



Public Securities Association
40 Broad Street, New York, NY 10004-2373



INTERNATIONAL SECURITIES MARKET ASSOCIATION

Rigistrasse 60, P.O. Box, CH-8033 Zürich

VERSION 1

GROSS PAYING SECURITIES

GLOBAL MASTER REPURCHASE AGREEMENT

This agreement is to be used for repos or reverse repos and buy/sell backs of securities other than equities, U.S. Treasury instruments and Net Paying Securities

Dated as of _____

Between:

_____ ("Party A")

and

_____ ("Party B")

1. Applicability

(a) From time to time the parties hereto may enter into transactions in which one party, acting through a Designated Office, ("Seller") agrees to sell to the other, acting through a Designated Office, ("Buyer") securities and financial instruments ("Securities") (other than equities, U.S. Treasury instruments and Net Paying Securities) against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer to sell to Seller Securities equivalent to such Securities at a date certain or on demand against the payment of the purchase price by Seller to Buyer.

(b) Each such transaction (which may be a repurchase transaction ("Repurchase Transaction") or a buy and sell back transaction ("Buy/Sell Back Transaction")) shall be referred to herein as a "Transaction" and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto, unless otherwise agreed in writing. If this Agreement may be applied to Buy/Sell Back Transactions, this shall be specified in Annex I, and the provisions of Annex III shall apply to such Buy/Sell Back Transactions. If Transactions are to be effected under this Agreement by either party as an agent, this shall be specified in Annex I, and the provisions of Annex IV shall apply to such Agency Transactions.

2. Definitions

(a) "Act of Insolvency" shall occur with respect to any party hereto upon:

- (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors; or
- (ii) its admitting in writing that it is unable to pay its debts as they become due; or
- (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
- (iv) the presentation or filing of a petition in respect of it (other than by the counterparty to this Agreement in respect of any obligation under this Agreement) in any court or

before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or

- (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property; or
 - (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding);
- (b) *"Agency Transaction"*, the meaning specified in paragraph 1 of Annex IV hereto;
- (c) *"Base Currency"*, the currency indicated in Annex I hereto;
- (d) *"Business Day"*:
- (i) in relation to the settlement of any Transaction which is to be settled through Cedel or Euroclear, a day on which Cedel or, as the case may be, Euroclear is open to settle business in the currency in which the Purchase Price and the Repurchase Price are denominated;
 - (ii) in relation to the settlement of any Transaction which is to be settled through a settlement system other than Cedel or Euroclear, a day on which that settlement system is open to settle such Transaction;
 - (iii) in relation to any delivery of Securities not falling within (i) or (ii) above, a day on which banks are open for business in the place where delivery of the relevant Securities is to be effected; and
 - (iv) in relation to any obligation to make a payment not falling within (i) or (ii) above, a day other than a Saturday or a Sunday on which banks are open for business in the principal financial centre of the country of which the currency in which the payment is denominated is the official currency and, if different, in the place where any account designated by the parties for the making or receipt of the payment is situated (or, in the case of ECU, a day on which ECU clearing operates);
- (e) *"Cash Margin"*, a cash sum paid to Buyer or Seller in accordance with paragraph 4;
- (f) *"Cedel"*, Cedel Bank, société anonyme;
- (g) *"Confirmation"*, the meaning specified in paragraph 3(b);
- (h) *"Contractual Currency"*, the meaning specified in paragraph 7(a);
- (i) *"Defaulting Party"*, the meaning specified in paragraph 10;
- (j) *"Default Market Value"* with respect to any Securities on any date:
- (i) in the case of Securities to be delivered to the Defaulting Party,
 - (aa) if the non-Defaulting Party has between the occurrence of the relevant Event of Default and the Default Valuation Time (as defined below) sold Securities forming part of the same issue and being of an identical type and description to those Securities and in substantially the same amount as those Securities, the net proceeds of sale (after deducting all reasonable costs, fees and expenses incurred in connection therewith) and
 - (bb) failing such sale before the Default Valuation Time, the Market Value of such Securities at the Default Valuation Time;
 - (ii) in the case of Securities to be delivered by the Defaulting Party,
 - (aa) if the non-Defaulting Party has between the occurrence of the relevant Event of Default and the Default Valuation Time purchased Securities forming part of the

same issue and being of an identical type and description to those Securities and in substantially the same amount as those Securities, the cost of such purchase (including all reasonable costs, fees and expenses incurred in connection therewith) and

- (bb) failing such purchase before the Default Valuation Time, the amount it would cost to buy such Securities at the Default Valuation Time at the best available offer price therefor (and where different offer prices are available for different delivery dates, such offer price in respect of the earliest available such delivery date) on the most appropriate market, together with all reasonable costs, fees and expenses that would be incurred in connection therewith (calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the Transaction),

in each case as determined by the non-Defaulting Party; and for this purpose the "Default Valuation Time" means, with respect to any Securities

- (A) if the relevant Event of Default occurs during normal business hours on a day which is a dealing day in the most appropriate market for Securities of the relevant description (as determined by the non-Defaulting Party), the close of business in that market on the following dealing day;
- (B) in any other case, the close of business on the second dealing day in that market after the day on which the relevant Event of Default occurs;

Where the amount of any Securities sold or purchased as mentioned in (i)(aa) or (ii)(aa) above is not identical to that of the Securities to be valued for the purposes of this definition, the Default Market Value of those Securities shall be ascertained by dividing the net proceeds of sale or cost of purchase by the amount of the Securities sold or purchased so as to obtain a net unit price and multiplying that net unit price by the amount of the Securities to be valued;

(k) "Default Notice", a written notice served by the non-Defaulting Party on the Defaulting Party under paragraph 10 stating that an event shall be treated as an Event of Default for the purposes of this Agreement;

(l) "Designated Office", with respect to a party, a branch or office of that party which is specified as such in Annex I hereto or such other branch or office as may be agreed to by the Parties;

(m) "Distributions", the meaning specified in sub-paragraph (s) below;

(n) "Equivalent Margin Securities", Securities equivalent to Securities previously transferred as Margin Securities;

(o) "Equivalent Securities", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed the expression shall mean a sum of money equivalent to the proceeds of the redemption;

(p) Securities are "equivalent to" other Securities for the purposes of this Agreement if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities;

(q) "Euroclear", Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System;

(r) "Event of Default", the meaning specified in paragraph 10 hereof;

