

**iTRAXX® EUROPE LEGACY UNTRANCED TRANSACTIONS SWAPTION STANDARD
TERMS SUPPLEMENT**
(published on March 8, 2013)

This iTraxx® Europe Legacy Untranced Transactions Swaption Standard Terms Supplement (the **iTraxx® Legacy Swaption Standard Terms Supplement**) ~~hereby~~ incorporates by reference the definitions and provisions contained in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (ISDA) (as amended and supplemented up to, and including, the Effective Date for the Underlying Swap Transaction (as defined below)) (the **2006 Definitions**) and the definitions and provisions contained in the 2003 14 ISDA Credit Derivatives Definitions ~~as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009), each as published by ISDA (together, the~~ as published by ISDA (the 2014 Credit Derivatives Definitions). Notwithstanding Section 19.1 of the 2006 Definitions, the relevant elections specified in the ISDA Settlement Matrix will not apply to any Swaption Transaction (as defined below). In the event of any inconsistency between the 2006 Definitions or the 2014 Credit Derivatives Definitions and this iTraxx® Legacy Swaption Standard Terms Supplement, this iTraxx® Legacy Swaption Standard Terms Supplement will govern. In the event of any inconsistency between the 2006 Definitions and the 2014 Credit Derivatives Definitions, the 2014 Credit Derivatives Definitions will govern in cases relating to the terms of the Underlying Swap Transaction (as defined below), and the 2006 Definitions will govern in other cases. For purposes of the 2006 Definitions, each reference therein to Buyer and to Seller ~~shall will~~ be deemed to refer to “Swaption Buyer” and to “Swaption Seller”, respectively. A Swaption governed by this iTraxx® Legacy Swaption Standard Terms Supplement is referred to herein as a “Swaption Transaction”.

1. ~~1.~~SWAPTION TERMS:

Swaption Trade Date:	As specified in the relevant Confirmation.
Swaption Notional Amount:	The Original Notional Amount for the relevant Underlying Swap Transaction, <u>as specified in the relevant Confirmation.</u>
Adjusted Swaption Notional Amount:	The Swaption Notional Amount multiplied by the aggregate of the Reference Entity Weightings (as defined in the relevant Underlying Swap Transaction) in respect of each of the Reference Entities under the relevant Underlying Swap Transaction.
Option Style:	European.
Swaption Seller: <u>Index:</u>	As specified in the relevant Confirmation.
<u>Swaption Seller:</u>	<u>As specified in the relevant Confirmation.</u>
Swaption Buyer:	As specified in the relevant Confirmation.
Premium:	As specified in the relevant Confirmation.
Premium Payment Date:	The date that is three Business Days for Payment following the Swaption Trade Date.

Strike Price:	As specified in the relevant Confirmation.
Exercise Business Days:	London
Business Days for Payment:	London and TARGET Settlement Days
Calculation Agent:	The Calculation Agent specified in respect of the relevant Underlying Swap Transaction.

2. ~~2.~~ **PROCEDURE FOR EXERCISE:**

Expiration Date:	As specified in the relevant Confirmation.
Earliest Exercise Time:	9.00 a.m. London time
Latest Exercise Time:	4.00 p.m. London time
Automatic Exercise:	Not applicable
Partial Exercise:	Applicable
Minimum Notional Amount:	(a) If the Index is a series and version of the iTraxx® Europe Crossover index, EUR 25,000,000 and (b) if the Index is not a series and version of the iTraxx® Europe Crossover index, EUR 50,000,000.
Integral Multiple:	One unit of the Settlement Currency for the Underlying Swap Transaction.
Settlement Payment:	An amount (which may be positive or negative) denominated in the Settlement Currency and determined by the Calculation Agent equal to the Strike Adjustment Amount minus the Accrued Amount.

