CARDIGOS

MEMORANDUM OF LAW

FOR THE INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

Validity and Enforcement under Portuguese Law of

Collateral Arrangements under the ISDA Credit Support Documents

Collateral Provider Insolvency

29 May 2020

Validity and Enforceability under Portuguese Law of
Collateral Arrangements under the ISDA Credit Support Documents
Collateral Provider Insolvency

In this memorandum we consider the validity and enforcement, under Portuguese law, of collateral arrangements entered into under:

1. the 1994 ISDA Credit Support Annex governed by New York law (the "**1994 NY Annex**");
2. the 2016 Credit Support Annex for Variation Margin (VM) governed by New York law (the "**VM NY Annex**") and the Amendments for Independent Amounts to be included in Paragraph 13 of the New York law 2016 Credit Support Annex for Variation Margin (VM) (the "**VM NY Annex IA Amendments**");
3. the 2016 Phase One Credit Support Annex for Initial Margin (IM) governed by New York law (the "**IM NY Annex**");
4. the ISDA 2018 Credit Support Annex for Initial Margin (IM) governed by New York law (the "**2018 IM NY Annex**");
5. the 1995 ISDA Credit Support Deed governed by English law (the "**1995 Deed**");
6. the 2016 Phase One IM Credit Support Deed, governed by English law (the "**IM Deed**");
7. the ISDA 2018 Credit Support Deed for Initial Margin (IM) governed by English law (the "**2018 IM Deed**");
8. the 1995 ISDA Credit Support Annex governed by English law (the "**1995 Transfer Annex**");
9. the 2016 Credit Support Annex for Variation Margin (VM) governed by English law (the "**VM Transfer Annex**", and together with the 1995 Transfer Annex, the "**English Law Transfer Annexes**"); and the Amendments for Independent Amounts to be included in Paragraph 11 of the English law 2016 Credit Support Annex for Variation Margin (VM) (the "**VM Transfer Annex IA Amendments**");
10. the 1995 Credit Support Annex governed by French law (the "**1995 Transfer**

Annex (French law)");

11. the 2016 Credit Support Annex for Variation Margin (VM) governed by French law (the "**VM Transfer Annex (French law**)", and together with the 1995 Transfer Annex (French law), the "**French Law Transfer Annexes**");
12. the 1995 Credit Support Annex governed by Irish law (the "**1995 Transfer Annex (Irish law)**");
13. the 2016 Credit Support Annex for Variation Margin (VM) governed by Irish law (the "**VM Transfer Annex (Irish law)**", and together with the 1995 Transfer Annex (Irish law), the "**Irish Law Transfer Annexes**");
14. the 2016 ISDA Euroclear Collateral Transfer Agreement subject to New York law (Multi- Regime Scope) (the "**2016 Euroclear NY CTA**");
15. the 2016 ISDA Euroclear Collateral Transfer Agreement subject to English law (Multi-Regime Scope) (the "**2016 Euroclear English CTA**");
16. the 2017 ISDA Euroclear Collateral Transfer Agreement subject to English law (Multi-Regime Scope) (the "**2017 Euroclear English CTA**");
17. the 2017 ISDA Euroclear Collateral Transfer Agreement subject to New York law (Multi-Regime Scope) (the "**2017 Euroclear NY CTA**");
18. the 2018 ISDA Euroclear Collateral Transfer Agreement subject to New York law (Multi-Regime Scope) (the "**2018 Euroclear NY CTA**");
19. the 2018 ISDA Euroclear Collateral Transfer Agreement subject to English law (Multi-Regime Scope) (the "**2018 Euroclear English CTA**");
20. the ISDA Euroclear 2019 Collateral Transfer Agreement (Multi-Regime Scope) supplemented as the case may be by the French Law Addendum Annex for use with ISDA Euroclear 2019 Collateral Transfer Agreement (the "**2019 Euroclear CTA Additional French Provisions**") and/or the Rider for the ISDA Euroclear 2019 Collateral Transfer Agreement with respect to the use of a Pledgee Representative (the "**CTA Pledgee Representative Rider**") (the "**2019 Euroclear CTA**");
21. the 2016 ISDA Euroclear Security Agreement subject to Belgian law (the "**2016 Euroclear Security Agreement**");
22. the 2018 ISDA Euroclear Security Agreement subject to Belgian law ("**2018 Euroclear Security Agreement**");

23. the ISDA 2019 Euroclear Security Agreement subject to Belgian law ("**2019 Euroclear Security Agreement**" and, together with the 2016 Euroclear Security Agreement and the 2018 Euroclear Security Agreement, the "**Euroclear Security Agreements**"); and the Rider for the ISDA 2019 Euroclear Security Agreement with respect to the use of a Pledgee Representative (the "**ESA Pledgee Representative Rider**");
24. the ISDA Clearstream 2016 Collateral Transfer Agreement subject to New York law (Multi-Regime Scope) (the "**Clearstream NY CTA**");
25. the ISDA Clearstream 2016 Collateral Transfer Agreement subject to English law (Multi-Regime Scope) (the "**Clearstream English CTA**");

26. ISDA Clearstream 2019 Collateral Transfer Agreement (Multi-Regime Scope) supplemented as the case may be by the French Law Addendum Annex for use with ISDA Clearstream 2019 Collateral Transfer Agreement (the "**Clearstream 2019 CTA Additional French Provisions**") (the "**Clearstream 2019 CTA**");
27. the ISDA 2016 Clearstream Security Agreement subject to Luxembourg Law (Pledge account in the name of the Security-provider) (the "**Clearstream 2016 Security Agreement**"),
28. the ISDA 2017 Clearstream Security Agreement subject to Luxembourg law (pledged account in the name of the Security-taker) (the "**Clearstream 2017 Security Agreement**");
29. ISDA 2019 Clearstream Security Agreement subject to Luxembourg law (pledged account in the name of the Security-taker) (the "**Clearstream 2019 Security Agreement (ST)**");
30. ISDA 2019 Clearstream Security Agreement subject to Luxembourg law (pledged account in the name of the Security-provider) (the "**Clearstream 2019 Security Agreement (SP)**" and, together with the Clearstream 2016 Security Agreement, the Clearstream 2017 Security Agreement and the Clearstream 2019 Security Agreement (ST), the "**Clearstream Security Agreements**");
31. the ISDA 2019 Collateral Transfer Agreement for Initial Margin (IM) (Multi-Regime Scope) (the "**2019 Multi Law CTA**") supplemented as the case may be by the French Law Addendum Annex for use with ISDA 2019 Collateral Transfer

Agreement for Initial Margin (IM) (the "**2019 Multi Law CTA Additional French Provisions**") and the ISDA 2019 Collateral Transfer Agreement for Initial Margin (IM) which incorporates the 2019 Multi Law CTA Additional French Provisions (the "**2019 CTA**")[1] (the 2019 Multi Law CTA together with the 2019 CTA, the "**2019 Multi Law CTAs**");

32. the ISDA 2019 Security Agreement for Initial Margin (IM) subject to English Law (the "**2019 English Security Agreement**");
33. the ISDA 2019 Security Agreement for Initial Margin (IM) subject to New York Law (the "**2019 New York law Security Agreement**");
34. the ISDA 2019 Security Agreement governed by Irish law (for use with a 2019 Multi Law CTA) (the "**2019 Irish Security Agreement**");
35. the ISDA 2019 Security Agreement governed by Luxembourg law (for use with a 2019 Multi Law CTA) (the "**2019 Luxembourg Security Agreement**");
36. the ISDA 2019 Security Agreement governed by Belgian law (for use with a 2019 Multi Law CTA) (the "**2019 Belgian Security Agreement**");
37. the ISDA 2019 Security Agreement governed by French Law (for use with a 2019 Multi Law CTA) (the "**2019 French Security Agreement**")[2]

in each case, when entered into to provide credit support for transactions ("**Transactions**") entered into pursuant to an ISDA master agreement (the "**Master Agreement**")[3] published by the International Swaps and Derivatives Association, Inc. ("**ISDA**").

For the purposes of this memorandum:

(i) "**2019 Security Agreements**" means the 2019 English Security Agreement, the 2019 New York law Security Agreement, the 2019 Irish Security Agreement, the 2019 Luxembourg Security Agreement, the 2019 Belgian Security Agreement and the 2019 French Security Agreement;

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[1] The 2019 CTA is the same as the 2019 Multi Law CTA except that the former also includes the 2019 Multi Law CTA Additional French Provisions in Paragraph 13(v) so that it may be used if the Master Agreement is governed by French law. For the purposes of this opinion, we will only consider the English language version of the 2019 CTA.

[2] For the purposes of this opinion, we will only consider the English language version of the 2019 French Security Agreement.