(s) "Income", with respect to any Security at any time, all interest, dividends or other distributions thereon ("Distributions");

(t) "Income Payment Date", with respect to any Securities, the date on which Income is paid in respect of such Securities, or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;

(u) "LIBOR", in relation to any sum in any currency, the one-month London Inter Bank Offered Rate in respect of that currency as quoted on Page 3750 on the Telerate Service (or such other page

as may replace Page 3750 on that service) as of 11:00 a.m., London time, on the date on which it is to be determined;

(v) **"Margin Ratio"**, with respect to a Transaction, the Market Value of the Purchased Securities at the time when the Transaction was entered into divided by the Purchase Price (and so that, where a Transaction relates to Securities of different descriptions and the Purchase Price is apportioned by the parties among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as the parties may agree with respect to that Transaction;

(w) **"Margin Securities"**, in relation to a Margin Transfer, Securities reasonably acceptable to the party calling for such Margin Transfer;

(x) **"Margin Transfer"**, any, or any combination, of the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;

(y) **"Market Value"**, with respect to any Securities as of any time on any date, the price for such Securities at such time on such date obtained from a generally recognised source agreed to by the parties (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) (provided that the price of Securities that are suspended shall (for the purposes of paragraph 4) be nil unless the parties otherwise agree and (for all other purposes) shall be the price of those Securities as of close of business on the dealing day in the relevant market last preceding the date of suspension) plus the aggregate amount of Income which, as of such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for the Transaction in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the relevant time;

(z) **"Net Exposure"**, the meaning specified in paragraph 4(c);

(aa) the **"Net Margin"** provided to a party at any time, the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin Securities transferred to that party under paragraph 4(a) (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under paragraph 4(a) (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred by the other party) and for this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time;

(bb) **"Net Paying Securities"**, Securities which are of a kind such that, were they to be the subject of a Transaction to which paragraph 5 applies, any payment made by Buyer under paragraph 5 would be one in respect of which either Buyer would or might be required to make a withholding or deduction for or on account of taxes or duties or Seller would or might be required to make or account for a payment for or on account of taxes or duties (in each case other than tax on overall net income) by reference to such payment;

(cc) **"New Purchased Securities"**, the meaning specified in paragraph 8(a) of this Agreement;

(dd) **"Price Differential"**, with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction), for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;

(ee) **"Pricing Rate"**, with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction;

(ff) **"Purchase Date"**, with respect to any Transaction, the date on which Purchased Securities are to be sold by Seller to Buyer in relation to that Transaction;

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

3. Initiation; Confirmation; Termination

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

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

- (i) the Purchase Date;
- (ii) the Purchase Price;
- (iii) the Repurchase Date, unless the Transaction is to be terminable on demand (in which case the Confirmation will state that it is terminable on demand);
- (iv) the Pricing Rate applicable to the Transaction;

- (v) in respect of each party the details of the bank account[s] to which payments to be made hereunder are to be credited;
- (vi) where Annex III applies, whether the Transaction is a Repurchase Transaction or a Buy/Sell Back Transaction;
- (vii) where Annex IV applies, whether the Transaction is an Agency Transaction and, if so, the identity of the party which is acting as agent and the name, code or identifier of the Principal; and
- (viii) any additional terms or conditions of the Transaction;

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

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

(c) On the Purchase Date for a Transaction, Seller shall transfer the Purchased Securities to Buyer or its agent against the payment of the Purchase Price by Buyer.

(d) Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for Termination in such demand, and, in the case of fixed term Transactions, on the date fixed for Termination.

(e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur after not less than the minimum period as is customarily required for the settlement or delivery of money or Equivalent Securities of the relevant kind.

(f) On the Repurchase Date, Buyer shall transfer to Seller or its agent Equivalent Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5).

4. Margin Maintenance

(a) If at any time either party has a Net Exposure in respect of the other party it may by notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.

(b) A notice under sub-paragraph (a) above may be given orally or in writing.

(c) For the purposes of this Agreement a party has a Net Exposure in respect of the other party if the aggregate of all the first party's Transaction Exposures plus any amount payable to the first party under paragraph 5 but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other party under paragraph 5 but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.

(d) To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it, that party shall be entitled to require that such Margin Transfer be satisfied first by the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer.

(e) Any Cash Margin transferred shall be in the Base Currency or such other currency as the parties may agree.

(f) A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest at such rate, payable at such times, as may be specified in Annex I in respect of the relevant currency or otherwise agreed between the parties, and shall be repayable subject to the terms of this Agreement.

(g) Where Seller or Buyer becomes obliged under sub-paragraph (a) above to make a Margin Transfer, it shall transfer Cash Margin or Margin Securities or Equivalent Margin Securities within the minimum period specified in Annex I or, if no period is there specified, such minimum period as is customarily required for the settlement or delivery of money, Margin Securities or Equivalent Margin Securities of the relevant kind.

(h) The parties may agree that, with respect to any Transaction, the provisions of sub-paragraphs (a) to (g) above shall not apply but instead that margin may be provided separately in respect of that Transaction in which case -

- (i) that Transaction shall not be taken into account when calculating whether either party has a Net Exposure;
- (ii) margin shall be provided in respect of that Transaction in such manner as the parties may agree; and
- (iii) margin provided in respect of that Transaction shall not be taken into account for the purposes of sub-paragraphs (a) to (g) above.

(i) The parties may agree that any Net Exposure which may arise shall be eliminated not by Margin Transfers under the preceding provisions of this paragraph but by the repricing of Transactions under sub-paragraph (j) below, the adjustment of Transactions under sub-paragraph (k) below or a combination of both these methods.

(j) Where the parties agree that a Transaction is to be repriced under this sub-paragraph, such repricing shall be effected as follows -

- (i) the Repurchase Date under the relevant Transaction (the "*Original Transaction*") shall be deemed to occur on the date on which the repricing is to be effected (the "*Repricing Date*");
- (ii) the parties shall be deemed to have entered into a new Transaction (the "*Repriced Transaction*") on the terms set out in (iii) to (vi) below;
- (iii) the Purchased Securities under the Repriced Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
- (iv) the Purchase Date under the Repriced Transaction shall be the Repricing Date;
- (v) the Purchase Price under the Repriced Transaction shall be such amount as shall, when multiplied by the Margin Ratio applicable to the Original Transaction, be equal to the Market Value of such Securities on the Repricing Date;
- (vi) the Repurchase Date, the Pricing Rate, the Margin Ratio and, subject as aforesaid, the other terms of the Repriced Transaction shall be identical to those of the Original Transaction;
- (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Repriced Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. Such net cash sum shall be paid within the period specified in sub-paragraph (g) above.