In the event that Swaption Buyer exercises the relevant Swaption Transaction on the Expiration Date of such Swaption Transaction:

- (a) not later than one Exercise Business Day following the Expiration Date of the relevant Swaption Transaction, the Calculation Agent ~~shall~~will determine the Settlement Payment and notify Swaption Buyer and Swaption Seller of the amount of such Settlement Payment (which notification may be oral including by telephone); and
- (b) not later than three Business Days for Payment following the Expiration Date of the relevant Swaption Transaction, (i) if the Settlement

Payment is a positive number, the Fixed Rate Payer (as specified in the relevant Confirmation) (**Protection Buyer**) ~~shall~~will pay such Settlement Payment to the Floating Rate Payer (as specified in the relevant Confirmation) (**Protection Seller**) or (ii) if the Settlement Payment is a negative number, Protection Seller ~~shall~~will pay an amount equal to the absolute value of such Settlement Payment to Protection Buyer.

Strike Adjustment Amount:

The present value, as of the Expiration Date, of a stream of payments equal to the product of (a) an amount (which may be positive or negative) equal to (i) the Strike Price minus (ii) the Fixed Rate for the Underlying Swap Transaction, (b) the Adjusted Swaption Notional Amount and (c) the Partial Exercise Factor, calculated in accordance with the following assumptions:

- ~~(i)~~(a) payments are made with the same frequency, on the same basis, on the same dates and for the same ~~term~~duration as the Fixed Amounts payable with respect to the relevant Underlying Swap Transaction, except that the initial Fixed Rate Payer Calculation Period ~~shall~~will commence on and include the calendar day immediately following the Expiration Date;
- ~~(ii)~~(b) payments are discounted by the Calculation Agent in a commercially reasonable manner to reflect the credit-contingent nature of the payment of such Fixed Amounts, using the “~~J~~” ~~(JP Morgan Model)~~ (ISDA Standard Upfront Settlement) Calculator available through the Bloomberg page CDSW (or any successor page thereto as determined by the Calculation Agent); and
- ~~(iii)~~(c) calculations are to be made assuming (A) a single “Deal Spread” equal to the Fixed Rate for the relevant Underlying Swap Transaction, (B) a “Par ~~Cds~~CDS Spread” equal to the Strike Price with “Flat” selected as applicable, (C) a “Curve Date” equal to the Expiration Date and a “Settlement Date” equal to the calendar day immediately following the Expiration Date, (D) ~~an a~~ “EU Fixing Benchmark Swap Curve” ~~of~~ “S169 M” equal to the Swap Curve and (E) a recovery rate following all Credit Events equal to the Assumed Recovery.

Partial Exercise Factor:

If:

- (a) the entire Swaption Notional Amount is exercised, one; or
- (b) only a portion of the Swaption Notional Amount is exercised, the fraction obtained by dividing the exercised Swaption Notional Amount by the entire Swaption Notional Amount.

Accrued Amount:

An amount equal to:

- (a) if the calendar day immediately following the Expiration Date falls on a day that is a Fixed Rate Payer Payment Date (as defined in the relevant Underlying Swap Transaction), zero; and
- (b) if the calendar day immediately following the Expiration Date falls on a day that is not a Fixed Rate Payer Payment Date, an amount equal to the product of (i) the Fixed Rate for the relevant Underlying Swap Transaction, (ii) the Adjusted Swaption Notional Amount, (iii) the Partial Exercise Factor, (iv) the actual number of days in the period from, and including, the later of the Effective Date of the relevant Underlying Swap Transaction and the Fixed Rate Payer Payment Date falling immediately prior to the calendar day immediately following the Expiration Date to, and including, the Expiration Date and (v) the fraction equal to (A) one divided by (B) 360.

Assumed Recovery:

40%~~, -~~ provided that, if the relevant Underlying Swap Transaction relates to the iTraxx® Europe Sub Financials index, the Assumed Recovery will be 20%.

Procedure for Exercise:

Section 13.2 of the 2006 Definitions is hereby amended by the deletion of the last two sentences thereof.

