

## Additional Provisions for Recovery Lock Credit Derivative Transactions<sup>1</sup> (March 2, 2011)

### 1. Terms Relating to Auction Settlement

#### (a) Section ~~12.16.1~~. Auction Settlement.

Section ~~12.1~~6.1 (*Auction Settlement*) shall be amended by deleting the first sentence thereof and replacing it with the following:

“If “Auction Settlement” is ~~specified as the~~ applicable Settlement Method ~~in the related Confirmation~~ and an Event Determination Date occurs on or prior to the Auction Final Price Determination Date, (x) if the Auction Settlement Amount is positive, Seller shall, subject to Section ~~3.15.1~~ (*Settlement*), pay to Buyer the Auction Settlement Amount on the Auction Settlement Date and (y) if the Auction Settlement Amount is negative, Buyer shall, subject to Section ~~3.15.1~~ (*Settlement*), pay to Seller the absolute value of the Auction Settlement Amount on the Auction Settlement Date.”

#### (b) Section ~~12.46.4~~. Auction Settlement Amount.

Section ~~12.4~~6.4 (*Auction Settlement Amount*) is replaced with the following:

“**Section 12.4. Auction Settlement Amount.** “Auction Settlement Amount” means (a) the Floating Rate Payer Calculation Amount multiplied by (b) an amount, expressed as a percentage, equal to (i) the Reference Price minus (ii) the Auction Final Price.”

### 2. Terms Relating to Physical Settlement

#### (a) Additional Terms Relating to Physical Settlement

Requirement for Delivery of Notice of If the Fallback Settlement Method applies Physical Settlement by Buyer: in accordance with Section ~~12.1~~6.1

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<sup>1</sup> The “Additional Provisions for Recovery Lock Credit Derivative Transactions (March 2, 2011)” (the “Recovery Lock Provisions”) may be incorporated into a relevant confirmation (including in electronic form) by wording in the document indicating that the Recovery Lock Provisions are applicable.

These Recovery Lock Provisions are not intended for use with a confirmation in which Restructuring is specified as a Credit Event and either “~~Restructuring Maturity Limitation and Fully Transferable Obligation Applicable~~” or “~~Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable~~Mod R” or “Mod Mod R” is specified, unless such confirmation also specifies that Fixed Settlement is not applicable. Parties should consider carefully whether any amendments are necessary to these Recovery Lock Provisions before using them with such a confirmation.

These Recovery Lock Provisions are intended for use with the Credit Derivatives Physical Settlement Matrix published by ISDA.

(Auction Settlement), Buyer will deliver a Notice of Physical Settlement to Seller that is effective, subject, where applicable, to Section ~~6.5~~10.1 (Settlement Suspension), on or before the Buyer NOPS Cut-off Date. If Buyer fails to deliver a Notice of Physical Settlement that is effective on or before the Buyer NOPS Cut-off Date, such failure will not constitute an Event of Default or a Termination Event. Following such failure, Buyer will have no right to deliver a Notice of Physical Settlement.

Notice of Physical Settlement:

Section ~~3.4~~8.2 (Notice of Physical Settlement) is amended by adding the words “~~(the aggregate of such The Aggregate Outstanding Amounts (or the equivalent Currency Amount))~~ shall be equal to or greater than the Floating Rate Payer Calculation Amount)” ~~after the words “including the outstanding principal balance or Due and Payable Amount, as applicable, (in each case, the “Outstanding Amount”) of each such Deliverable Obligation.”~~ at the end of the first paragraph thereof.

Buyer NOPS Cut-off Date:

“Buyer NOPS Cut-off Date” means the date determined in accordance with the relevant provision of Section ~~3.2~~8.10 (NOPS Cut-off Date).

Option for Delivery of Notice of Physical Settlement by Seller:

If the Fallback Settlement Method applies in accordance with Section ~~12.1~~6.1 (Auction Settlement), Seller will have the right, from and including the Seller NOPS Start Date to and including the Seller NOPS Cut-off Date, to deliver a notice to Buyer ~~(which may be in writing (including by facsimile and/or email) and/or by telephone and which shall be subject to the requirements regarding notices set forth in Section 1.10),~~ which notice shall (a) contain a detailed description of ~~the each~~ Deliverable Obligations that Buyer will be required to Deliver to Seller, including ~~the~~

~~Outstanding Amount (or the equivalent Currency Amount) of each such Deliverable Obligation (the aggregate of such Outstanding Amounts (or the equivalent Currency Amount) shall be equal to or less than the Floating Rate Payer Calculation Amount) and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor) of each such Deliverable Obligation~~ and (b) specify the Outstanding Amount and, if different, the face amount of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in such notice (which shall be equal to or less than the Floating Rate Payer Calculation Amount) (such notice, a “Seller NOPS”). Buyer may not change a Seller NOPS, other than to correct errors or inconsistencies. Seller may not change a Seller NOPS.