(k) The adjustment of a Transaction (the "*Original Transaction*") under this sub-paragraph shall be effected by the parties agreeing that on the date on which the adjustment is to be made (the "*Adjustment Date*") the Original Transaction shall be terminated and they shall enter into a new Transaction (the "*Replacement Transaction*") in accordance with the following provisions -

- (i) the Original Transaction shall be terminated on the Adjustment Date on such terms as the parties shall agree on or before the Adjustment Date;
- (ii) the Purchased Securities under the Replacement Transaction shall be such Securities as the parties shall agree on or before the Adjustment Date (being Securities the aggregate Market Value of which at the Adjustment Date is substantially equal to the Repurchase Price under the Original Transaction at the Adjustment Date multiplied by the Margin Ratio applicable to the Original Transaction);
- (iii) the Purchase Date under the Replacement Transaction shall be the Adjustment Date;

- (iv) the other terms of the Replacement Transaction shall be such as the parties shall agree on or before the Adjustment Date; and
- (v) the obligations of the parties with respect to payment and delivery of Securities on the Adjustment Date under the Original Transaction and the Replacement Transaction shall be settled in accordance with paragraph 6 within the minimum period specified in sub-paragraph (g) above.

5. Income Payments

Unless otherwise agreed -

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

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

6. Payment and Transfer

(a) Unless otherwise agreed, all money paid hereunder shall be in immediately available, freely convertible funds of the relevant currency. All Securities to be transferred hereunder (i) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (ii) shall be transferred through the book entry system of Euroclear or Cedel, or (iii) shall be transferred through any other agreed securities clearance system, or (iv) shall be transferred by any other method mutually acceptable to Seller and Buyer.

(b) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.

(c) Unless otherwise agreed in writing between the parties, under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Buyer and payment of Repurchase Price payable by Seller against the transfer of such Equivalent Securities shall be made simultaneously.

(d) Subject to and without prejudice to the provisions of sub-paragraph 6(c), either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation to any Transaction its rights under this Agreement to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.

(e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, any Equivalent Securities, any

Margin Securities and any Equivalent Margin Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement, free from all liens, claims, charges and encumbrances.

(f) Notwithstanding the use of expressions such as "*Repurchase Date*", "*Repurchase Price*", "*margin*", "*Net Margin*", "*Margin Ratio*" and "*substitution*" which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass to the transferee upon transfer or payment, the obligation of the party receiving Purchased Securities or Margin Securities being an obligation to transfer Equivalent Securities or Equivalent Margin Securities.

(g) Time shall be of the essence in this Agreement.

(h) Subject to paragraph 10, all amounts in the same currency payable by each party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

(i) Subject to paragraph 10, all Securities of the same issue, denomination, currency and series, transferable by each party to the other under any Transaction or hereunder on the same date shall be combined in a single calculation of a net quantity of Securities transferable by one party to the other and the obligation to transfer the net quantity of Securities shall be the only obligation of either party in respect of the Securities so transferable and receivable.

7. Contractual Currency

(a) All the payments made in respect of the Purchase Price or the Repurchase Price of any Transaction shall be made in the currency of the Purchase Price (the "*Contractual Currency*") save as provided in paragraph 10(c)(ii). Notwithstanding the foregoing, the payee of any money may, at its option, accept tender thereof in any other currency, provided, however, that, to the extent permitted by applicable law, the obligation of the payer to pay such money will be discharged only to the extent of the amount of the Contractual Currency that such payee may, consistent with normal banking procedures, purchase with such other currency (after deduction of any premium and costs of exchange) for delivery within the customary delivery period for spot transactions in respect of the relevant currency.

(b) If for any reason the amount in the Contractual Currency received by a party, including amounts received after conversion of any recovery under any judgment or order expressed in a currency other than the Contractual Currency, falls short of the amount in the Contractual Currency due and payable, the party required to make the payment will, as a separate and independent obligation, to the extent permitted by applicable law, immediately transfer such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall.

(c) If for any reason the amount in the Contractual Currency received by a party exceeds the amount of the Contractual Currency due and payable, the party receiving the transfer will refund promptly the amount of such excess.

8. Substitution

(a) A Transaction may at any time between the Purchase Date and the Repurchase Date, if Seller so requests and Buyer so agrees, be varied by the transfer by Buyer to Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by Seller to Buyer of other Securities of such amount and description as shall be agreed ("*New Purchased Securities*") (being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to Seller).

(b) Any variation under sub-paragraph (a) above shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned.

(c) A Transaction which is varied under sub-paragraph (a) above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New

Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to Seller.

(d) Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under paragraph 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time of transfer at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, the parties shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this sub-paragraph does not give rise to any net payment of cash by either party to the other.

9. Representations

Each party represents and warrants to the other that -

- (a) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and thereunder and has taken all necessary action to authorise such execution, delivery and performance;
- (b) it will engage in this Agreement and the Transactions contemplated hereunder (other than Agency Transactions) as principal;
- (c) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction will be, duly authorised to do so on its behalf;
- (d) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;
- (e) the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder will not violate any law, ordinance, charter, bye-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;
- (f) it has satisfied itself and will continue to satisfy itself as to the tax implications of the Transactions contemplated hereunder;
- (g) in connection with this Agreement and each Transaction:
 - (i) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in this Agreement;
 - (ii) it has made and will make its own decisions regarding the entering into of any Transaction based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;
 - (iii) it understands the terms, conditions and risks of each Transaction and is willing to assume (financially and otherwise) those risks;
- (h) at the time of transfer to the other party of any Securities it will have the full and unqualified right to make such transfer and that upon such transfer of Securities the other party will receive all right, title and interest in and to those Securities free of any lien, claim, charge or encumbrance; and
- (i) the paying and collecting arrangements applied in relation to any Securities prior to their transfer from that party to the other under this Agreement will not have resulted in the payment of any income in respect of such Securities to the party transferring such Securities under deduction or withholding for or on account of UK tax.