[3] Subject to the assumptions set out below, the relevant Master Agreements, published by ISDA are (i) the 1992 ISDA Master Agreement (Multicurrency-Cross Border), (ii) the 1992 ISDA Master Agreement (Local Currency – Single Jurisdiction), (iii) the ISDA 2002 Master Agreement, (iv) the 2002 Master Agreement (French law) and (v) the ISDA 2002 Master Agreement (Irish law).

(ii) "**Additional French Provisions**" means the 2019 Euroclear CTA Additional French Provisions, the Clearstream 2019 CTA Additional French Provisions and the 2019 Multi Law CTA Additional French Provisions;

(iii) "**Annex**" means each of the 1994 NY Annex, the VM NY Annex, the IM NY Annex and the 2018 IM NY Annex;

(iv) "**Bank Custodian Documents**" means the 2019 Multi Law CTAs and the 2019 Security Agreements;

(v) "**Clearstream CTAs**" means the Clearstream English CTA, the Clearstream NY CTA and the Clearstream 2019 CTA;

(vi) "**Clearstream Documents**" means the Clearstream Security Agreements and the Clearstream CTAs;[4]

(vii) "**Credit Support Documents**" means the Security Documents and the Transfer Annexes;

(viii) "**Deed**" means each of the 1995 Deed, the IM Deed and the 2018 IM Deed;

(ix) "**Euroclear CTAs**" means the Euroclear English CTAs, the Euroclear NY CTAs and the 2019 Euroclear CTA;

(x) "**Euroclear Documents**" means the Euroclear Security Agreements and the Euroclear CTAs;

(xi) "**Euroclear English CTAs**" means the 2018 Euroclear English CTA, 2017 Euroclear English CTA and 2016 Euroclear English CTA;

(xii) "**Euroclear NY CTAs**" means the 2018 Euroclear NY CTA, 2017 Euroclear NY CTA and 2016 Euroclear NY CTA;

(xiii) "**IM Security Documents**" means the IM NY Annex, the 2018 IM NY Annex, the IM Deed, the 2018 IM Deed and the Bank Custodian Documents;

(xiv) "**Multi Law CTAs**" means the 2019 Euroclear CTA, the Clearstream 2019 CTA and the 2019 Multi Law CTAs;

(xv) "**Non-IM Security Documents**" means the 1994 NY Annex, the VM NY Annex and the 1995 Deed;

(xvi) "**Pledgee Representative Riders**" means the CTA Pledgee Representative Rider and the ESA Pledgee Representative Rider;

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[4] The Clearstream Documents and the Euroclear Documents relate specifically to assumption (O) and related questions.

(xvii) "**Security Documents**" means the Annexes, the Deeds and the Bank Custodian Documents; and

(xviii) "**Transfer Annex**" means each of the English Law Transfer Annexes, the French law Transfer Annexes and Irish Law Transfer Annexes.

A capitalized term used herein and not defined herein shall have the meaning ascribed to such term in the Master Agreement, the relevant Credit Support Document, Clearstream Documents or the Euroclear Documents, as applicable.

Moreover, in this memorandum:

(a) in relation to the Security Documents, the term "**Security Collateral Provider**" shall refer to the Pledgor (under an Annex), the Chargor (under a Deed) or the Security-provider (under the Bank Custodian Documents), as the context requires; and

(b) "**Collateral Provider**" means the Security Collateral Provider under a Security Document, the Transferor under a Transfer Annex, the Obligor under a JP Annex or the Security-provider under the Euroclear Documents and Clearstream Documents, according to the context, and "**Collateral Taker**" means the Secured Party, the Transferee, the Obligee or the Security-taker, as the case may be.

The term "**Collateral**"**,** when used in this memorandum, is meant to refer, in the case of the Security Documents, the Euroclear Documents or the Clearstream Documents, to any assets over which a security interest is created by the Security Collateral Provider in favor of the Secured Party and, in the case of each Transfer Annex, to any securities transferred or cash deposited, in either case, by the Transferor to or with the Transferee, as credit support for the obligations of the Collateral Provider under the relevant Master Agreement.

The issues you have asked us to address are set out in italics, followed in each case by our analysis and conclusions. We indicate, where relevant, any assumptions that you have asked us to make. In addition, we make the following assumptions:

(1) To the extent that any obligation arising under the Master Agreement, Credit Support Document, Clearstream Documents or Euroclear Documents falls to be performed in any jurisdiction outside Portugal, its performance will not be deemed illegal or ineffective by virtue of the laws of that jurisdiction.

(2) Each party (a) is able lawfully to enter into the Master Agreement, the Credit Support Document, Clearstream Documents or Euroclear Documents under the laws of its jurisdiction of incorporation and under its relevant constitutional documents, (b) has taken all corporate action necessary to authorize its entry into the Master Agreement, the Credit Support Document, Clearstream Documents or Euroclear Documents and (c) has duly executed and delivered the Master Agreement, the Credit Support Agreement, Clearstream Documents or Euroclear Documents.

(3) If the Master Agreement is governed by English law, the Master Agreement (except when used with a Transfer Annex to the extent that such Transfer Annex relies on provisions of the Master Agreement for its effectiveness) would, when duly entered into by each party, constitute legally binding, valid and enforceable obligations of each party under English law.

(4) If the Master Agreement is governed by the laws of the State of New York, the Master Agreement (except when used with the NY Annex to the extent that the NY Annex relies on provisions of the Master Agreement for its effectiveness) would, when duly entered into by each party, constitute legally binding, valid and enforceable obligations of each party under the laws of the State of New York.

(5) Each of the parties to the Master Agreement, Credit Support Document, Clearstream Documents or Euroclear Documents who is carrying on or purporting to carry on any relevant regulated activity in Portugal is an authorized person or an exempted person under the applicable Portuguese law with permission to carry on that regulated activity.

(6) Each of the parties is acting as principal and not as agent in relation to its rights and obligations under the Master Agreement, Credit Support Document, Clearstream Documents

or Euroclear Documents, and no third party has any right to, interest in, or claim on any right or obligation of either party under either document.

(7) The terms of the Master Agreement, including each Transaction under the Master Agreement, the Credit Support Document, Clearstream Documents or Euroclear Documents are agreed at arm's length by the parties so that no element of gift or undervalue from one party to the other party is involved.

(8) At the time of entry into the Master Agreement, the Credit Support Document, Clearstream Documents or Euroclear Documents, no insolvency, rescue or composition proceedings have commenced in respect of either party and neither party is insolvent at the time of entering into the Master Agreement, the Credit Support Document, Clearstream Documents or Euroclear Documents or becomes insolvent as a result of entering into either document.

(9) Each party, when transferring Collateral in the form of securities under the Credit Support Document, Clearstream Documents or Euroclear Documents, will have full legal title to such securities at the time of transfer, free and clear of any lien, claim, charge or encumbrance or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance or settlement system).

We make the following reservations:

(a) The advice in this memorandum is given only in relation to Portuguese law as it stands at the date of this memorandum, there being no pending developments that would impact the conclusions reached in this memorandum. Moreover, we have assumed that no law of a jurisdiction other than Portugal adversely affects the conclusions in this memorandum.

(b) In this memorandum, we consider the enforceability of the Credit Support Documents against *(i)* a company organized in Portugal under one of the forms provided for in the Portuguese Companies Code, Decree-Law no. 262/86, of 2 September 1986, as amended, *(ii)* a Bank/Credit Institution and Financial Institution as listed in Articles 2-A, 3, 4-A and 6 of the

Credit Institution and Financial Companies Statute, Decree-Law no. 298/92, of 31 December 1992, as amended (the "**Banking Law**"), *(iii)* an Investment Firm/Broker Dealer, as listed under the Portuguese Securities Code, approved by Decree-Law no. 486/99, of 13 November 1999 (as amended) (the "**Securities Code**"), *(iv)* a Hedge Fund/Proprietary Trader or Investment Fund under one of the forms provided for in Law no. 16/2015, of 24 February 2015, as amended (the "**Investment Funds' Law**"), *(v)* an Insurance Company as defined in Law no. 147/2015, of 9 September 2015, (as amended) (the "**Insurance Companies' Law**"), and/or *(vi)* a Pension Fund under one of the forms provided for in Decree-Law no. 12/2006, of 20 January 2006 (as amended) (the "**Pension Funds' Law**") and/or *(vii)* an Autonomous Region as defined under Section 1 of the Statute of the Region of Madeira, approved by Law no. 13/91, of 5 June 1991, as amended by Law no. 12/2000, of 21 June 2000 and Section 1 of the Statute of the Region of Azores, approved by Law no. 39/80, of 5 August 1980, as amended by Law no. 2/2009, of 12 January 2009. All these counterparties are further described in Appendix B to this memorandum.

Moreover, we refer to the Close-out Amount Protocol published by ISDA on 27 February 2009 (the "Close-out Amount Protocol"). On the assumption that the changes intended by the Close-out Amount Protocol are effective as a matter of the governing law of the Covered Master Agreement (as defined in the Close-out Amount Protocol) and the relevant Credit Support Document, we confirm that the changes made by the Close-out Amount Protocol including, without limitation, Annexes 10, 11 and 12 are not material to and do not affect the conclusions reached in this memorandum.