3. ~~3.~~ SETTLEMENT TERMS:

Settlement: Physical

Underlying Swap Transaction: In the event that Swaption Buyer effectively exercises the relevant Swaption Transaction, then, subject to “Clearing of Underlying Swap Transaction” below, Swaption Buyer and Swaption Seller ~~shall~~will be deemed to have entered into an iTraxx® Master Transaction (as defined in the Applicable Underlying Document(s)), having the terms described in the

Applicable Underlying Document(s), as supplemented by the terms described in “Underlying Swap Transaction Terms” below and the terms set out in the relevant Confirmation.

Following the exercise of the relevant Swaption Transaction and the effectiveness of the relevant Underlying Swap Transaction, Swaption Buyer and Swaption Seller may agree to reconfirm the terms of the relevant Underlying Swap Transaction in a separate confirmation. To the extent that the terms of such separate confirmation are inconsistent with the terms of the relevant Underlying Swap Transaction as described in “Summary of terms” below, the terms of such separate confirmation will govern.

Applicable Underlying Document(s):

If:

~~(a) “Master Confirmation” is specified in the relevant Confirmation as the Applicable Underlying Document(s), the iTraxx® Master Credit Derivatives Confirmation Agreement dated as of the Underlying Document Date (as defined in the relevant Confirmation) (the iTraxx® Master Confirmation Agreement) between Swaption Buyer and Swaption Seller; or~~

Applicable Underlying Document(s):

~~(b) “Standard Terms” is specified in the relevant Confirmation as the Applicable Underlying Document(s), the The iTraxx® Europe Legacy Untranch Standard Terms Supplement, as published on the Standard Terms Date specified in the relevant Confirmation (or if no Standard Terms Date is specified in the relevant Confirmation, the most recent iTraxx® Europe Untranch Standard Terms Supplement published on or prior to the Swaption Trade Date) as applicable, published in connection with the 2014 ISDA Credit Derivatives Definitions Protocol (the Relevant Standard Terms Supplement), and the Form of Confirmation (for use with iTraxx® Europe Untranch Standard Terms Supplement) applicable to the Relevant Standard Terms Supplement, each as published by International Index Company Ltd~~ Markit Group Limited.

Clearing of Underlying Swap Transaction:

In the event that Swaption Buyer effectively exercises the Swaption Transaction and Swaption Buyer and Swaption Seller have specified a Specified Derivatives Clearing Organization in the relevant Confirmation, Swaption Buyer and Swaption Seller agree to clear such Underlying Swap Transaction at the Specified Derivatives Clearing Organization, and such Underlying Swap Transaction ~~shall~~ will be subject to the Cleared Derivatives Execution Agreement (if any) in effect between Swaption Buyer and Swaption Seller at the time of such exercise.

Specified Derivatives Clearing Organization:

As ~~shown~~ specified in the relevant Confirmation.

Cleared Derivatives

An FIA-ISDA Cleared Derivatives Execution Agreement, or other similar agreement governing the execution of derivatives transactions that are

Execution Agreement: intended to be cleared.

4. ~~4.~~ UNDERLYING SWAP TRANSACTION TERMS:

Summary of terms: The terms for the relevant Underlying Swap Transaction, as specified in the relevant Confirmation, this iTraxx® Swaption Standard Terms Supplement and any other documents incorporated into either thereof, including the Applicable Underlying Document(s), evidence the full terms of the relevant Underlying Swap Transaction to which the relevant Swaption Transaction relates; provided that, if the Swaption Transaction is exercised only in part, the Original Notional Amount of the Underlying Swap Transaction ~~shall~~will equal the portion of the Swaption Notional Amount that is exercised.

Operation of each Underlying Swap Transaction: Each of Swaption Buyer and Swaption Seller acknowledge and agree that the Protection Seller is subject to the risk of any Credit Event occurring with respect to any Reference Entity on or after the Credit Event Backstop Date for such Reference Entity pursuant to the Underlying Swap Transaction. Therefore, if a DC Credit Event Announcement occurs with respect to a Reference Entity prior to the exercise of this Swaption Transaction (and no earlier than the Effective Date of the Underlying Swap Transaction), then upon exercise by the Swaption Buyer, an Event Determination Date ~~shall~~will, subject to paragraph ~~(ii)~~(b) below, be deemed to have occurred in respect of such Credit Event ~~pursuant to Section 1.8(a)(ii) of the Credit Derivatives Definitions~~for purposes of the Underlying Swap Transaction.