On the date on which any Transaction is entered into pursuant hereto, and on each day on which Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are to be transferred under any Transaction, Buyer and Seller shall each be deemed to repeat all the foregoing representations. For the avoidance of doubt and notwithstanding any arrangements which Seller or Buyer may have with any third party, each party will be liable as a principal for its obligations under this Agreement and each Transaction.

10. Events of Default

(a) If any of the following events (each an "Event of Default") occurs in relation to either party (the "Defaulting Party", the other party being the "non-Defaulting Party") whether acting as Seller or Buyer—

- (i) Buyer fails to pay the Purchase Price upon the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (ii) Seller or Buyer fails to comply with paragraph 4 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (iii) Seller or Buyer fails to comply with paragraph 5 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (iv) an Act of Insolvency occurs with respect to Seller or Buyer and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (v) any representations made by Seller or Buyer are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (vi) Seller or Buyer admits to the other that it is unable to, or intends not to, perform any of its obligations hereunder and/or in respect of any Transaction and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (vii) Seller or Buyer is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of either Seller or Buyer or the assets of investors held by, or to the order of, Seller or Buyer are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (viii) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so, and the non-Defaulting Party serves a Default Notice on the Defaulting Party;

then sub-paragraphs (b) to (d) below shall apply.

(b) The Repurchase Date for each Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Cash Margin (including interest accrued) shall be immediately repayable and Equivalent Margin Securities shall be immediately deliverable (and so that, where this sub-paragraph applies, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Prices for any Equivalent Securities and the repayment of any Cash Margin shall be effected only in accordance with the provisions of sub-paragraph (c) below).

- (c) (i) The Default Market Values of the Equivalent Securities and any Equivalent Margin Securities to be transferred, the amount of any Cash Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices to be paid by each party shall be established by the non-Defaulting Party for all Transactions as at the Repurchase Date; and
- (ii) on the basis of the sums so established, an account shall be taken (as at the Repurchase Date) of what is due from each party to the other under this Agreement (on the basis

that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Equivalent Margin Securities under this Agreement equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency on the relevant date at the Spot Rate prevailing at the relevant time.

(d) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at LIBOR or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than LIBOR.

(e) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may—

- (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;
- (ii) if Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from time to time to pay Cash Margin at least equal to such Transaction Exposure;
- (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.

(f) If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date Seller may—

- (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
- (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at least equal to such Transaction Exposure;
- (iii) at any time while such failure continues, by written notice to Buyer declare that that Transaction (but only that Transaction) shall be terminated immediately in accordance with sub-paragraph (c) above (disregarding for this purpose references in that sub-paragraph to transfer of Cash Margin and delivery of Equivalent Margin Securities).

(g) The provisions of this Agreement constitute a complete statement of the remedies available to each party in respect of any Event of Default.

(h) Neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.

(i) Each party shall immediately notify the other if an Event of Default, or an event which, upon the serving of a Default Notice, would be an Event of Default, occurs in relation to it.

11. Tax Event

(a) This paragraph shall apply if either party notifies the other that—

- (i) any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or
- (ii) a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax)

has or will, in the notifying party's reasonable opinion, have a material adverse effect on that party in the context of a Transaction.

(b) If so requested by the other party, the notifying party will furnish the other with an opinion of a suitably qualified adviser that an event referred to in sub-paragraph (a)(i) or (ii) above has occurred and affects the notifying party.

(c) Where this paragraph applies, the party giving the notice referred to in sub-paragraph (a) may, subject to sub-paragraph (d) below, terminate the Transaction with effect from a date specified in the notice, not being earlier (unless so agreed by the other party) than 30 days after the date of the notice, by nominating that date as the Repurchase Date.

(d) If the party receiving the notice referred to in sub-paragraph (a) so elects, it may override that notice by giving a counter-notice to the other party. If a counter-notice is given, the party which gives the counter-notice will be deemed to have agreed to indemnify the other party against the adverse effect referred to in sub-paragraph (a) so far as relates to the relevant Transaction and the original Repurchase Date will continue to apply.

(e) Where a Transaction is terminated as described in this paragraph, the party which has given the notice to terminate shall indemnify the other party against any reasonable legal and other professional expenses incurred by the other party by reason of the termination, but the other party may not claim any sum by way of consequential loss or damage in respect of a termination in accordance with this paragraph.

(f) This paragraph is without prejudice to paragraph 6(b) (obligation to pay additional amounts if withholding or deduction required); but an obligation to pay such additional amounts may, where appropriate, be a circumstance which causes this paragraph to apply.

12. Interest

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

13. Single Agreement

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

14. Notices and Other Communications

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

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

(b) Any such notice or other communication shall be effective—

- (i) if in writing and delivered in person or by courier, at the time when it is delivered;

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

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

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

15. Entire Agreement; Severability

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

16. Non-assignability; Termination

(a) Subject to sub-paragraph (b) below, the rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned, charged or otherwise dealt with by either party without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

(b) Sub-paragraph (a) above shall not preclude a party from assigning, charging, or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 10(c) or (d) above.

(c) Either party may terminate this Agreement by giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(d) All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.

17. Governing Law

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

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

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

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

18. No Waivers, etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a

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

19. Waiver of Immunity

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

20. Recording

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

[Name of Party]

[Name of Party]

By_____

By_____

Title_____

Title_____

Date_____

Date_____

ANNEX I

Supplemental Terms or Conditions

Paragraph references are to paragraphs in the Agreement.

1. The following elections shall apply:
 - [(a) paragraph 1. Buy/Sell Back Transactions may be effected under this Agreement, and accordingly Annex III will apply.]*
 - [(b) paragraph 1. Agency Transactions may be effected under this Agreement, and accordingly Annex IV will apply.]*
 - (c) paragraph 2(c). The Base Currency shall be_____;
 - (d) paragraph 2(l). [list Buyer's and Seller's Designated Offices]
 - [(e) paragraph 2(s). For the avoidance of doubt, if Securities in any Transaction include Italian government bonds, the Income in respect of such Italian government bonds shall exclude any amount deducted for or on account of tax at source and any tax credits or refunds in respect of Distributions (if any) on such Italian government bonds.]*
 - (f) paragraph 2(y). The pricing source for calculation of Market Value shall be:

 - (g) paragraph 2(kk). Spot Rate to be:_____
 - (h) paragraph 3(b). [Seller/Buyer/both Seller and Buyer]* to deliver Confirmation.
 - (i) paragraph 4(f). Interest rate on Cash Margin to be []% for_____currency
[]% for_____currency

Interest to be payable [payment intervals and dates]
 - (j) paragraph 4(g). Delivery period for margin calls to be:_____
2. The following Supplemental Terms and Conditions shall apply

*Delete as appropriate.