Finally, we also refer to the 2014 ISDA Collateral Agreement Negative Interest Protocol published by ISDA on 12 May 2014 (the "Negative Interest Protocol"). On the basis that the amendments made by the Negative Interest Protocol to the Credit Support Documents do not alter the security or transfer provisions of the documents but merely seek to ensure that parties can account for negative interest amounts on cash collateral, we confirm that this amendment does not affect the conclusions reached in this memorandum.

FACT PATTERNS

As requested, when responding to the questions, we have distinguished between the following three fact patterns:

I – The Location of the Collateral Provider is in Portugal and the Location of the Collateral is outside Portugal.

II – The Location of the Collateral Provider is in Portugal and the Location of the Collateral is in Portugal.

III – The Location of the Collateral Provider is outside Portugal and the location of the Collateral is in Portugal.

For the foregoing purposes:

(a) The "**Location**" of the Collateral Provider is in Portugal if it is incorporated or otherwise organized in Portugal and/or has a branch or other place of business in Portugal; and

(b) The "**Location**" of Collateral is the place where an asset of that type is located in accordance with Portuguese conflict of law rules.

"**Located**" when used in relation to a Collateral Provider or any Collateral should be construed accordingly.

In cases where we do not expressly refer to each fact pattern in our answer to each question, such fact patterns have been taken into consideration in our analysis, which should generally be clear from the context.

PART 1: SECURITY INTEREST APPROACH PURSUANT TO THE SECURITY DOCUMENTS

In Part 1 of our memorandum, we consider issues relating to the creation, perfection and

enforcement of security interests created in respect of Collateral delivered under each of the Security Documents. For this purpose you have asked us to make the following assumptions:

(a) The Security Collateral Provider has entered into a Master Agreement and a Security Document (or, in the case of the Bank Custodian Documents, a 2019 Multi Law CTA together with a 2019 Security Agreement) with a Collateral Taker. The parties have entered into either (i) a Master Agreement governed by New York law, (ii) a Master Agreement governed by English law, (iii) the ISDA 2002 Master Agreement (French law) or (iv) the ISDA 2002 Master Agreement (Irish law).

(b) In respect of answering the questions in respect of the 1994 NY Annex, the VM NY Annex and the 1995 Deed, the parties will enter into (i) the 1994 NY Annex and/or the VM NY Annex in connection with a New York law governed Master Agreement; and (ii) the 1995 Deed in connection with an English law governed Master Agreement.

(c) In respect of answering the questions in respect of IM Security Documents, each IM Security Document could be entered into in connection with either a New York law or English law governed Master Agreement or the ISDA 2002 Master Agreement (French law) or the ISDA 2002 Master Agreement (Irish law) and may be subject to a different governing law than the relevant ISDA Master Agreement (depending on whether the parties choose to align the governing law of the IM Security Document to (i) the Location of the relevant Custodial Account; or (ii) the governing law of the ISDA Master Agreement). Each of the IM NY Annex and the 2018 IM NY Annex forms a part of the relevant Master Agreement and therefore, unless revised by the counterparties, is subject to the same governing law as the relevant ISDA Master Agreement. In respect of an IM NY Annex or 2018 IM NY Annex entered into in connection with an English law governed Master Agreement or the ISDA 2002 Master Agreement (French law) or the ISDA 2002 Master Agreement (Irish law), the parties will provide in Paragraph 13 of the IM NY Annex or the 2018 IM NY Annex that the Annex is governed by and construed in accordance with New York law. In the case of the Bank Custodian Documents, the 2019 Multi Law CTAs are subject to the same governing law as the related Master Agreement and there are variations of the 2019 Security Agreement with

different governing laws to be used in conjunction with a 2019 Multi Law CTA.

(d) Although each Security Document (other than the IM Security Documents) is entered into in a bilateral form in which it contemplates that each party may be required to post Collateral to the other depending on the movements of Exposure under the relevant Credit Support Document, we have assumed that the same party is at all relevant times the Security Collateral Provider under the applicable Security Document. In the case of the IM Security Documents, both parties will be required to post Collateral to the other (either under the same IM Security Document (in the case of the Bank Custodian Documents, the same 2019 Multi Law CTA may be used in conjunction with a second 2019 Security Agreement to document the other posting leg) or under separate IM Security Documents or under the Euroclear Agreements or the Clearstream Agreements) in an amount that depends on the IM calculation provisions. For the sake of simplicity we have only considered the Collateral posting leg of one party – issues relating to the insolvency of the Collateral Taker are considered in a separate opinion.

(e) We assume that each party is either, (i) a Portuguese Company[5] or (ii) a Portuguese bank or other similar financial institution.

(f) We assume that each Master Agreement and each Security Document is enforceable under its stated governing law. We also assume that any Master Agreement and Security Document were duly authorized, executed and delivered and that each party has the capacity to enter into such Master Agreement and Security Document.

(g) No provisions of the Master Agreement or any relevant Security Document that we deem crucial to our opinion have been altered in any material respect, such material amendments being identified in the course of the discussions in this memorandum.

[5] A corporate entity organized under one of the forms provided for in the Portuguese Companies Code, a Bank/Credit or Financial Institution as listed in Articles 3, 4-A and 6 of the Banking Law, an Investment Firm/Broker Dealer, as listed under the Portuguese Securities Code, a Hedge Fund/Proprietary Trader or Investment Fund under one of the forms provided for in the Investment Funds' Law, a Pension Fund as defined in the Pension Funds' Law, and/or an Insurance Company as defined in the Insurance Companies' Law.

(h) Pursuant to the relevant Security Document, the counterparties agree that Eligible Collateral will include cash in a freely convertible currency credited to an account (as opposed to physical notes and coins) and certain types of securities (as described below) that are Located or deemed Located either (i) in Portugal or (ii) outside Portugal.

(i) Any securities provided as Eligible Collateral are denominated in either EUR (Euros) or any freely convertible currency and consist of (i) corporate debt securities, whether or not the issuer is organized or located in Portugal; (ii) debt securities issued by the government of Portugal or another jurisdiction; (iii) debt securities issued by multilateral development banks and international organizations and (iv) equity securities whether or not the issuer is organized or located in Portugal, and in the case of the 1994 NY Annex, the VM NY Annex and the 1995 Deed are held in one of the following forms:

(i) directly held bearer securities: by this we mean securities issued in certificated form, in bearer form (meaning that ownership is transferable by delivery of possession of the certificate) and, when held by a Secured Party as Collateral under a Security Document, held directly in this form by the Secured Party (that is, not held by the Secured Party indirectly with an Intermediary (as defined below));

(ii) directly held registered securities: by this we mean securities issued in registered form and, when held by a Secured Party as Collateral under a Security Document, held directly in this form by the Secured Party so that the Secured Party is shown as the relevant holder in the register for such securities (that is, not held by the Secured Party indirectly with an Intermediary);

(iii) directly held dematerialized securities: by this we mean securities issued in dematerialized form and, when held by a Secured Party as Collateral under a Security Document, held directly in this form by the Secured Party so that the Secured Party is shown as the relevant holder in the electronic register for such securities (that is, not held by the Secured Party indirectly with an Intermediary); or

(iv) intermediated securities: by this we mean a form of interest in securities recorded in fungible book entry form in an account maintained by a financial

intermediary (which could be a central securities depositary "CSD" or a custodian, nominee or other form of financial intermediary, in each case an "**Intermediary**") in the name of the Secured Party where such interest has been credited to the account of the Secured Party in connection with a transfer of Collateral by the Security Collateral Provider to the Secured Party under a Security Document.

The precise nature of the rights of the Secured Party in relation to its interest in intermediated securities and as against its Intermediary will be determined, among other things, by the law of the agreement between the Secured Party and its Intermediary relating to its account with the Intermediary, as well as the law generally applicable to the Intermediary, and possibly by other considerations arising under the general law or the rules of private international law of Portugal. The Secured Party's Intermediary may itself hold its interest in the relevant securities indirectly with another Intermediary or directly in one of the three forms mentioned in (i), (ii) and (iii). In practice, there is likely to be a number of tiers of Intermediaries between the Secured Party and the issuer of such securities, at least one of which will be an Intermediary that is a national or international CSD. Our expectation is that the Secured Party will normally hold securities in the form of intermediated securities rather directly in one of the three forms mentioned in (i), (ii) and (iii).

(j) Any cash collateral provided under the Security Document is denominated in a freely convertible currency and is held in an account under the control of the Secured Party maintained in Portugal, or if located outside Portugal, in the jurisdiction of the relevant currency.

The assumptions made in paragraphs (i) and (j) will be subject to modification as discussed below in (i) paragraph (n) in respect of the IM Security Documents and (ii) paragraph (o) in respect of Collateral held in a central securities depository.