Seller NOPS Start Date:

“Seller NOPS Start Date” means either:

- (a) if Fixed Settlement is applicable, the Event Determination Date; or
- (b) if Fixed Settlement is not applicable, the Buyer NOPS Cut-off Date.

Seller NOPS Cut-off Date:

“Seller NOPS Cut-off Date” means either:

- (a) if Fixed Settlement is applicable, the earlier of (i) the day on which a Notice of Physical Settlement delivered by Buyer is effective and (ii) the Buyer NOPS Cut-off Date; or
- (b) if Fixed Settlement is not applicable, the fifteenth calendar day, subject to adjustment in accordance with any applicable Business Day Convention, after the Buyer NOPS Cut-off Date.

Effect of Seller NOPS:

If the Fallback Settlement Method applies

in accordance with Section ~~12.1~~, ~~Buyer fails to deliver a Notice of Physical Settlement that is effective on or before the Buyer NOPS Cut-off Date and Seller delivers a Seller NOPS that is effective on or before the Seller NOPS Cut-off Date, then the Notice of Physical Settlement Condition to Settlement shall be deemed satisfied on the Seller NOPS Effective Date by the Seller NOPS. If the Fallback Settlement Method applies in accordance with Section 12.1~~ 6.1 (Auction Settlement) and Buyer delivers a Notice of Physical Settlement that is effective on or before the Buyer NOPS Cut-off Date, then a Seller NOPS shall be deemed not to have been delivered.

Seller NOPS Effective Date:

“Seller NOPS Effective Date” means either:

- (a) if Fixed Settlement is applicable, the Buyer NOPS Cut-off Date; or
- (b) if Fixed Settlement is not applicable, the day on which the Seller NOPS is effective.

Buyer failure to deliver a Notice of Physical Settlement and Seller failure to deliver a Seller NOPS:

If Buyer fails to deliver a Notice of Physical Settlement that is effective on or before the Buyer NOPS Cut-off Date, and Seller fails to deliver a Seller NOPS that is effective on or before the Seller NOPS Cut-off Date, then either:

- (a) if Fixed Settlement is applicable:
  - (i) if the Fixed Settlement Amount is a positive number, Seller shall, subject to Section ~~3.1~~ 5.1 (Settlement) (except for the requirement of ~~satisfaction of the delivery of a~~ Notice of Physical Settlement ~~Condition to Settlement~~ or a Seller NOPS), pay the Fixed Settlement Amount to

Buyer on the Fixed Settlement Payment Date; and

(ii) if the Fixed Settlement Amount is a negative number, Buyer shall, ~~subject to~~ Section ~~3.15.1 (Settlement)~~ (except for the requirement of ~~satisfaction of the delivery of a~~ Notice of Physical Settlement ~~Condition to Settlement~~ or a Seller NOPS), pay the absolute value of the Fixed Settlement Amount to Seller on the Fixed Settlement Payment Date; or

(b) if Fixed Settlement is not applicable, then the Seller NOPS Cut-off Date shall be the Termination Date.

Fixed Settlement:

As specified in the related Confirmation, provided that if the related Confirmation does not specify whether Fixed Settlement is applicable or not applicable, then Fixed Settlement shall be applicable.

Fixed Settlement Amount:

“Fixed Settlement Amount” means (a) the Floating Rate Payer Calculation Amount multiplied by (b) the Reference Price minus 100%.

Fixed Settlement Payment Date:

“Fixed Settlement Payment Date” means, subject to Section ~~6.5~~ 10.1 (Settlement Suspension), the date that is the number of Business Days specified in the related Confirmation (or, if a number of Business Days is not so specified, three Business Days) following the Buyer NOPS Cut-off Date. The Fixed Settlement Payment Date shall be the Termination Date.

Additional terms where Fixed Settlement is not applicable:

If Fixed Settlement is not applicable: ~~(a) the following requirement shall be added to the definition of “Seller NOPS” where (i) the relevant Credit Event is a Restructuring, (ii) either “Restructuring Maturity Limitation and Fully Transferable~~

~~Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the related Confirmation and (iii) the Scheduled Termination Date is later than (A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5 year Limitation Date: a Seller NOPS shall contain a detailed description of at least one Enabling Obligation, which description will include the CUSIP or ISIN number, if available and applicable (or, if such identifying number is not available, the rate and tenor) of such Enabling Obligation and any other information necessary to establish that such obligation is an Enabling Obligation; and (b) Sections 2.32(a)3.31(a) (*Mod R*) and 2.33(a)3.32(a) (*Mod Mod R*) are amended by inserting, after the words “Credit Event Notice delivered by Buyer”, the words “or Seller”.~~

(b) Section ~~3.2(c). Notice of Physical~~ 5.1. Settlement.