ANNEX II

Form of Confirmation

To: _____

From: _____

Date: _____

Subject: [Repurchase] [Buy/Sell]* Transaction
(Reference Number: _____)

Dear Sirs,

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

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

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

Yours faithfully,

*Delete as appropriate.

ANNEX III

Buy/Sell Back Transactions

1. In the event of any conflict between the terms of this Annex III and any other term of the Agreement, the terms in this Annex shall prevail.

2. Each Transaction shall be identified at the time it is entered into and in the Confirmation relating to it as either a Repurchase Transaction or a Buy/Sell Back Transaction.

3. In the case of a Buy/Sell Back Transaction the Confirmation delivered in accordance with paragraph 3 of the Agreement may consist of a single document in respect of both of the transactions which together form the Buy/Sell Back Transaction or separate Confirmations may be delivered in respect of each such transaction. Such Confirmations may be in the form of Annex II to the Agreement except that, subject to paragraph 5 below, such Confirmations shall not include the item specified in paragraph 10 of Annex II.

4. The following definitions shall apply to Buy/Sell Back Transactions:

- (i) *"Accrued Interest"*, with respect to any Purchased Securities subject to a Buy/Sell Back Transaction, unpaid Income that has accrued during the period from (and including) the issue date or the last Income Payment Date (whichever is the later) in respect of such Purchased Securities to (but excluding) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and including) the issue date or the last Income Payment Date (as the case may be) to (but excluding) the next Income Payment Date or the maturity date (whichever is the earlier);
- (ii) *"Sell Back Differential"*, with respect to any Buy/Sell Back Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction) to the sum of (a) the Purchase Price and (b) Accrued Interest paid on the Purchase Date for such Transaction for the actual number of days during the period commencing on (and including) the Purchase Date for such Buy/Sell Back Transaction and ending on (but excluding) the date of calculation;
- (iii) *"Sell Back Price"*, with respect to any Buy/Sell Back Transaction, means:
 - (x) in relation to the date originally specified by the parties as the Repurchase Date pursuant to paragraph 3(b)(iii) of the Agreement, the price agreed by the Parties in relation to that Buy/Sell Back Transaction, and
 - (y) in any other case (including for the purposes of the application of paragraph 4 (margin maintenance) or paragraph 10 (Events of Default)) of the Agreement, the product of the formula $(P + AI + D) - (IR + C)$, where -

P = the Purchase Price

AI = the amount, equal to Accrued Interest at the Purchase Date, paid under paragraph 8 of this Annex

D = the Sell Back Differential

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

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

5. When entering into a Buy/Sell Back Transaction the parties shall also agree the Sell Back Price and the Pricing Rate to apply in relation to that Transaction on the scheduled Repurchase Date. The parties shall record the Pricing Rate in at least one Confirmation applicable to that Buy/Sell Back Transaction.

6. Buy/Sell Back Transactions shall not be terminable on demand.
7. In the case of a Buy/Sell Back Transaction, the Purchase Price shall be quoted exclusive of Accrued Interest to the Purchase Date on the Purchased Securities and the Sell Back Price shall be quoted exclusive of Accrued Interest.
8. For the purposes of paragraph 3(c) of the Agreement, in the case of a Buy/Sell Back Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the payment of the Purchase Price plus an amount equal to Accrued Interest to the Purchase Date on such Purchased Securities.
9. In the case of a Buy/Sell Back Transaction, paragraph 3(f) of the Agreement shall not apply. Termination of such a Transaction will be effected on the Repurchase Date by transfer to Seller or its agent of Equivalent Securities against the payment by Seller of (i) in a case where the Repurchase Date is the date originally scheduled by the parties pursuant to paragraph 3(b)(iii) of the Agreement, the Sell Back Price referred to in paragraph 4(iii)(x) of this Annex plus an amount equal to Accrued Interest to the Repurchase Date; and (ii) in any other case, the Sell Back Price referred to in paragraph 4(iii)(y) of this Annex.
10. If the parties agree that a Buy/Sell Back Transaction is to be repriced in accordance with paragraph 4(i) of the Agreement, they shall at the time of such repricing agree the Purchase Price, the Sell Back Price and the Pricing Rate applicable to the Repriced Transaction.
11. Paragraph 5 of the Agreement (relating to Income payments) shall not apply to Buy/Sell Back Transactions.
12. References to "Repurchase Price" throughout the Agreement shall be construed as references to "Repurchase Price or the Sell Back Price, as the case may be".
13. In Paragraph 10(c)(i) of the Agreement (relating to Events of Default), the reference to the "Repurchase Prices" shall be construed as a reference to "Repurchase Prices and Sell Back Prices".

ANNEX IV

Transactions entered into as agent

1. Subject to the following provisions of this Annex, either party may enter into Transactions as agent for a third person (a "*Principal*"), whether as custodian or investment manager or otherwise (a Transaction so entered into being an "*Agency Transaction*"). In this Annex the party entering into an Agency Transaction as agent is referred to as the "*Agent*" and the other party is referred to as the "*other party*".

2. A party may enter into an Agency Transaction if, but only if—

(a) it specifies that Transaction as an Agency Transaction at the time when it enters into it and in the Confirmation;

(b) it enters into that Transaction on behalf of a single Principal whose identity is disclosed to the other party (whether by name or by reference to a code or identifier which the parties have agreed will be used to refer to a specified Principal) at the time when it enters into the Transaction; and

(c) it has at the time when the Transaction is entered into actual authority to enter into the Transaction on behalf of that Principal and to perform on behalf of that Principal all of that Principal's obligations under the Agreement.

3. A transaction shall not be entered into under the Agreement and this Annex if both parties specify that they propose to enter into that transaction as an agent.

4. Each party undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware—

(a) of any event which constitutes an Act of Insolvency with respect to the relevant Principal; or

(b) of any breach of any of the warranties given in paragraph 8 below or of any event or circumstance which has the result that any such warranty would be untrue if repeated by reference to the current facts;

it will inform the other party of that fact and will, if so required by the other party, furnish the other party with such additional information as the other party may reasonably request.

