Security Agreement) (and the Calculation Agent (IM) will not be obliged to make such determination); *provided* that, where an item has a Value of zero by virtue of an Ineligibility Notice, it will do so for the purposes of this Agreement irrespective of the Custodian (IM) Value;

(C) the Security-taker and the Security-provider will not be required to serve demands under Paragraph 3(a) or (b), respectively, if such demands are effectively made under the terms of the Control Agreement (and to the extent that both parties are required (or entitled) under the Control Agreement to convey instructions to the Custodian (IM) which reflect the calculations hereunder, each party agrees to convey such instructions in good faith and in a commercially reasonable manner);

(D) the parties will give such instructions contemplated by the Control Agreement to the Custodian (IM) as may be necessary in order for obligations hereunder to be performed or rights hereunder to be exercised (or exercisable) by a party, and where applicable, no later than the Notification Time.



For the avoidance of doubt, the Security-taker will bear no liability for any failure of the Custodian (IM) to effect the transfer of any Return Amount (IM) if the Security-taker has sent the appropriate instructions (if any are required); and

(E) the Security-taker's obligations under the provisions of the relevant Security Agreement relating to the Security-provider's rights and remedies at any time after a Security-provider Rights Event has occurred and is continuing under the relevant Security Agreement (specifically the Security-taker's obligation to transfer or instruct the Custodian (IM) to transfer Posted Collateral (IM) to the Security-provider) or the operation of the Delivery in Lieu Right (if applicable) is without prejudice to any delay or contest period expressly specified in the Control Agreement that applies in such circumstances.

For the purposes of this Paragraph 13(m)(vi), "**Relationship with the Control Agreement**" is applicable with respect to a party as the Security-provider, unless otherwise specified here:

(A) With respect to Party A acting in its capacity as the Security-provider and Party B acting in its capacity as the Security-taker: Relationship with the Control Agreement is [Applicable][Not Applicable].

(B) With respect to Party B acting in its capacity as the Security-provider and Party A acting in its capacity as the Security-taker: Relationship with the Control Agreement is [Applicable][Not Applicable].

(vii) **Collateral Access Breach Additional Termination Event**. If specified as applicable here, has the meaning specified below: Collateral Access Breach is [Applicable][Not Applicable].

"**Collateral Access Breach**" means a party hereto (the "**Breaching Party**") (i) breaches one or more of the covenants specified herein or in the Security Agreement related to the delivery of a Notice of Exclusive Control or a Security-provider Access Notice or (ii) acting in its capacity as a Security-taker, delivers a notice to the Custodian (IM) instructing the Custodian (IM) to deliver Posted Collateral (IM) to it or anyone other than the Security-provider or at the Security-provider's direction prior to the occurrence of a Security-taker Rights Event.

If Collateral Access Breach is applicable and a Collateral Access Breach has occurred and is continuing after the CAB End Date, it will constitute an Additional Termination Event and for purposes of such Additional Termination Event:

(A) each Transaction will be an Affected Transaction; and

(B) the Breaching Party will be the sole Affected Party.

"**CAB End Date**" means the [●] Local Business Day(s) following the date on which the related Collateral Access Breach occurs.

If Collateral Access Breach is applicable, any event or circumstance that constitutes or gives rise to a Collateral Access Breach will not constitute or give rise to an Event of Default under Section 5(a)(iii) of the ISDA Master Agreement.

(n) **Additional information relating to Regulatory Compliance and Concentration Limits**. If specified as applicable here, each party will as soon as reasonably practicable following a request by the other party provide such information as to its classification and/or status relating to collateral eligibility requirements under law applicable to such other party requiring the collection and/or posting of initial margin (including, without limitation, and by way of example, whether it is an institution identified as a "G-SII" or "O-SII" under paragraph 3, Article 8 of the EMIR RTS) as may be reasonably required from time to time: Additional information relating to Regulatory Compliance and Concentration Limits is [Applicable][Not Applicable].