(k) Pursuant to the terms and conditions of the Master Agreement, the Security Collateral Provider enters into a number of Transactions with the Collateral Taker. Such Transactions

include any or all of the Transactions described in Appendix A[6]. Under the terms of each Security Document, the security interest created in the relevant Collateral secures the obligations of the Security Collateral Provider arising under the Master Agreement as a whole, including the net amount, if any, that would be due from the Security Collateral Provider under Section 6(e) of the Master Agreement if an Early Termination Date were designated or deemed to occur as a result of an Event of Default in respect of the Security Collateral Provider.

(l) In the case of questions 12 to 15 below, that after entering into the Transactions and prior to the maturity thereof, the rights of the Collateral Taker under Paragraph 8 of the relevant Annex or Deed (as applicable) have become exercisable following the occurrence of any of the relevant pre-conditions specified in the Annex or Deed (which shall comprise solely of the events listed in Paragraph 8 or as an election in the pro-forma Paragraph 13) which are then continuing, but that an insolvency proceeding has not been instituted (which is addressed separately in assumption (M) and questions 16 to 18 below). The same assumption is made in respect to the relevant Bank Custodian Documents.

(m) In the case of questions 16 to 18 below, an Event of Default under Section 5(a)(vii) of the Master Agreement has occurred with respect to the Security Collateral Provider and a formal bankruptcy, insolvency, liquidation, reorganization, administration or comparable proceeding (collectively, the "insolvency") has been instituted by or against the Security Collateral Provider.

(n) With respect to IM Security Documents only, the Collateral provided under the IM Security Documents is held in an account (which may hold cash (in a freely convertible currency) and securities) (a "**Custodial Account**") with a third-party custodian ("**Custodian**"), with the following characteristics: (x) the Custodian holds the Collateral in the Collateral Provider's name pursuant to a custodial agreement between the Collateral

[6] We note that the 1992 ISDA Master Agreement (Multicurrency – Cross Border) and the 2002 ISDA Master Agreement may be used to document any type of Transaction described in Appendix A, whether cash settled or physically settled. The 1992 ISDA Master Agreement (Local Currency – Single Jurisdiction) may be used to document any cash settled or physically settled Transactions denominated in a single currency. The 1987 Interest Rate and Currency Exchange Agreement and the 1987 Interest Rate Swap Agreement may be used to document only cash settled Transactions (and, in the case of the latter agreement only U.S. dollar denominated Transactions) unless amended to accommodate a broader variety of Transactions.

Provider and Custodian; (y) the Custodial Account is used exclusively for the Collateral provided by the Collateral Provider to the relevant Collateral Taker; and (z) the Collateral Provider, the Collateral Taker and the Custodian have entered into an agreement (which may be a separate control agreement or may be part of the custodial agreement) under which the Collateral Taker can take control of the margin under certain circumstances.

(o) In certain circumstances, "initial margin" Collateral may be held at a central securities depository. In these circumstances, the parties will not enter into an IM Security Document. Instead we assume that (w) the Collateral is held in an account within Euroclear or Clearstream; (x) the parties have entered into the Euroclear Documents or the relevant Clearstream Documents (as applicable) and other relevant documentation with Euroclear or Clearstream, which collectively establish collateral arrangements within Euroclear or Clearstream (as applicable) and set forth (i) the manner in which the Collateral is held in Euroclear or Clearstream and (ii) the manner in which the automated transfers of Collateral by Euroclear or Clearstream will be effected (i.e., upon receipt of matching instructions from the Collateral Provider and Collateral Taker as to the overall amount of initial margin Collateral that is required in respect of such Collateral Provider's posting obligation, Euroclear or Clearstream, as applicable, will calculate any excess or deficit and make the relevant transfers accordingly on behalf of the parties in discharge of their obligations to one another); and (y) the Euroclear Documents or the Clearstream Documents and the other documents referred to in (x) (as applicable) are enforceable in accordance with their terms under applicable law (which may be different than the law of Portugal).

With regard to the foregoing, we are aware that:

(I) in the case of Euroclear, the Collateral is held in a "Pledged Securities Account" and a "Pledged Cash Account" opened in the Euroclear System in the name of Euroclear acting in its own name but for the account of the Collateral Taker (as pledgee under the pledge granted under the Euroclear Security Agreements) and to be operated in accordance with the relevant Euroclear Documents; and

(II) in the case of Clearstream, the Collateral is held in a "Collateral Account" opened in the Clearstream system in the name of (in the case of the Clearstream 2016 Security Agreement and the Clearstream 2019 Security Agreement (SP))) the Collateral Provider or (in the case of the Clearstream 2017 Security Agreement and the Clearstream 2019 Security Agreement (ST)) the Collateral Taker and to be operated in accordance with the relevant Clearstream Documents.

In respect of the Clearstream Documents, the parties have entered into (A) any of (I) the Clearstream 2016 Security Agreement, (II) the Clearstream 2017 Security Agreement, (III) the Clearstream 2016 Security Agreement, the ISDA 2016 Clearstream Security Novation Agreement and the Clearstream 2017 Security Agreement, (IV) the Clearstream 2019 Security Agreement (SP) or (V) the Clearstream 2019 Security Agreement (ST) and (B) the Clearstream CTAs.

For the avoidance of doubt, if the parties have entered into the documents referred to at (III) above, the Clearstream 2016 Security Agreement is entirely replaced by the Clearstream 2017 Security Agreement and accordingly, Collateral is held in a "Collateral Account" opened in the Clearstream system in the name of the Collateral Taker.

(p) The Multi Law CTAs are subject to the same governing law as the related Master Agreement. In relation to any Multi Law CTA governed by French law, we assume that the relevant Additional French Provisions apply.

(q) The parties may enter into more than one Credit Support Document, including multiple Credit Support Documents each subject to different governing laws, and/or may also enter into Euroclear Documents and/or Clearstream Documents.

Questions relating to the Security Documents

Validity of Security Interests: Creation and Perfection

For questions 1-21, please opine on each of the following scenarios: (i) the Collateral will be held pursuant to the assumptions in (I)(i) to (iv) and (J), (ii) with respect to the IM Security Documents, the Collateral will be held in a Custodial Account with a Custodian as described in assumption (N) above and (iii) the Collateral will be held by Euroclear or Clearstream, as contemplated by assumption (O) above. Please either confirm that your answer applies to all three scenarios or explain how your answer differs for each scenario. Note that question 10 is not applicable to scenarios (ii) and (iii) (the rules promulgated by various regulators prohibit the use of any Collateral securities held by the Secured Party as "initial margin") and therefore you do not need to cover it in your responses to those questions. As noted in assumption (O) above, you may assume that the securities documents and other agreements referred to in assumption (O) are enforceable in accordance with their terms under applicable law (which may be different than the law of your jurisdiction).

1. ***Under the laws of Portugal, what law governs the contractual aspects of a security interest in the various forms of Eligible Collateral deliverable under the Security Documents, the Euroclear Documents and the Clearstream Documents? Would the courts of Portugal recognize the validity of a security interest created under each Security Document, the Euroclear Documents and the Clearstream Documents assuming it is valid under the governing law of such Security Document, the Euroclear Documents and the Clearstream Documents (taking into account assumptions (B) and (C) above)?***

Under Portuguese law (and except as indicated in answer to question 22 below), the law chosen by the parties in each Security Document, Euroclear Document or Clearstream Document[7] to govern the contractual aspects of a security interest (creation) will prevail if such choice has a connection with elements of the contract[8] or, in case it does not have such a connection, if the choice of such law corresponds to a serious interest of the parties[9].

[7] In a contractual scenario, Portuguese conflict of laws rules determine that the law regulating the rights of possession, property and other related rights (thus, including security interests in collateral) are subject to the law where such assets are located (*lex situs*).
[8] Article 41, paragraph 2 of the Civil Code.
[9] On the agreements between residents from countries who are parties to the Rome Convention on Contractual Obligations of 18 June 1980, or to whom the Regulation (EC) No 593/2008 of the European Parliament and the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I) is applicable the chosen law needs not even to correspond to a serious interest of the parties.

In our opinion, the choice of English law or the law of the State of New York to govern a complex financial instrument agreement, such as the Master Agreement, should be deemed a serious interest of both parties, which makes the law chosen by the parties in their Security Documents, Euroclear Documents or Clearstream Documents valid and enforceable in Portugal.

Notwithstanding the above, the law chosen by the parties will not apply if it involves the violation of Portuguese public policy and principles and, that fact cannot be alternatively remedied under such (foreign) chosen law. In such a case, Portuguese law will prevail and regulate the matters that fall under that public policy scrutiny. In our opinion, however, the creation of a security interest under the Security Documents, the Euroclear Documents or the Clearstream Documents will not affect Portuguese public policy and thus the law chosen by the parties in each of the Security Documents, Euroclear Documents or Clearstream Documents will govern such creation of a security interest in the Eligible Collateral and be recognized as valid by Portuguese courts.