5. (a) Each Agency Transaction shall be a transaction between the relevant Principal and the other party and no person other than the relevant Principal and the other party shall be a party to or have any rights or obligations under an Agency Transaction. Without limiting the foregoing, the Agent shall not be liable as principal for the performance of an Agency Transaction, but this is without prejudice to any liability of the Agent under any other provision of this Annex.

(b) All the provisions of the Agreement shall apply separately as between the other party and each Principal for whom the Agent has entered into an Agency Transaction or Agency Transactions as if each such Principal were a party to a separate agreement with the other party in all respects identical with the Agreement as supplemented by the provisions of this Annex other than this paragraph, but with the following additions and modifications—

(i) if there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if the other party served a Default Notice or other written notice under any sub-paragraph of paragraph 10 of the Agreement, the other party shall be entitled by giving written notice to the Principal (which notice shall be validly given if given to the Agent in accordance with paragraph 14 of the Agreement) to declare that by reason of that event an Event of Default is to be treated as occurring in relation to the Principal. If the other party gives such a notice then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given in accordance with paragraph 14 of the Agreement;

(ii) if the Principal is neither incorporated nor has established a place of business in Great Britain, the Principal shall for the purposes of paragraph 17 of the Agreement as so applicable be deemed to have appointed as its agent to receive on its behalf service of process in the Courts of England the Agent, or if the Agent is neither incorporated nor has established a place of business in the United Kingdom, the person appointed by the Agent under paragraph 17 of the Agreement, or such other person as the Principal may from time to time specify in a written notice given to the other party.

(c) The Agent shall do all such things and provide the other party with all such information as may be necessary to identify any Transaction Exposure which may arise in respect of any Principal.

(d) The foregoing provisions do not affect the operation of the Agreement as between the other party and the Agent in respect of any Transactions into which the Agent may enter on its own account as a principal.

6. Paragraph 9(b) of the Agreement shall be deleted and replaced by the following—

“(b) it will engage in this Agreement and the Transactions contemplated hereunder as principal or, subject to and in accordance with of Annex IV, as agent and the conditions referred to in Annex IV will be fulfilled in respect of each Transaction into which it enters as an agent;”.

7. At the beginning of the last sentence of paragraph 9 of the Agreement there shall be added the words “Subject to Annex IV,”.

8. Each party warrants to the other that it will, on every occasion on which it enters or purports to enter into a transaction as an Agency Transaction, be duly authorised to enter into that transaction on behalf of the person whom it specifies as the Principal in respect of that transaction and to perform on behalf of that person all the obligations of that person under the Agreement.

ANNEX V

Names, Addresses and other details for Communication Between Parties

1. Part A

2. Party B

ANNEX VI

Name and Address of Party A's Agent for Service of process

ANNEX VII

Name and Address of Party B's Agent for Service of Process

5/1/2000

PSA/ISMA Global Master Repurchase Agreement: Belgian Annex**Explanatory memorandum****1. Introduction**

The Belgian Master Repurchase Agreement (the *Agreement*) is an annex to the 1995 version of the PSA/ISMA Global Master Repurchase Agreement (the *GMRA*) which contains supplemental terms and conditions for inclusion in Annex I Part 2 of the GMRA adapting the GMRA to suit the specific features of Belgian legislation and the Belgian market. The Agreement updates and replaces the former Terms and Conditions in force in the Belgian market which were based on the 1992 version of the GMRA.

2. Scope

2.1 The Agreement is primarily intended for use with "domestic transactions", i.e. transactions between two Belgian parties. Transactions between a Belgian and a non-Belgian party or between two non-Belgian parties in Belgian securities, can be effected under the GMRA governed by English law (although see 14 below). Although it is possible to use the Agreement for cross-border transactions if the parties wish to do so, ISMA, in accordance with its stated principles, would, to a large extent, encourage use of the GMRA for cross-border transactions. Where parties use the GMRA with a Belgian counterparty they are advised to include as a supplemental term in Annex I Part 2 of the GMRA the additional Act of Insolvency in paragraph 7.2 of the Agreement (see 9 below) and, for transactions in bonds cleared through the National Bank of Belgium, the additional paragraph set out in 11 below.

2.2 Unless the parties otherwise agree, the Agreement applies to all transactions between two signatory parties.

3. Role of the National Bank of Belgium

3.1 A party who wishes to use the Agreement is required to execute the Agreement unilaterally (two authorised signatories are required) and to deposit the executed agreement with the National Bank of Belgium. The National Bank will then verify the signatures and add the party to the list of signatories.

3.2 By executing the Agreement unilaterally, the party recognises unilaterally the valid and binding nature of the Agreement when dealing with other signatories. There is no need to execute an Agreement bilaterally with another signatory.

3.3 The National Bank of Belgium circulates a list of signatories to the Agreement to all signatories. The list is periodically updated.

4. Agency transactions

Paragraph 6.2 of the Agreement extends the provisions of Annex IV of the GMRA to enable both parties to act as agent (under Annex IV, only one party is permitted to act as agent).

5. Designated Offices

The definition of Designated Office is expressly excluded from the Agreement and thus other branches of a user of the Agreement (and in particular a Belgian user) will have to sign separate agreements with its counterparties. This enables different branches of users of the Agreement to retain flexibility and use the GMRA or different local market agreements when dealing in other markets.

6. Pricing sources

Paragraph 6.6 of the Agreement specifies pricing sources for each type of public debt security cleared through the National Bank of Belgium for the purposes of paragraph 2(y) of the GMRA.

7. Confirmations

Paragraph 6.8 of the Agreement requires both parties to deliver confirmations except where under the rules of the clearing system of the National Bank of Belgium, both parties have delivered to the National Bank identical notifications which will constitute a Confirmation for the purposes of the GMRA and no separate Confirmation is required to be delivered.

8. Eligible Securities

The parties may agree to enter into a transaction in respect of which the Purchased Securities may comprise Eligible Securities. Eligible Securities are defined as Belgian Treasury Certificates, Belgian Linear Bonds (except for stripped Belgian Linear Bonds) and dematerialised Belgian public debt securities.

9. Additional Act of Insolvency

Paragraph 7.2 of the Agreement contains an additional Act of Insolvency to ensure that the definition in paragraph 2(a) of the GMRA covers all insolvency events under Belgian law.