~~Section 3.2(c) is amended by inserting the following sentence at the end thereof:~~  
Section 5.1 (*Settlement*) is replaced with the following:

~~“Notwithstanding the foregoing, if Buyer fails to deliver a Notice of Physical Settlement that is effective on or before the date determined in accordance with the relevant provision of Section 3.2(c) above, the Notice of Physical Settlement Condition to Settlement shall be deemed satisfied by the delivery of a Seller NOPS by the Seller in accordance with the provision “Option for Delivery of Notice of Physical Settlement by Seller” that is effective on or before the Seller NOPS Cut-off Date.”~~ “Section 5.1. Settlement. Upon the occurrence of an Event Determination Date and, if “Physical Settlement” is specified as the Settlement Method in the related Confirmation or is applicable pursuant to the Fallback Settlement Method in accordance with Section 6.1 (*Auction Settlement*), delivery (i) by Buyer of a Notice of Physical Settlement to Seller that is effective on or prior to the Buyer NOPS Cut-off Date or (ii) by Seller of a Seller NOPS to Buyer that is effective on or prior to the Seller NOPS Cut-off Date, the parties will perform their respective obligations in accordance with the Settlement Method or Fallback Settlement Method, as applicable.”

(c) Section ~~6.5~~ 10.1. Settlement Suspension.

Section ~~6.5-10.1~~ (*Settlement Suspension*) is amended by inserting “or Fixed Settlement Payment Date” after “Valuation Date” and further amended by inserting the words “and the Seller NOPS Cut-off Date and the Fixed Settlement Payment Date, as applicable,” after each instance of the phrase “that pertains to settlement,”.

(d) Section 8.1. Amount of Deliverable Obligations to be Delivered.

The second paragraph of Section 8.1 (*Physical Settlement*) is amended by deleting the words “either (i)” and the words “or (ii) less than the Floating Rate Payer Calculation Amount, in which case Seller shall not be required to pay more than the proportion of the Physical Settlement Amount that corresponds to the Deliverable Obligations Delivered,”.

(e) Section 8.3. NOPS Effective Date.

Section 8.3 (*NOPS Effective Date*) is replaced with the following:

“Section 8.3. NOPS Effective Date. “NOPS Effective Date” means (i) the date on which an effective Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by Buyer or (ii) the Seller NOPS Effective Date, as applicable.”

(f) Section 8.17. Physical Settlement Date.

Section 8.17 (*Physical Settlement Date*) is amended by replacing the words “NOPS Cut-off Date” with the words “Buyer NOPS Cut-off Date if a Notice of Physical Settlement is delivered by Buyer or following the Seller NOPS Cut-off Date if a Seller NOPS is delivered by Seller”.

3. Changes to Fallback Procedures in the event Buyer fails to Deliver Deliverable Obligations under the Fallback Settlement Method

(a) Section 7.1. Cash Settlement.

Section 7.1 is replaced with the following:

“Section 7.1. Cash Settlement. If “Cash Settlement” is deemed to apply pursuant to Section ~~9.3, 9.4, 9.5 or 9.6~~ 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*), 9.2 (*Partial Cash Settlement of Consent Required Loans*), 9.3 (*Partial Cash Settlement of Assignable Loans*) or 9.4 (*Partial Cash Settlement of Participations*):

(a) if the Cash Settlement Amount is a positive number, Seller shall, subject to Section ~~3.1~~ 5.1 (*Settlement*), pay the Cash Settlement Amount to Buyer on the Cash Settlement Date; and

(b) if the Cash Settlement Amount is a negative number, Buyer shall, subject to Section ~~3.1~~ 5.1 (*Settlement*), pay the absolute value of the Cash Settlement Amount to Seller on the Cash Settlement Date.”

(b) Section 7.4. Final Price.

Section 7.4 ([Final Price](#)) is amended by adding the following at the end of the first sentence:

“; provided, however, that if the Final Price is greater than 100%, it will be deemed to be 100%.”

(c) Section 9.~~8~~6. Partial Cash Settlement Terms.

Section ~~9.8(a)~~9.6(a) ([Partial Cash Settlement Terms](#)) is replaced with the following:

“(a) “Cash Settlement Amount” is deemed to be, for each Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassigned Obligation, the aggregate of (A) the Outstanding [Principal Balance, Due and Payable Amount](#) ~~(or the equivalent or~~ Currency Amount~~)~~ of each Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation multiplied by (B) the Reference Price minus the Final Price with respect to such Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation.”