We confirm our answer applies to all three scenarios described before question 1 above.

2. ***Under the laws of Portugal, what law governs the proprietary aspects of a security interest (i.e., the formalities required to protect a security interest in Collateral against competing claims) granted by the Collateral Provider under each Security Document, the Euroclear Documents and the Clearstream Documents (for example, the law of the jurisdiction of incorporation or organization of the Collateral Provider, the jurisdiction where Collateral is located, or the jurisdiction of location of the Euroclear Documents and the Clearstream Documents Intermediary in relation to Collateral in the form of indirectly held securities)? What factors would be relevant to this question? Where the Location (or deemed Location) of the Collateral is the determining factor, please briefly describe the principles governing such determination under the laws of Portugal with respect to the different types of Collateral. In particular, please describe how the laws of Portugal apply to each form in which securities Collateral may be held under (a) the Non-IM Security Documents pursuant to assumption (i) above; (b) the IM Security Documents pursuant to assumption (n) above and (c) the arrangements described in assumption (o) above.***

In regard to the proprietary aspects (perfection) of the security interest, under the same choice of law rules indicated in answer to question 1 above, the law chosen by the parties will in principle govern[10]. However, if the Eligible Collateral is located or deemed located in Portugal, such choice will be subject to local public policy. To that end, the concept of location is decisive.

Under Portuguese law, cash will be deemed located in Portugal if held in an account, when the place of repayment by the bank is in Portugal[11].

Where securities are concerned, the situation will vary according to the forms in which securities can be held and we will address them by following the list presented in assumption (i) above:

(i) Directly held bearer securities[12] – It is prohibited under Portuguese law to issue securities in bearer form[13];

(ii) Directly held registered securities – these will be deemed located in Portugal whenever the registrar is located in Portugal[14];

(iii) Directly held dematerialized securities – these will be deemed located in Portugal whenever the registrar is located in Portugal[15]; and

(iv) Intermediated securities – these (either in dematerialized and/or immobilized form) will be deemed located in Portugal if the account in which the entries are made is

[10] Article 41, paragraph 2 of the Civil Code.
[11] Articles 1205, 1206 and 1142 of the Civil Code. If the parties have not stated the place of repayment, it will be the head office of the bank, as per Article 1195 of the Civil Code.
[12] Law 15/2017 prohibits the issuance of securities in bearer form, establishing that all shares must be in registered form. This law entered into force on 4 May 2017 and it creates a transitory regime for the conversion into registered form of all securities in bearer form existing on that date (within six months). After the six months period established for the aforementioned conversion, it will, from that moment on: i) be prohibited to transfer securities in bearer form; and ii) be suspended the right to participate in distributions of results related to securities in bearer form. The transitory regime has ended and therefore the prohibitions related to securities in bearer form are now in full force.
[13] These securities would be deemed located in Portugal if the issuer was a Portuguese Entity: Article 41 (c) of the Securities Code, approved by Decree-Law no. 486/99, of 13 November 1999, as amended by Decree-law no. 22/2016, of 3 June 2016, implementing Directives 2013/50/UE, of the European Parliament and the Council of 22 October 2013, which amends Directive 2004/109/EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC. The issuer's law of incorporation will only be deemed applicable on a residual basis whenever the securities are not held in a CSD and are not registered with a registrar.
[14] Article 41 (b) of the Securities Code.
[15] Article 41 (b) of the Securities Code.

located in Portugal[16].

With respect to IM Security Documents and the arrangements described under assumption (o), the rules described above will also apply to the Collateral provided under the IM Security Document, Euroclear Document or Clearstream Document (cash or securities).

If the Eligible Collateral or the Collateral is located or deemed located in Portugal, the perfection of the security interests granted in connection therewith will involve public policy issues[17]. Hence, in regard to perfection, notwithstanding the law chosen by the parties in each of the Security Documents, Portuguese law will prevail for public policy reasons if the Eligible Collateral or the Collateral is located or deemed located in Portugal. Below, we will briefly describe Portuguese law perfection requirements applicable to Eligible Collateral or Collateral located or deemed located in Portugal:

(i) A security interest (*Penhor Financeiro*) on cash held in an account will be deemed enforceable if the bank is notified of the creation of the security interest[18].

(ii) A security interest (*Penhor Financeiro*) on directly held registered securities will be deemed created and perfected[19] by stating it in the physical certificate and subsequently registering it in the relevant issuer/registrar books, as applicable[20].

(iii) A security interest (*Penhor Financeiro*) on directly held dematerialized securities will be deemed created and perfected by registering it with the issuer/registrar, as applicable[21].

(iv) A security interest (*Penhor Financeiro*) on intermediated securities, will be deemed created and perfected by registering it with the Intermediary[22].

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[16] Article 21 of Decree-Law no. 105/2004, of 8 May 2004, as amended by Decree-Law no. 85/2011, of 29 June 2011 and Decree-Law no. 192/2012, of 23 August 2012 (the "**Decree-Law no. 105/2004, of 8 May 2004"**).
[17] Article 21 of Decree-Law no. 105/2004, of 8 May 2004.
[18] Article 681 (2) of the Civil Code and Articles 6 and 7 (3) of Decree-Law no. 105/2004, of 8 May 2004. The bank will, pursuant to such instructions, be required to make the relevant entries in the accounts of the collateral provider and collateral taker.
[19] Portuguese statutory law does not clearly distinguish between the creation and perfection steps. In fact, under the Securities Code, a *Penhor Financeiro* charged on dematerialized and/or immobilized securities is considered created and perfected through the registration in the relevant Custodian's books – more precisely, in the holder's individual custody account with such Custodian.
[20] Articles 102 and 103 of the Securities Code.
[21] Article 81 of the Securities Code.
[22] Article 6, 7 (3) and 8 of Decree-Law no. 105/2004, of 8 May 2004.

Finally, please note that in the case of directly held registered securities, directly held dematerialized securities and intermediated securities, the timing of such registrations/records is relevant since security interests will only be deemed enforceable against *bona fide* third parties as of their registration/record dates. In fact, the enforceability as against such *bona fide* third parties always runs from the date of registration or recording of the security interest[23].

3. ***Would the courts of Portugal recognize a security interest in each type of Eligible Collateral created under each Security Document, the Euroclear Documents and the Clearstream Documents? In answering this question, please bear in mind the different forms in which securities Collateral may be held, as described in assumption (i) above with respect to Non-IM Security Documents, in assumption (n) above with respect to IM Security Documents and in assumption (o). Please indicate, in relation to cash Collateral, if your answer depends on the location of the account in which the relevant deposit obligations are recorded and/or upon the currency of those obligations.***

Although under Portuguese law the creation of a *Penhor Financeiro* on Eligible Collateral located in Portugal is subject to different requirements (please see references to local creation requirements in answer to question 2 above), Portuguese law accepts the choice of law made by the parties under the Security Documents, the Euroclear Documents or the Clearstream Documents and thus any security interest validly created under such chosen law in regard to any Eligible Collateral – including cash Collateral – will be upheld even if such Eligible Collateral is Located, or deemed Located, in Portugal.

This opinion – as we have expressed in answer to question 2 above – in the case of Eligible Collateral located in Portugal, does not extend to the perfection step of such Eligible Collateral which, for perfection purposes and enforceability against *bona fide* third-parties, will have to abide by such local requirements.

In summary, a Security Interest created under the Security Documents, the Euroclear Documents or the Clearstream Documents and, in regard to Eligible Collateral located in

[23] Articles 6 to 8 of Decree-Law no. 105/2004, of 8 May 2004.

Portugal, perfected under applicable Portuguese perfection rules, will be enforceable in Portugal and upheld as such by a Portuguese Court[24].

The same applies to a Security Interest created under an IM Security Document or an arrangement described in assumption (o).

4. ***What is the effect, if any, under the laws of Portugal of the fact that the amount secured or the amount of Eligible Collateral subject to the security interest will fluctuate under the Master Agreement and the relevant Security Document, Euroclear Documents or Clearstream Documents (including as a result of entering into additional Transactions under the Master Agreement from time to time)? In particular:***

(a) would the security interest be valid in relation to future obligations of the Collateral Provider?

As we have discussed above (answers to questions 1 and 2), Portuguese law will accept the parties' choice of law in the Security Documents, Euroclear Documents or Clearstream Documents except in regard to the perfection step of security interests in relation to Eligible Collateral located or deemed located in Portugal. Hence, the fluctuation of the amount secured or of Eligible Collateral will be valid as provided in the Master Agreement and relevant Security Documents if valid under the law of the contract.

Please note that even if Portuguese law was deemed applicable, it would be possible to secure future obligations[25] of the Collateral Provider by means of a previous security interest if the obligations to be secured in fact arise and steps for perfection are fulfilled in regard to Collateral located or deemed located in Portugal, as discussed earlier.