Unless expressly agreed otherwise in writing, any misrepresentation with respect to such information will not constitute an Event of Default, Potential Event of Default or Termination Event under the ISDA Master Agreement in respect of such party.

(o) ***Demands and Notices.***

All demands, specifications and notices under this Agreement will be made pursuant to Section 12 (*Notices*) of the ISDA Master Agreement, unless otherwise specified here:

(i) in respect of Party A

.....

(ii) in respect of Party B

.....

(p) ***Process Agent.*** For the purpose of Paragraph 11(b)(ii) of this Agreement:

Party A appoints as its Process Agent: [not applicable][.....]

Party B appoints as its Process Agent: [not applicable][.....]

(q) ***Amendment to “Termination Currency”.***<sup>10</sup> The definition of “*Termination Currency*” has the meaning specified in the Schedule to the ISDA Master Agreement, unless a currency is specified below as the “*Termination Currency*”:

[Amendment to “*Termination Currency*” is Not Applicable.]/[The definition of “*Termination Currency*” in the Schedule to the ISDA Master Agreement will be amended with effect from the date of this Agreement to mean:

(i) with respect to Party A, [.....]<sup>11</sup>/[as set out in the Eligible Collateral (IM) Schedule relating to the posting obligation of Party B]; and

(ii) with respect to Party B, [.....]/[as set out in the Eligible Collateral (IM) Schedule relating to the posting obligation of Party A].

The parties hereby acknowledge and agree that, for the purposes of determining the amount due under Section 6(e) of the ISDA Master Agreement or, as applicable, the Early Termination Amount, “*Termination Currency*” shall mean:

(A) in relation to a calculation pursuant to either:

(1) Section 6(e)(i) in respect of an Early Termination Date resulting from an Event of Default; or

(2) Section 6(e)(ii)(1) in respect of an Early Termination Date arising from a Termination Event where there is one Affected Party,

the Termination Currency specified in respect of the party which is either the Non-defaulting Party or the party which is not the Affected Party, as applicable; and

<sup>10</sup> As this amends the Schedule to the ISDA Master Agreement, parties should ensure that any relevant formalities required to amend the Schedule to the ISDA Master Agreement are complied with.

<sup>11</sup> Note that if Party A and Party B agree that Party B may post in a specific currency (e.g. for FX Haircut purposes), then following the words ‘with respect to Party A’, the parties should specify the currency in which Party B will post. The same point applies vice versa to the Party B election immediately below.

(B) in relation to a calculation pursuant to Section 6(e)(ii)(2) in respect of an Early Termination Date resulting from a Termination Event where there are two Affected Parties, [●]/[as set out in the Eligible Collateral (IM) Schedule], and

in each case, “*Termination Currency Equivalent*” shall be construed accordingly.]

(r) ***Amendment to “Minimum Transfer Amount”***.<sup>12</sup>

(i) The definition of “*Minimum Transfer Amount*” in any Other Regulatory CSA has the meaning specified in such Other Regulatory CSA, unless an amount is specified below as the “*Minimum Transfer Amount*”.

[Amendment to “*Minimum Transfer Amount*” is Not Applicable.][The definition of “*Minimum Transfer Amount*” in any Other Regulatory CSA will be amended with effect from the date of this Agreement to mean:

with respect to Party A: [.....]

with respect to Party B: [.....]

(ii) “*Other Regulatory CSA*” means an Other CSA in respect of which some or all Transactions margined thereunder are subject to the margining obligations under one or more Regimes or Substituted Regimes.

(s) ***Interpretation***. The provisions of Paragraph 10(k)(i) will apply unless otherwise specified below:

[Not specified][In lieu of Paragraph 10(k)(i), the following will apply: [.....]].