Section 9.~~8~~6(c) is amended by deleting the words “and “Reference Price” is deemed to be one hundred per cent”. For the avoidance of doubt, the Reference Price for the purposes of Section ~~9.8~~9.6 ([Partial Cash Settlement Terms](#)) shall be as specified in the related Confirmation.

(d) Section 9.~~9~~7. Buy-in of Bonds Not Delivered.

Section ~~9.9~~9.7 ([Buy-in of Bonds Not Delivered](#)) is amended by deleting the second sentence of the penultimate paragraph and replacing it with the following:

“On the third Business Day following such notice, Buyer will be deemed to have Delivered an ~~o~~Outstanding ~~p~~Pincipal ~~b~~Balance of the Deliverable Obligations specified in the Notice of Physical Settlement, the Seller NOPS or any NOPS Amendment Notice, as applicable, for which a Buy-in Price was determined and an amount will be payable equal to that portion of the Physical Settlement Amount that corresponds to such portion of the Deliverable Obligations, minus (i) the Buy-in Price multiplied by the corresponding ~~o~~Outstanding ~~p~~Pincipal ~~b~~Balance of the Relevant Bonds for which a Buy-in Price was determined, and (ii) any reasonable brokerage costs incurred by Seller in connection with any purchases by it of the Relevant Bonds as part of the buy-in. If such amount is positive, Seller shall pay such amount to Buyer. If such amount is negative, Buyer shall pay the absolute value of such amount to Seller. If the Buy-in Price is greater than 100%, it will be deemed to be 100%.”

(e) Section 9.~~10~~8. Alternative Procedures Relating to Loans Not Delivered.



Section 9.108(a) is amended by adding the following at the beginning of the section: “This Section 9.108(a) will not be applicable if Seller delivers a Seller NOPS instead of Buyer delivering a Notice of Physical Settlement.”

Section 9.108(bii) is amended by replacing the words “the Reference Price” in clause (i) of the final sentence thereof with “100%”.

(f) Section 9.9. Alternative Procedures Relating to Assets Not Delivered.

Section 9.9 (Alternative Procedures Relating to Assets Not Delivered) is amended by replacing the words “the Reference Price” therein with “100%”.

4. Additional Provisions

(a) Section 1.715. Termination Date.

Section 1.715 (*Termination Date*) is amended by (i) inserting after “(a)” the words “the Seller NOPS Cut-off Date or the Fixed Settlement Payment Date, as applicable, or, ~~(ii) by deleting “3.4 (Notice of Physical Settlement),” and~~” and (iii) by deleting the words “such Sections” and replacing them with the words “the foregoing”.

~~(b) — Section 3.4. Notice of Physical Settlement.~~

~~Section 3.4 is amended by deleting the second paragraph.~~

~~(e)(b)~~ Global Amendments

~~(i) The 2003 ISDA®~~ Any reference in the 2014 ISDA Credit Derivatives Definitions (as supplemented as specified in the relevant Confirmation, the “Definitions”) ~~are hereby amended by replacing each use of the phrase “specified (or deemed specified pursuant to Section 9.10) in the~~ to specification in a Notice of Physical Settlement or ~~specified in any NOPS Amendment Notice, as applicable,” with the phrase “specified (or deemed specified pursuant to Section 9.10) in the Notice of Physical Settlement, specified in the Seller NOPS or specified in any a NOPS Amendment Notice, as applicable,” shall be deemed to refer to specification in a Notice of Physical Settlement, a NOPS Amendment Notice or a Seller NOPS, as applicable, unless the context requires otherwise, and the Definitions shall be construed accordingly.~~

~~(ii) — The Definitions are hereby amended by replacing, except in Section 9.10(a), each use of the phrase “specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable” with the phrase “specified in the Notice of Physical Settlement, the Seller NOPS or any NOPS Amendment Notice, as applicable”.~~

Comparison Details	
Title	<b>pdfDocs compareDocs Comparison Results</b>
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Sources	
Original Document	[#19893758] [v1] Additional Provisions for Recovery Lock Credit Derivative Transactions
Modified Document	[#19893758] [v6] Additional Provisions for Recovery Lock Credit Derivative Transactions

Comparison Statistics	
Insertions	25
Deletions	21
Changes	58
Moves	8
TOTAL CHANGES	112

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<del>Deletions</del>	
<u>Moves</u> / Moves	
Inserted cells	
Deleted cells	
Merged cells	
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Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

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