(b) would the security interest be valid in relation to future Collateral (that is, Eligible Collateral not yet delivered to the Collateral Taker at the time of entry into the relevant Security Document, the Euroclear Documents or the Clearstream Documents)?

[24] On this subject, please refer to the suggested amendments included in Appendix C.

[25] Article 666 of the Civil Code.

If Portuguese law was deemed applicable, a security interest in relation to future Collateral would be valid if such Eligible Collateral could be determinable. Under Portuguese law, the parties' contractual freedom is not only limited by public policy and principles, but also by physical or legal impossibility, illegality and non-determinability[26]. In practice this means that the relevant Eligible Collateral needs to be indicated in the relevant Security Document, Euroclear Documents or Clearstream Documents (as it generally is in a sufficient manner), to comply with this determinability requirement as it is contemplated by the Security Documents, Euroclear Documents or Clearstream Documents. Such indication on the Eligible Collateral would also have to occur at the time of delivery.

Moreover, in case of a security interest in relation to Eligible Collateral located or deemed located in Portugal, the local perfection requirement will additionally need to be met for local enforcement purposes – these perfection requirements will require the identification of the collateral subject to the security interest[27].

(c) is there any difficulty with the concept of creating a security interest over a fluctuating pool of assets, for example, by reason of the impossibility of identifying in the Security Documents, the Euroclear Documents or the Clearstream Documents the specific assets transferred by way of security?

In line with the answers to question 4 (a) and (b) above, Portuguese law will not invalidate a security agreement over Eligible Collateral not specifically identified, including due to being a fluctuating pool of assets, because it would not *per se* violate its public policy. Hence, the Master Agreement, the relevant Security Documents, Euroclear Documents or Clearstream Documents and the law chosen by the parties shall be deemed to govern this issue.

Nevertheless, the effect of such contractual provisions regarding security interests on Eligible Collateral located or deemed located in Portugal would be confined to the contracting parties – i.e. not being enforceable against *bona fide* third parties in Portugal unless the local

[26] Article 280 of the Civil Code.
[27] Articles 6 to 8 of Decree-Law no. 105/2004, of 8 May 2004.

perfection requirements are met (as mentioned in answer to question 4 (b) above, these local perfection requirements will involve the identification of the Collateral subject to the security interest).

(d) is it necessary under the laws of Portugal for the amount secured by each Security Document, Euroclear Documents or Clearstream Documents to be a fixed amount or subject to a fixed maximum amount?

Portuguese law will not invalidate the Security Documents, Euroclear Documents or Clearstream Documents for not having a fixed amount or a fixed maximum amount because such provisions would not violate its internal public policy.

If Portuguese law is deemed applicable, there would be no need to state in the Security Documents, Euroclear Documents or Clearstream Documents the amount of the obligation being secured or to indicate a fixed maximum amount. However, as mentioned before, a security interest on Eligible Collateral located or deemed located in Portugal would only be enforceable against *bona fide* third parties in Portugal if the local perfection requirements were met, including the determinability principle referred to in 4 (b) above[28].

(e) is it permissible under the laws of Portugal for the Collateral Taker to hold Collateral in excess of its actual exposure to the Security Collateral Provider under the related Master Agreement?

Holding collateral in excess of the actual exposure under the Master Agreement will be deemed a contractual issue between the counterparties to be governed thereunder. In our opinion the contractual provisions regulating this matter will not violate Portuguese internal public policy *per se*.

Hence, the only aspect that will entail the application of Portuguese law is, once again, the perfection of security interests on Collateral located or deemed located in Portugal. These security interests will only be enforceable against *bona fide* third parties in Portugal if the

[28] Articles 280 and 681 of the Civil Code.

local perfection requirements are met. The provision of excess of collateral is therefore enforceable under Portuguese law if the perfection requirements in regard thereto are met as discussed in the answer to question 2 above.

We confirm all our answers in question 4 apply to the three scenarios described before question 1 above.

5. ***Assuming that the courts of Portugal would recognize the security interest in each type of Eligible Collateral created under each Security Document, Euroclear Documents or Clearstream Documents is any action (filing, registration, notification, stamping, notarization or any other action or the obtaining of any governmental, judicial, regulatory or other order, consent or approval) required in Portugal to perfect that security interest?***

Under the Securities Code[29] and Decree-Law no. 105/2004, of 8 May 2004, as amended by Decree-Law 85/2011, of 29 June 2011 and Decree-Law no. 192/2012, of 23 August 2012 (the "**Decree-Law no. 105/2004, of 8 May 2004"**), the perfection of security interests is subject to the rules of the place where the Eligible Collateral is located or deemed located. Thus, only if Portuguese perfection rules apply will there be the need for any registration or record – these requirements have been indicated in answer to question 2 above.

We confirm our answer applies to all three scenarios described before question 1 above.

6. ***If there are any other requirements to ensure the validity or perfection of a security interest in each type of Eligible Collateral created by the Collateral Provider under each Security Document, the Euroclear Documents or the Clearstream Documents, please indicate the nature of such requirements. For example, is it necessary as a matter of formal validity that the Security Document, the Euroclear Documents and the Clearstream Documents be expressly governed by the law of Portugal or translated into any other language or for it to include any specific wording? Are there any other documentary formalities that must be observed in order for a security interest created under each Security Document, the Euroclear Documents or the Clearstream Documents to be***

[29] Article 41 of the Securities Code.

recognized as valid and perfected in Portugal?

There are no other requirements other than the requirements indicated in answer to question 2 above. Please note, however, that judicial enforcement in Portugal will naturally involve the translation of the Security Documents, the Euroclear Documents or the Clearstream Documents and related documentation into Portuguese.

We confirm our answer applies to all three scenarios described before question 1 above.

7. ***Assuming that the Collateral Taker has obtained a valid and perfected security interest in the Eligible Collateral under the laws of Portugal, to the extent such laws apply, by complying with the requirements set forth in your responses to questions 1 to 6 above, as applicable, will the Collateral Taker or the Collateral Provider need to take any action thereafter to ensure that the security interest in the Eligible Collateral continues and/or remains perfected, particularly with respect to additional Collateral transferred by way of security from time to time whenever the Credit Support Amount (or the amount of Collateral required to be delivered under the relevant Security Document, the Euroclear Documents or the Clearstream Documents as applicable) exceeds the Value of the Collateral held by the Collateral Taker?***

Neither the Collateral Taker nor the Collateral Provider need to take additional action, provided that the perfection requirements previously indicated (please see answer to question 5 above), in what concerns Eligible Collateral Located or deemed Located in Portugal, are followed in relation to the additional Collateral to be transferred by way of security[30].

We confirm our answer applies to all three scenarios described before question 1 above.

8. ***Assuming that (a) pursuant to the laws of Portugal, the laws of another jurisdiction govern the creation and/or perfection of a security interest in the Eligible Collateral transferred by way of security pursuant to each Security Document, the Euroclear Documents and the Clearstream Documents (for example, because such Collateral is***

[30] Article 17 (2) (a) of Decree-Law no. 105/2004, of 8 May 2004.

Located or deemed to be Located outside Portugal) and (b) the Collateral Taker has obtained a valid and perfected security interest in the Eligible Collateral under the laws of such other jurisdiction, will the Collateral Taker have a valid security interest in the Collateral so far as the laws of Portugal are concerned? Is any action (filing, registration, notification, stamping or notarization or any other action or the obtaining of any governmental, judicial, regulatory or other order, consent or approval) required under the laws of Portugal to establish, perfect, continue or enforce this security interest? Are there any other requirements of the type referred to in question 6 above?

In the situation presented, since in our opinion there will be no public policy issues to prevail over any other law deemed applicable to such security interest, Portuguese law will accept such a validly created and perfected security interest in relation to Eligible Collateral not located or deemed located in Portugal. The enforcement of such security interest in Portugal will not require any specific action. Please note, however, that if such enforcement is to be carried out by means of a judicial recognition of a foreign court decision, it must follow the proper foreign court decision recognition procedure, and translation of all relevant documents into Portuguese will be required.

We confirm our answer applies to all three scenarios described before question 1 above.

9. ***Are there any particular duties, obligations or limitations imposed on the Collateral Taker in relation to the care of the Eligible Collateral held by it pursuant to each Security Document, the Euroclear Documents or the Clearstream Documents?***

In the event a security interest in relation to Eligible Collateral is located or deemed located in Portugal, and thus subject to Portuguese perfection rules, the Collateral Taker is obliged to (i) keep and manage the Eligible Collateral as a "diligent owner"[31] would, being responsible for its existence (as provided for under each of the Security Documents, the Euroclear Documents or the Clearstream Documents), (ii) abstain from using the Eligible Collateral unless expressly authorized to do so by the Collateral Provider (as provided for in the NY Annex) and (iii)

[31] This term of art according to Portuguese authors corresponds materially to an honest and conscious conduct to be conceptually grounded in the *bonus pater familias* principle.

return the assets or equivalent fungible assets pursuant to the terms of each Security Document, Euroclear Document or Clearstream Document[32]. Thus, the duties and obligations imposed by Portuguese law are generally consistent with the terms and conditions of the Security Documents, the Euroclear Documents or the Clearstream Documents as written.