(t) ***Identity of Security-provider and Security-taker***. If “*One Way Provisions*” are specified as applicable under the General Principles, the following provisions will apply:

The term “*Security-provider*” as used in this Agreement means the Posting Party only and the term “*Security-taker*” as used in this Agreement means the party who is not the Posting Party (the “*Other Party*”) and the remaining provisions of the Agreement shall be construed accordingly.

In particular, but without limitation:

(i) only the Other Party will (i) benefit from the security interest created by the relevant Security Agreement in respect of such Posting Party and (ii) have the right to require a transfer of a Delivery Amount (IM) under Paragraph 3; and

(ii) the Other Party does not undertake any of the covenants or grant any of the rights with respect to itself or its property that it would otherwise undertake or grant as a Security-provider under this Agreement or a Security Agreement.

(u) ***Loss of Required Model Approval***. If ISDA SIMM™ or another model, including a model operated by a third-party vendor or the other party, is to be used for any purposes hereunder and a party (i) does not receive approval (where at the date of this Agreement the model is subject to an initial application for approval), (ii) loses an approval required from any governmental or regulatory authority for such use or (iii) such use is otherwise prohibited by a governmental or regulatory authority, then it will not constitute an Event of Default, Potential Event of Default or Termination Event under the ISDA Master Agreement and shall not affect the applicable Method with respect to any Regime except to the extent (if any) specified in the Regime Table.

<sup>12</sup> As this amends another agreement, parties should ensure that any relevant formalities required to amend such agreement are complied with.

(v) ***Jurisdiction Specific Terms.***

(i) If this Agreement is governed by and construed in accordance with English law, the following provision will apply:

***Contracts (Rights of Third Parties) Act 1999.*** A person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this Agreement. This does not affect any right or remedy of a third party which exists, or is available, apart from the Contracts (Rights of Third Parties) Act 1999.

(ii) If this Agreement is governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine) and Jury Waiver is specified as applicable below, the following provision will apply:

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT. EACH PARTY ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, BY AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS WAIVER OF TRIAL BY JURY PROVISION.

For the purpose of this Paragraph 13(v)(ii), “***Jury Waiver***” is [Applicable][Not Applicable].

(iii) ***Japanese Securities Provisions (Shichiken).*** If Japanese Securities Provisions are specified as applicable below, the following provisions will apply:<sup>13 14</sup>

If Eligible Collateral (IM) includes any Japanese Securities, the following provisions will apply:

**(A) Modifications to Paragraph 4(b).**

Paragraph 4(b) is amended by deleting the word “and” at the end of sub-paragraph (i), replacing the full stop at the end of sub-paragraph (ii) with a semi-colon and inserting the following as sub-paragraphs (iii) and (iv):

“(iii) in addition to the above, in the case of any Eligible Collateral (IM) in the form of Japanese Securities, by a record of the transfer of the Japanese Securities from the proprietary ledger (*hoyuu ran*) of the Security-provider Unsecured Account to the pledge ledger (*shichiken ran*) of the relevant Segregated Account pursuant to the provisions of the Book-entry Transfer Act;<sup>15</sup> and

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<sup>13</sup> These amendment provisions (the “**Amendments**”) are required when Eligible Collateral (IM) includes (i.e. parties create a security interest over) Japanese law governed securities (“**Japanese Securities**”) issued pursuant to the Act Concerning Book-entry Transfer of Corporate Bonds, Stocks, etc. (*Shasai Kabushikitou no Furikae ni Kansuru Houritsu*) (Act No. 75 of 2001, as amended) (the “**Book-entry Transfer Act**”) for the following reasons: under the Japanese conflict of laws rule, creation and perfection of a security interest over (i) a claim needs to be governed by the governing law of the claim and (ii) a tangible object such as chattels or realty needs to be governed by the laws of the location of the object (the *lex situs* of the object). Although there is an argument as to whether Japanese Securities should be viewed as intangible claims or movable assets, in either case, a security interest over Japanese Securities needs to be governed by Japanese law because Japanese Securities are governed by Japanese law and, on the grounds that the central depository (i.e. Bank of Japan or Japan Securities Depository Center, Inc.) is located in Japan, and therefore the Japanese Securities are regarded as located in Japan.