In the event that Swaption Buyer exercises this Swaption Transaction on the Expiration Date, then:

~~(i)~~(a) subject to paragraph ~~(ii)~~(b) below, with respect to each Event Determination Date which occurs, or is deemed to have occurred, ~~pursuant to Section 1.8(a)(ii) of the Credit Derivatives Definitions~~—in respect of the Underlying Swap Transaction or any New Trade (as applicable) prior to the Expiration Date, the Auction Settlement Date for any such Event Determination Date ~~shall~~will be deemed to be the later of ~~(a)~~(i) the Auction Settlement Date that would be determined ~~in accordance with Section 12.3 of the Credit Derivatives Definitions and~~ ~~(b) pursuant to the Relevant Standard Terms Supplement and~~ (ii) the third Business Day following the Expiration Date; and

~~(ii)~~(b) with respect to any M(M)R Restructuring Credit Event for which a DC Credit Event Announcement occurs prior to the Expiration Date (an **Existing Restructuring**), the provisions of sub-paragraph ~~7.3(e)~~5.2(b) (~~Transfer and Termination~~termination of Component Transactions) of ~~Annex 1 to the iTraxx® Master Confirmation Agreement shall~~ Section A and Section B of the Relevant Standard Terms Supplement will apply with respect to the relevant Restructured Entity

immediately upon exercise of the Swaption Transaction and the New Trade ~~shall~~will come into effect without any further action by the parties. An Event Determination Date with respect to any such Existing Restructuring ~~shall~~will only occur under the relevant New Trade if Protection Buyer or Protection Seller has delivered a Credit Event Notice with respect to such Existing Restructuring no later than the relevant Exercise Cut-off Date and the relevant DC Credit Event Announcement occurred no earlier than the Effective Date of the Underlying Swap Transaction.

**Occurrence of
Succession
Events: Successors:**

One or more Successors may have been determined for one or more Reference Entities ~~may be subject to a Succession Event that occurred on or after the Succession Event Backstop Date for such Reference Entity~~ pursuant to the Underlying Swap Transaction. The Reference Entities applicable with respect to the Underlying Swap Transaction ~~shall~~will be the Reference Entities as modified, if applicable, as a result of any ~~such Succession Event~~ Successor determination.

**Settlement
Currency:**

EUR

**Additional
Representation:**

Section ~~9.1~~11.1 of the 2014 Credit Derivatives Definitions is incorporated into this iTraxx® Legacy Swaption Standard Terms Supplement and, for purposes of Section ~~9.1~~11.1 of the 2014 Credit Derivatives Definitions, each Swaption Transaction documented by reference to this iTraxx® Legacy Swaption Standard Terms Supplement is deemed to be a “Credit Derivative Transaction”, all references to “Buyer” are replaced with “Swaption Buyer” and all references to “Seller” are replaced with “Swaption Seller”.

Additional Amount: Not applicable

**Additional Terms
(including any
specific provisions
relating to
collateral):**

~~(a) In the case of any Component Transaction (as defined in the Applicable Underlying Document(s)) where:~~ As specified in the relevant Confirmation.

- ~~(i) — STMicroelectronics NV is the Reference Entity;~~
- ~~(ii) — the Notice of Physical Settlement with respect to such Reference Entity specifies (or is deemed to specify pursuant to Section 9.10 of the Credit Derivatives Definitions) the USD1,217,000,000 Zero Coupon Senior Convertible Bond due 2013 issued by STMicroelectronics NV as a Deliverable Obligation; and~~
- ~~(iii) — such Deliverable Obligation is not immediately due and payable as of the Delivery Date;~~

the outstanding principal balance of such Deliverable Obligation shall be deemed to be the amount payable on the scheduled maturity date of such Deliverable Obligation; and

(b) any further Additional Terms specified in the relevant Confirmation.