10. BIBOR

Paragraph 7.3 of the Agreement contains a definition of BIBOR (the Brussels Interbank Offered Rate) which is stated to apply in the place of LIBOR to any sum in Belgian francs.

11. Default provisions

11.1 Paragraph 7.6 of the Agreement inserts a new paragraph 10(g) of the GMRA which is intended to ensure compliance with Articles 23 and 24 of the Belgian statute on State securities. It is intended to clarify the default provisions of the GMRA for the purposes of Belgian law.

11.2 Where the GMRA is used for cross-border transactions in securities cleared through the National Bank of Belgium, parties are advised to include the following additional paragraph in Annex I Part 2 of the GMRA to ensure compliance with Articles 23 and 24 of the Belgian statute on State securities -

"The following additional provision shall apply where the Purchased Securities or Margin Securities are or include bonds which are cleared through the National Bank of Belgium -

Without prejudice to the provisions of paragraph 2(j) -

- (a) If the non-Defaulting Party is the Buyer, it may or it may not on or about the Repurchase Date sell the Purchased Securities, New Purchased Securities, and/or Margin Securities in the market.
- (b) If the non-Defaulting Party is the Seller, it may or may not on or about the Repurchase Date purchase Equivalent Securities and Equivalent Margin Securities in the market and elect to treat the actual purchase price thereof, increased with any reasonable costs, fees and expenses incurred in connection therewith, as the Default Market Value for such Equivalent Securities and Equivalent Margin Securities."

12. Governing law

The Agreement is governed by Belgian law and the parties submit to the jurisdiction of the Courts of Brussels.

13. Duration

13.1 Upon execution of the Agreement by both parties to a transaction, the Agreement will replace the existing Belgian annex and all outstanding transactions will be governed by the Agreement.

13.2 Once executed, the Agreement will remain in force until it is cancelled by a party. Cancellation may be effected by the service of one month's written notice on the National Bank of Belgium. Following receipt of the notice, the National Bank will notify all other signatories to the Agreement.

13.3 Unless the parties agree otherwise, cancellation of the Agreement shall not affect transactions outstanding at the time of the cancellation which shall remain subject to the terms of the Agreement.

14. Legal opinions

14.1 Freshfields Brussels has given its opinion on the GMRA (dated 21 August 1996). The opinion recommends the addition of an additional Act of Insolvency (see 9) and contains the following qualifications -

- (a) There is a risk that a Belgian court might not recognise the transfer of cash and securities by way of margin as a transfer of absolute title. Although the issue has not been decided by the Belgian supreme court, Belgian courts have held that an assignment for security purposes is either not valid and enforceable or is to be characterised as a pledge (with the result that certain formalities must be complied with). However, counsel believes that this risk of recharacterisation is remote. (See paragraph 3.5. of the opinion)
- (b) A transfer of margin could be voided if it has been provided during the suspect period (a period not exceeding six months and ten days prior to the date of the judgment declaring bankruptcy during which the debtor is to have been unable to pay its debts and to obtain credit from its creditors). Payments made and certain other transactions concluded or performed during the suspect period are subject to cancellation by the court upon proceedings instituted by the receiver in bankruptcy under the conditions set out in paragraph 3.6 of the opinion.
- (c) There is a specific law which provides that contractual set-off agreements are enforceable where the parties to the agreement are both credit institutions or the agreement is between a credit institution and an institution engaged in the clearing or settlement of payments or financial transactions. In any other case, the netting provisions will only be effective in the case of "*Concours*" if the obligations arising from transactions entered into under the agreement are sufficiently connected. Belgian counsel considers that there are good arguments that sufficient connection exists between obligations arising from transactions under the GMRA although case law and legal doctrine are not sufficiently established to predict whether such an argument would be upheld by the Belgian courts (see paragraph 4.5 et seq. of the opinion).

14.2 Freshfields Brussels have also given their opinion on the Agreement. This opinion also contains the qualifications explained in 14.1 above.

ANNEX I

SUPPLEMENTAL TERMS OR CONDITIONS FOR TRANSACTIONS IN BELGIUM

1. PURPOSE

The purpose of these Supplemental Terms or Conditions is to adapt the PSA/ISMA Global Master Repurchase Agreement (November 1995 version) (the "GMRA") governing Repurchase Transactions and Buy/Sell Back Transactions, whether they are effected by either party as principal, or as Agent (the "Transactions"), to suit the specific features of Belgian legislation and market practices.

2. EFFECTS

The GMRA, as amended by the following provisions (known as the "Belgian Master Repurchase Agreement" or this "Agreement"), is accepted by each signatory as a minimum set of rules commonly used on the Belgian financial markets. The signatory unilaterally recognises the validity and binding nature of these rules in respect of the Transactions with other signatories of the Belgian Master Repurchase Agreement. Consequently the bilateral character of the GMRA is replaced, for the implementation of this Agreement, by a system of unilateral accession to the Belgian Master Repurchase Agreement.

3. SCOPE

3.1 Unless the parties otherwise agree, this Agreement governs all Transactions between two signatory parties.

3.2 In addition to the following provisions, the parties concluding a Transaction can agree to supplemental conditions to derogate from the Belgian Master Repurchase Agreement by means of a written express clause.

4. EXECUTION - ROLE OF THE NATIONAL BANK OF BELGIUM

This Agreement shall be executed by two duly authorised officers of the signatory whose powers of signature will be checked formally by the National Bank of Belgium. The signatory party exempts the counterparty from the need to verify the powers of signature and representation of its dealers and expressly agrees to refrain from invoking any lack of power in this respect, for all Transactions concluded under this Agreement.

This Agreement shall be kept by the National Bank of Belgium, which shall draw up the list of signatories and ensure that it is periodically updated and also distributed to all signatories.

5. REFERENCES

Paragraph references are to paragraphs in the GMRA and terms used but not defined herein will have the meaning set forth in the GMRA.

6. ELECTIONS UNDER ANNEX I OF THE GMRA

The following elections under Annex I of the GMRA shall apply to this Agreement.

6.1 Paragraph 1 (b): Buy/Sell Back Transactions may be effected under this Agreement, and accordingly Annex III will apply.