It should be noted that, in order to create a valid Japanese law pledge over Japanese Securities, the relevant entities specified in Paragraph 13 as the Custodian (IM) for Party A and Party B are required to be an Account Management Institution (*kouza kanri kikan*) as defined in the Book-entry Transfer Act.

<sup>14</sup> For the purposes of creating a Japanese law pledge over Japanese Securities, the “Segregated Account” must be specified as an account opened in the name of Security-taker in each Control Agreement, and the Amendments assume that such Security-taker account is opened with the Security-provider’s Custodian (IM). The relevant Control Agreement may also need to be amended so that it works with this Agreement and the relevant security agreement with these modifications for a Japanese law pledge.

<sup>15</sup> Under Japanese law, in order to create and perfect a pledge over Japanese Securities, the assets over which the pledge is created need to be recorded and registered to the pledge ledger (*shichiken ran*) of a security account opened in the name of the Security-taker. However, the Security-provider remains the title holder of the Japanese Securities even after the pledged Japanese Securities have been transferred to the Security-taker.

(iv) in addition to the above, in the case of Posted Collateral (IM) in the form of Japanese Securities, by a record of the transfer of the Japanese Securities from the pledge ledger (*shichiken ran*) of the relevant Segregated Account to the proprietary ledger (*hoyuu ran*) of the Security-provider Unsecured Account pursuant to the provisions of the Book-entry Transfer Act.”

**(B) Modification to Paragraph 6(c).**

Sub-paragraph (ii) of Paragraph 6(c) is amended by replacing the full stop at the end of the sub-paragraph with a comma and inserting the following words at the end thereof:

“*provided* that the crediting of the pledge ledger (*shichiken ran*) of the relevant Segregated Account (as contemplated by Paragraph 4(b)(iii)) shall not be construed as registration in the name of the Security-taker for the purposes of this Paragraph 6(c).”

**(C) Modifications to Paragraph 12.**

Paragraph 12 is amended by:

(1) adding the following new defined terms and their definitions:

“***Book-entry Transfer Act***” means the Act Concerning Book-entry Transfer of Corporate Bonds, Stocks, etc. (*Shasai Kabushikitou no Furikae ni Kansuru Houritsu*) (Act No. 75 of 2001).

“***Japanese Securities***” means Eligible Collateral (IM) which are Japanese law governed securities issued pursuant to the Book-entry Transfer Act.

“***Party A Security-provider Unsecured Account***” means an account of Party A, as the Security-provider, held at a custodian appointed by Party A.

“***Party B Security-provider Unsecured Account***” means an account of Party B, as the Security-provider, held at a custodian appointed by Party B.

“***Security-provider Unsecured Account***” means (i) in respect of Party A as the Security-provider, Party A Security-provider Unsecured Account and (ii) in respect of Party B as the Security-provider, Party B Security-provider Unsecured Account.<sup>16 17 18</sup>

(2) deleting the defined terms “Party A Segregated Account” and “Party B Segregated Account” in their entirety and replacing them with the following:

“***Party A Segregated Account***” means the segregated account(s) opened with the Custodian (IM) subject to the terms of the Control Agreement (or any successor account(s) (including

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<sup>16</sup> The Security-provider Unsecured Account is an account opened in the name of the Security-provider with its Custodian (IM) from which Japanese Securities are transferred to the Segregated Account (which is opened in the name of the Security-taker) for the purposes of creating a pledge over Japanese Securities in accordance with the Book-entry Transfer Act.