~~5. AMENDMENTS TO THE TERMS OF THE ITRAXX® MASTER CONFIRMATION AGREEMENT~~

~~If “Master Confirmation” is specified in the relevant Confirmation as the Applicable Underlying Document(s) and the applicable iTraxx® Master Confirmation Agreement does not incorporate the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) or is not otherwise amended by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring CDS Protocol (published on July 14, 2009), then, for the purposes of this Swaption Transaction, the iTraxx® Master Confirmation Agreement between the parties hereto shall be amended as set out below. If, and to the extent that, the terms or the format of a iTraxx® Master Confirmation Agreement deviates from the template iTraxx® Master Credit Derivatives Confirmation Agreement (including the General Terms Confirmation set forth at Annex 1 thereto and the Transaction Supplement set forth at Annex 2 thereto) published by International Index Company Ltd. as a consolidated version on March 18, 2005 and as amended by the Series 4 Amendment to iTraxx® Master Credit Derivatives Confirmation Agreement dated as of 20th September 2005 (for the purposes of this Paragraph 7, the **Template**), these amendments shall apply *mutatis mutandis*, as determined by the Calculation Agent in respect of this Swaption Transaction:~~

~~The terms of the iTraxx® Master Confirmation Agreement as they apply to this Confirmation shall be amended as follows:~~

- ~~(i) adding the following immediately before the words “each as published by” on the third line of Section 1 thereof: “and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)”;~~
- ~~(ii) deleting the words “Effective Date” from the final sentence of the first paragraph of Annex 1 and replacing them with “Succession Event Backstop Date;~~
- ~~(iii) adding the following immediately before the words “each as published by” on the third line of the second paragraph of Annex 1: “and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)”;~~
- ~~(iv) adding the words “and if the Fallback Settlement Method applies in accordance with Section 12.1 of the Credit Derivatives Definitions” between the words “Terms,” and “then notwithstanding” in the first sentence of the first paragraph of Paragraph 5 (*Cap on Settlement*) of Annex 1;~~
- ~~(v) adding the following as a new sub-paragraph (e) at the end of Paragraph 7.3 (*Transfer and Termination of Component Transactions*) of Annex 1:~~

- ~~“(e) — If a DC Credit Event Announcement occurs in respect of a Restructuring with respect to a Reference Entity (such Reference Entity, a **Restructured Entity**), from and including the calendar day immediately following the date of such DC Credit Event Announcement:~~
- ~~(i) — the Restructured Entity shall be deemed to have been removed from the Index and the Relevant Annex;~~
 - ~~(ii) — the Component Transaction relating thereto shall continue in full force and effect between the parties as an independent Credit Derivative Transaction referencing the Restructured Entity with the same economic terms and conditions as the Component Transaction immediately before such DC Credit Event Announcement, except that this Paragraph 7.3 shall be deemed not to apply (such new Transaction, a **New Trade**); and~~
 - ~~(iii) — as soon as reasonably practicable after the DC Credit Event Announcement, the parties shall confirm the terms of the New Trade in their respective booking systems. Unless Resolved otherwise by a relevant Credit Derivatives Determinations Committee, such New Trade shall be recorded as a Credit Derivative Transaction referencing solely the Restructured Entity evidenced by a Confirmation for use with the Credit Derivatives Physical Settlement Matrix (as defined in the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions published on March 7, 2005) and incorporating the Credit Derivatives Physical Settlement Matrix terms applicable for the relevant Transaction Type for the Restructured Entity; provided that the appropriate version of the Credit Derivatives Physical Settlement Matrix and the relevant Transaction Type shall be selected by the Calculation Agent, acting in good faith and in a commercially reasonable manner, such that the economic terms of the New Trade as closely as possible preserve the economic equivalent of the Component Transaction immediately before the DC Credit Event Announcement.”; and~~
 - ~~(vi) — deleting the words “Notwithstanding that the Settlement Method is Physical Settlement,” from the second paragraph of Paragraph 7.4 and replacing them with the following: “If the Fallback Settlement Method applies in accordance with Section 12.1 of the Credit Derivatives Definitions and”.~~