6.2 Paragraph 1.b): Either party may enter into Transactions as agent for a third person (a "Principal"), whether as custodian or investment manager or otherwise (a Transaction so entered into being an "Agency Transaction"), but only if:

- 1° it specifies that Transaction as an Agency Transaction at the time when it enters into it and in the Confirmation;
- 2° it enters into that Transaction on behalf of a single Principal whose identity is disclosed to the other party (whether by name or reference to a code or identifier which the parties have agreed will be used to refer to a specified Principal) at the time when it enters into the Transaction; and
- 3° it has at the time when the Transaction is entered into actual authority to enter into the Transaction on behalf of that Principal and to perform on behalf of that Principal all of that Principal's obligations under the Agreement.

6.3 Paragraph 3 of Annex IV of the GMRA shall be deleted.

6.4 Paragraph 2(c): The Base Currency shall be Belgian franc.

6.5 Paragraph 2 (l): The definition of Designated Office shall not apply, subject to the concerned party specifying the branch through which it is acting.

6.6 Paragraph 2 (y): In the absence of an agreement between the parties, the pricing source for calculation of Market Value shall be:

- 1° for Belgian Treasury Certificates, the reference rate published by the Securities Regulation Fund ('Fonds des Rentes/Rentenfonds') on the Reuters SRFF screen (or such other screen as may replace SRFF on that service or another service) as of 4:00 p.m. Brussels time on the date prior to the date on which it is to be determined;
- 2° for Belgian Linear Bonds, the reference price published by the Securities Regulation Fund on the Reuters SRFG and SRFH screen (or such other screen as may replace such screen on that

service or another service) as of 4:00 p.m. Brussels time on the date prior to the date on which it is to be determined;

3° for dematerialised Belgian public debt securities ('classical' and 'Philippe' government bonds) the most recent price quoted on the fixing market of the Brussels Stock Exchange; and

4° for public debt securities not listed under 1°, 2°, or 3° above (physical 'classical' and 'Philippe' government bonds) the most recent price quoted on the fixing market of the Brussels Stock Exchange.

6.7 Paragraph 2 (kk): Spot Rate to be quoted by the National Bank of Belgium pursuant to the Belgian law of 4 December 1990.

6.8 Paragraph 3 (b): Both Seller and Buyer to deliver Confirmation, without prejudice to the derogatory rules applicable to Transactions settled through the clearing system of the National Bank of Belgium.

6.9 Paragraph 4 (f): Interest Rate on Cash Margin to be agreed between the parties.

7. SUPPLEMENTAL TERMS AND CONDITIONS

The following Supplemental Terms and Conditions shall apply (paragraph references are to the GMRA):

7.1 Paragraph 1(a): the following shall be added at the end of paragraph 1 (a):

Moreover, subject to and in accordance with the provisions of this subparagraph, the parties may agree to enter into Transactions with Eligible Securities as defined hereunder. As a result thereof, upon agreement between Seller and Buyer of the Purchase Price and unless otherwise indicated orally or in writing by the Buyer in respect of one, more or all Transactions, Buyer agrees to accept as Purchased Securities any of the Eligible Securities exhaustively defined as follows: Belgian Treasury Certificates, Belgian Linear Bonds (except for stripped Belgian Linear Bonds), and dematerialised Belgian public debt securities.

7.2 Paragraph 2(a): The provisions of this paragraph are amended by the insertion of an additional Act of Insolvency: (vi) the occurrence of an attachment, whether conservatory or executory ('*saisie-arrêt conservatoire*' or '*saisie-arrêt exécution*'/'*bewarend beslag onder derden*' or '*uitvoerig beslag onder derden*'), of the obligations owing to it from the other party.

7.3. Paragraph 2(u):

Definition of LIBOR shall apply in relation to any sum in any currency other than Belgian franc.

Reference to LIBOR in Paragraph 10 and 12 is replaced by reference to BIBOR which is defined in relation to any sum in Belgian francs as

- (i) the one-month Brussels Interbank Offered Rate in respect of that currency as quoted on Page 29200 on the Telerate Service (or such other page as may replace or succeed Page 29200 on that service or another service), as of 11:00 a.m. Brussels time on the date on which it is to be determined; or
- (ii) in the absence of page 29200 or its successor page, the arithmetic mean of the respective rates as supplied by at least three prime banks in the Brussels inter-bank market on the date on which it is to be determined.

7.4 Paragraph 6 (h) and (i): The provision of these paragraphs shall apply in as far as compatible with the clearing system through which the Securities are transferred.

7.5 Paragraph 9 (i): The representation provided in this paragraph will not apply.

7.6 Paragraph 10 (g): The provisions of this paragraph are replaced by the following:

"The non-Defaulting Party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law. If the non-Defaulting Party is the Buyer, it may or it may not on or about the Repurchase Date sell the Purchased Securities, New Purchased Securities, and/or Margin Securities in the market. If the non-Defaulting party is the Seller, it may or may not on or about the Repurchase Date purchase Equivalent Securities and Equivalent Margin Securities in the market and elect to treat the actual purchase price thereof, increased with any reasonable costs, fees and expenses incurred in connection therewith, as the Default Market Value for such Equivalent Securities and Equivalent Margin Securities."

7.7 Paragraph 14 (a) (i). The words "shall be in the English language and, except where expressly otherwise provided in this Agreement", are deleted.

7.8 Paragraph 16 (c). This paragraph is entirely deleted and replaced by the provision of 9 hereafter.

7.9 Paragraph 19. Reference to England is replaced by reference to Belgium and Luxembourg.

8. GOVERNING LAW- COMPETENT COURTS

Paragraph 17 of the GMRA shall be entirely deleted and replaced by the following provision:

"This Agreement and each Transaction shall be governed by and construed in accordance with the laws of Belgium. Buyer and Seller hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction hereunder to the jurisdiction of the Courts of Brussels. Nothing in this paragraph shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction".

9. DURATION

9.1 This Agreement is signed for an indefinite period.

9.2 Unless otherwise agreed, this Agreement will, upon execution thereof by both parties to a Transaction, replace the prior Belgian Master Repurchase Agreement dated 2 May, 1995 between such parties in relation to Transactions and will govern all outstanding Transactions between such parties entered into under the prior Belgian Master Repurchase Agreement.

9.3 Each signatory may cancel application of this Agreement, subject to one month's prior written notice to the National Bank of Belgium, who shall notify it to all other signatories of this Agreement. In any event, the notice of cancellation can take effect only for Transactions concluded after the expiry of the aforesaid period of notice. Unless otherwise agreed, Transactions concluded previously continue to be governed by this Agreement until they have been settled.