We confirm our answer applies to all three scenarios described before question 1 above.

10. ***Please note that under the terms of the 1995 Deed, the Secured Party is not permitted to use any Collateral securities it holds. This is because at the time that the 1995 Deed was published, it was thought, as a matter of English law, that any such use is or may be incompatible with the limited nature of the interest that the Secured Party has in the Collateral. On the other hand, unless otherwise agreed to by the parties, Paragraph 6 (c) of the 1994 NY Annex and the VM NY Annex grants the Secured Party broad rights with respect to the use of Collateral, provided that it returns equivalent Collateral when the Pledgor is entitled to the return of Collateral pursuant to the terms of the 1994 NY Annex or the VM NY Annex, as applicable. Such use might include pledging or rehypothecating the securities, disposing of the securities under a securities repurchase (repo) agreement or simply selling the securities. Do the laws of Portugal recognize the right of the Secured Party to use such Collateral pursuant to an agreement with the Pledgor? In particular, how does such use of the Collateral affect, if at all, the validity, continuity, perfection or priority of a security interest otherwise validly created and perfected prior to such use? Are there any other obligations, duties or limitations imposed on the Secured Party with respect to its use of the Collateral under the laws of Portugal?***

In case of a security interest in relation to Eligible Collateral Located or deemed Located in Portugal, and thus subject to Portuguese perfection rules, as stated in the answer to question 9 above, we are of the opinion that the Collateral Taker may use the Posted Collateral as long as such use has been accepted by the Pledgor (namely under the terms of the 1994 NY Annex and the VM NY Annex)[33]. Furthermore, the Collateral Taker shall also keep and manage the Posted Collateral as a diligent owner, being responsible for its existence and conservation. In

[32] Article 671 of the Civil Code.
[33] Article 671 of the Civil Code and Articles 9 and 10 of Decree-Law no. 105/2004, of 8 May 2004.

the event the Pledgor does not accept the use of the Posted Collateral, the Collateral Taker may only use it when said use proves to be indispensable to its conservation. There are no other obligations, duties or limitations imposed on the Collateral Taker with respect to its use of the Collateral under the laws of Portugal.

11. ***What is the effect, if any, under the laws of Portugal on the validity, continuity, perfection or priority of a security interest in Eligible Collateral under each Security Document of the right of the Collateral Provider to substitute Collateral pursuant to Paragraph 4 (d) (or in the case of the IM Deed, the 2018 IM Deed, Paragraph 4(e)) of each Annex and Deed or, in relation to the Bank Custodian Documents, Paragraph 4(e) of the 2019 Multi Law CTA)? How does the presence or absence of consent to substitution by the Collateral Taker affect your response to this question? Please comment specifically on whether the Collateral Provider and the Collateral Taker are able validly to agree in the Security Document that the Collateral Provider may substitute Collateral without specific consent of the Collateral Taker and whether and, if so, how this may affect the nature of the security interest or otherwise affect your conclusions regarding the validity or enforceability of the security interest. Note that the parties may also give upfront consent in the IM Security Documents to any substitution made by the Collateral Provider and/or the Custodian in accordance with the terms of the agreement described in assumption (n)(z). Please answer this question in connection with the Euroclear and Clearstream arrangements as the terms of the tri-party agreements will permit substitutions (see Paragraph 3.5 of the Euroclear CTA and Clearstream CTA for where this is contemplated in the bilateral agreements). Please assume that the tri-party documents contemplate substitutions being made by Euroclear/Clearstream and opine on the effect on the security of such an arrangement.***

In the event a security interest in relation to Eligible Collateral Located or deemed Located in Portugal, and thus subject to Portuguese perfection rules, the substitution of Collateral as documented/agreed under the Security Documents, Euroclear Documents or Clearstream Documents will be upheld, no specific consent of the Collateral Taker being required. However, security interests in relation to the replaced Eligible Collateral as well as the replacing Eligible Collateral will only be enforceable against *bona fide* third parties in

Portugal if the local perfection requirements above mentioned are met. The substitution of Collateral will not affect the priority of the Collateral Taker's claim[34].

We confirm our answer applies to all three scenarios described before question 1 above.

Enforcement of rights under the Security Documents, the Euroclear Documents and the Clearstream Documents by the Collateral Taker in the absence of an Insolvency Proceeding

Note the additional assumption in (l) above which applies to questions 12 to 15 below.

12. ***Assuming that the Collateral Taker has obtained a valid and perfected security interest in the Eligible Collateral under the laws of Portugal, to the extent such laws apply, by complying with the requirements set forth in your responses to questions 1 to 6 above, as applicable, what are the formalities (including the necessity to obtain a court order or conduct an auction), notification requirements (to the Collateral Provider or any other person) or other procedures, if any, that the Collateral Taker must observe or undertake in exercising its rights as a Secured Party or Security-taker under each Security Document, the Euroclear Documents or the Clearstream Documents such as the right to liquidate the Collateral? For example, is it free to sell the Collateral (including to itself) and apply the proceeds to satisfy the Collateral Provider's outstanding obligations under the Master Agreement? Do such formalities or procedures differ depending on the type of Collateral involved?***

The procedures for the liquidation of the Collateral depend on the nature of the Collateral involved:

a) Securities

In the case of default, the Collateral Taker will be entitled to exercise its rights under each Security Document, the Euroclear Documents or the Clearstream Documents by sale or

[34] Article 17 of Decree-Law no. 105/2004, of 8 May 2004.

appropriation of the securities and by setting off their value against, or applying their value in discharge of the relevant financial obligations. Appropriation, however, is only possible if (i) it has been agreed by the parties in the Security Document, the Euroclear Documents or the Clearstream Documents and (ii) a valuation method for such Collateral has been provided therein[35]. No other formalities, procedures or notification requirements will apply (unless specifically provided for by the parties in the Security Document, the Euroclear Documents or the Clearstream Documents)[36].

b) Cash

Portuguese law establishes in general that to enforce set-off rights the Collateral Taker would need to notify the other party of such set-off. This notification, however, can be waived as it generally is in the Security Documents, the Euroclear Documents or the Clearstream Documents, such waivers being valid and enforceable in Portugal. No other formalities, procedures or notification requirements will apply (unless if specifically provided for by the parties in the Security Document)[37].

We confirm our answer applies to all three scenarios described before question 1 above.

13. ***Assuming that (a) pursuant to the laws of Portugal, the laws of another jurisdiction govern the creation and/or perfection of a security interest in the Eligible Collateral transferred by way of security pursuant to each Security Document, the Euroclear Documents and the Clearstream Documents (e.g., because such Collateral is Located or deemed to be Located outside Portugal), and (b) the Collateral Taker has obtained a valid and perfected security interest in the Eligible Collateral under the laws of such other jurisdiction, are there any formalities, notification requirements or other procedures, if any, that the Collateral Taker must observe or undertake in Portugal in exercising its rights as a Secured Party or Security-taker under each Security Documents, the Euroclear Documents and the Clearstream Documents?***

No. Since the assets are held outside of Portugal, the Collateral Taker will have the possibility

[35]Article 675 of the Civil Code and Articles 11 and 12 of Decree-Law no. 105/2004, of 8 May 2004.
[36]Article 8 (2) of Decree-Law no. 105/2004, of 8 May 2004. Please refer to our answer 18 below for an insolvency scenario.
[37] Article 8 (2) of Decree-Law no. 105/2004, of 8 May 2004.

to exercise its rights in accordance with the Security Documents, the Euroclear Documents and the Clearstream Documents and/or under the laws of the country where such Collateral is Located or deemed Located.

We confirm our answer applies to all three scenarios described before question 1 above.

14. ***Are there any laws or regulations in Portugal that would limit or distinguish a creditor's enforcement rights with respect to Collateral depending on (a) the type of transaction underlying the creditor's exposure, (b) the type of Collateral or (c) the nature of the creditor or the debtor? For example, are there any types of "statutory liens" that would be deemed to take precedence over a creditor's security interest in Collateral?***

(a) No. The type of transactions will not be relevant to distinguish any creditor's enforcement rights with respect to Collateral.

(b) No. Since the enactment of Decree-Law no. 105/2004, of 8 May 2004, the Collateral Taker is clearly entitled to liquidate the securities by way of an out of court sale or by appropriation and by setting off the value of such securities against (or applying their value in discharge of) the relevant obligations. Thus, from a legal standpoint, the type of collateral – cash or securities – does not limit or distinguish a creditor's enforcement rights, as in both cases set-off mechanisms are permitted and the intervention of a court or other public authority is not required.