<sup>17</sup> The Segregated Account for securities is an account opened in the name of the Security-taker with a Custodian (IM) to which the Japanese Securities are posted for the purposes of creating a pledge over Japanese Securities in accordance with the Book-entry Transfer Act. The Amendments assume that each party as the Security-taker will open a segregated account with the Security-provider’s Custodian (IM), which will be in the name of the Security-taker. The Segregated Account for securities will be used for the purposes of taking a pledge over the Japanese Securities in accordance with the Book-entry Transfer Act, as well as being the segregated account for the purposes of the security over Eligible Collateral other than Japanese Securities. Security pursuant to a separate security agreement will also be taken over the Segregated Account, except to the extent of any Japanese Securities held in the Segregated Account. The Segregated Account for cash is an account opened in the name of the Security-provider with a Custodian (IM) in which the Security-provider grants a security interest in favour of the Security-taker.

<sup>18</sup> Market participants, when using these Amendments for the purpose of taking security over Japanese Securities, will need to ensure that the Segregated Account, the terms on which the Segregated Account is maintained by the Security-taker with the Custodian (IM), and any account control agreement in respect of the Segregated Account, comply with the requirements of the Book-entry Transfer Act.

following any redesignation or renumbering) which is subject to the terms of the Control Agreement) and the security interest granted under the Party A Security Agreement.

“**Party B Segregated Account**” means the segregated account(s) opened with the Custodian (IM) subject to the terms of the Control Agreement (or any successor account(s) (including following any redesignation or renumbering) which is subject to the terms of the Control Agreement) and the security interest granted under the Party B Security Agreement.

For the purposes of this Paragraph 13(v)(iii), the Japanese Securities Provisions are [Applicable][Not Applicable].

(w) **Amendments.**

*If the parties wish to make any modifications to the pre-printed provisions in Paragraph 1 through Paragraph 12 of this Agreement that are not already being amended or supplemented by this Paragraph 13, they should do so here.*

(x) **Additional Terms.**

*If the parties wish to add any additional terms to this Agreement, they should do so here.*

IN WITNESS whereof this Agreement has been entered into on the date stated at its beginning.

**PARTY A** )  
**SIGNED** for and on behalf of )  
..... )  
..... )

By: ..... By: .....  
Name: ..... Name: .....  
Title: ..... Title: .....

**PARTY B** )  
**SIGNED** for and on behalf of )  
..... )  
..... )

By: ..... By: .....  
Name: ..... Name: .....  
Title: ..... Title: .....

**Eligible Collateral (IM) Schedule**

	<b>Items of Eligible Collateral (IM) and Eligible Currencies</b>	<b>[In respect of Party A's posting obligation]</b>	<b>[In respect of Party B's posting obligation]</b>	<b>[Valuation Percentage]</b>
(A)	[ ]	[ ]	[ ]	[ ]%
(B)	[ ]	[ ]	[ ]	[ ]%
(C)	[ ]	[ ]	[ ]	[ ]%
(D)	[ ]	[ ]	[ ]	[ ]%
<b>[FX Haircut Percentage]</b>		[In respect of Party A's posting obligation: [8]% [, unless the Eligible Collateral (IM) is denominated in the Termination Currency specified with respect to Party B under the ISDA Master Agreement (including, without limitation, pursuant to this Agreement), in which case, 0%.]]		
		[In respect of Party B's posting obligation: [8]% [, unless the Eligible Collateral (IM) is denominated in the Termination Currency specified with respect to Party A under the ISDA Master Agreement (including, without limitation, pursuant to this Agreement), in which case, 0%.]]		
<b>[Termination Currency]<sup>19</sup></b>		With respect to Party A: [ ].		
		With respect to Party B: [ ].		
		In relation to a calculation pursuant to Section 6(e)(ii)(2) of the ISDA Master Agreement in respect of an Early Termination Date resulting from a Termination Event where there are two Affected Parties: [ ].		

<sup>19</sup> Note that if Party A and Party B agree that Party B may post in a specific currency (e.g., for FX Haircut purposes), then following the words 'with respect to Party A', the parties should specify the currency in which Party B will post. The same point applies vice versa to the Party B election immediately below.