(c) Portuguese law grants certain creditors a preference against other secured creditors such as the Collateral Taker. A legal preference grants certain creditors the right to be paid with preference over other creditors, given the nature of their credit. Legal preferences do not require registration in order to be enforceable[38]. A **general** legal preference is a lien on all assets of the debtor and is not enforceable against third parties having rights *in rem* regarding specific assets (such as an interest in Eligible Collateral). **Special** legal preferences, however, are similar in nature to a lien *in rem*, insofar as such special preferences are linked to specific movable or immovable assets[39].

[38] Article 733 of the Civil Code.
[39] Article 735, paragraph 2 of the Civil Code.

Notwithstanding, the Portuguese Insolvency Law[40] establishes that in an insolvency scenario secured creditors are paid out of the assets granted as collateral, prior to all other creditors, including creditors benefiting from a general legal preference (as opposed to a special legal preference)[41]. In the case of a special legal preference, as defined above, the order by which the credits would be paid is set forth in the Civil Code. Special legal preferences on immovable property are enforceable *vis à vis* third parties, regardless of the order of creation of the relevant securities. In the case of special legal preferences on movable assets, however, secured creditors and creditors with legal preference over the same asset shall be ranked according to the order of perfection of the relevant security. As such, a special legal preference could never prevail over the rights of the Collateral Taker in the Posted Collateral. Thus, a Collateral Taker would prevail, if the security interest (*Penhor Financeiro*) were validly created and previously perfected, on the Posted Collateral.

With respect to the Autonomous Regions, which are generally qualified as quasi-sovereign entities, the creditor's enforcement rights are not set aside or affected, under Portuguese law, on the grounds of sovereign immunity. The conclusions set forth in the previous paragraphs are therefore applicable.

We confirm our answer applies to all three scenarios described before question 1 above.

15. ***How would your responses to questions 12 to 14 above change, if at all, assuming that an Event of Default, exists with respect to the Collateral Taker rather than or in addition to the Collateral Provider (for example, would this affect the ability of the Collateral Taker to exercise its enforcement rights with respect to the Collateral)?***

The responses would not change. Also, we confirm our answer applies to all three scenarios described before question 1 above.

Enforcement of rights under the Security Documents, the Euroclear Documents and the Clearstream Documents by the Collateral Taker after the commencement of an insolvency proceeding

[40] Decree-Law no. 53/2004, of 18 March 2004, as amended.
[41] Article 174 of the Insolvency Law.

Note the additional assumption in (m) above which applies to questions 16 to 18 below.

16. ***How are competing priorities between creditors determined in Portugal? What conditions must be satisfied if the Collateral Taker's security interest is to have priority over all other claims (secured or unsecured) of an interest in the Eligible Collateral?***

For rules concerning competing priorities due to the nature of the creditors, please see answer to question 14 (c) above. For priorities in connection with the credits themselves, a security interest (*Penhor Financeiro*) in assets or rights located or deemed located in Portugal and validly perfected under Portuguese law, will provide the Collateral Taker with the right to be paid the proceeds of those assets/rights before the remaining (unsecured) creditors[42].

We confirm our answer applies to all three scenarios described before question 1 above.

17. ***Would the Collateral Taker's rights under each Security Document, the Euroclear Documents and the Clearstream Documents such as the right to liquidate the Collateral, be subject to any stay or freeze or otherwise be affected by commencement of the insolvency (that is, how does the institution of an insolvency proceeding change your responses to questions 12 and 13 above, if at all)?***

In our opinion the parties have validly set out their rights and obligations under the Master Agreement and the Security Documents, the Euroclear Documents and the Clearstream Documents in a manner which is valid and enforceable under Portuguese law. Under the Portuguese Netting Law[43] and Decree-Law no. 105/2004, of 8 May 2004 (which adopted Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002, on financial collateral arrangements, amended by Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 which has been implemented in Portugal by Decree-Law no. 85/2011, of 29 June 2011), close-out netting and set-off mechanisms provided in the Master Agreement and in the Security Documents, the Euroclear Documents and the Clearstream Documents are in general valid and enforceable in Portugal even following the commencement of an insolvency proceeding or similar proceedings in Portugal

[42] Article 666 of the Civil Code.
[43] Decree-Law no. 70/97, of 3 April 1997.

of a party to the Master Agreement[44]. Hence, the Collateral Taker would be entitled to follow the procedures for the liquidation of collateral as indicated in answer to question 12 above and would not be subject to any stay or freeze or be otherwise affected by the commencement of the insolvency.

However, Decree-Law no. 31-A/2012 of 10 February 2012, which amended Portuguese Banking Law[45], introduced an important exception to the enforcement of close-out netting and set-off mechanisms in cases where the Bank of Portugal determines the applicability of resolution measures to credit institutions. Pursuant to article 145-E of the Banking Law, whenever the following requirements are met:

(i) the institution is insolvent or is declared by the Bank of Portugal to be at risk of being insolvent (e.g. the institution does not comply with, or is at serious risk of not complying with, the legal requirements for the maintenance of the authorization to carry out its activity; its liabilities exceed its assets; the institution cannot comply with its obligations in due time; etc.);

(ii) insolvency is not likely to be avoided in a reasonable period of time neither through measures implemented by the credit institution itself, nor by the application of corrective measures or the application of resolution powers by the Bank of Portugal;

(iii) the resolution measures are necessary and proportional for the pursuit of any of the resolution purposes established by law[46]; and

(iv) the liquidation of the credit institution, due to the withdrawal of its authorization to carry out the activity, is not an efficient way to achieve the resolution purposes, namely to ensure the continuity of essential financial services to the economy, to prevent serious consequences to financial stability, to safeguard the taxpayers interests and the public interest in general (by reducing the extraordinary public financial support) and to protect the deposits guaranteed by the Guarantee Fund and the Investor's Compensation Scheme.

the Bank of Portugal may determine the applicability of one or more of the following

[44] Article 18 (1) of the Decree-Law no. 105/2004, of 8 May 2004.
[45] As amended by Decree Law no. 144/2019 of 23 September 2019.
[46] Article 145-C/1 of the Banking Law.

resolution measures, to a credit institution:

(i) total or partial sale of the business;

(ii) total or partial transfer of the business to bridge institutions;

(iii) segregation and total or partial transfer of the business to asset management vehicles; and

(iv) write-down and conversion of liabilities tool, also known as bail-in.

Please note that there is no definition of derivatives for the purposes of bail-in. However the definition of derivatives is set out in Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014 and covers the following financial instruments[47]:

(i) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;

(ii) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);

(iii) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF or an OTF, except for the wholesale energy products traded on an OTF that must be physically settled;

(iv) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in C.6 of the Directive and not being for commercial purposes, which have the characteristics of other derivative financial instruments,;

(v) Derivative instruments for the transfer of credit risk;

(vi) Financial contracts for differences;

[47] Paragraphs 4 to 10 of Section C of Annex I to Directive 2004/39/EC, of the European Parliament and of the Council, of 21 April 2004, as implemented by articles 38 and 39 of Regulation (EC) No 1287/2006 (this Directive is no longer in force and was replaced by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (the "Directive"), Paragraphs 4 to 10 of Section C of Annex I as supplemented by Article 7 and 8 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016).

(vii) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in Section C.6 of the Directive, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or an MTF

In light of the above, we understand that stock loans and repos are not covered by the definition of derivatives enshrined in the Banking Law and, therefore, do not fall within the safeguard of derivatives only being bailed in on a net basis. Nevertheless, they will not be capable of being bailed-in if they are guaranteed by a security *in rem*.

The decision of the Bank of Portugal to apply a resolution measure to a credit institution may be followed by the suspension, until the end of the business day immediately after the notification or announcement of the decision, of the right of early termination (established under netting conventions) of the agreements entered into with that credit institution, inasmuch as the payment and delivery obligations, along with the provision of collateral, continue to be complied with[48]. The same power is foreseen in relation to agreements entered into with a subsidiary of the credit institution, if certain requirements are met[49].

In accordance, a party may only exercise the early termination right before such period expires after a communication by the Bank of Portugal ensuring that the rights and obligations covered by the agreement were not transferred to another entity or were not subject to a reduction or conversion under the bail-in tool[50]. When the rights and obligations covered by the agreement have not been transferred to another entity, the Bank of Portugal has not

[48] Article 145-AB/1 d) and e) of the Banking Law.
[49] i.e., if: i) the obligations included in the agreement are secured, performed or assured by the credit institution; ii) the right of early termination, as well as the rights of termination, opposition to renewal of the agreement and modification of its conditions, enshrined in the agreement, are supported in the financial situation or, when the agreement is subject to foreign law, in the liquidation of the credit institution under resolution; and iii) when the rights, obligations, the ownership of the shares or other securities representing the share capital of the credit institution under resolution have been transferred, every right and obligation of the subsidiary in relation to that agreement have been or may be transferred and assumed by the transferor, or the Bank of Portugal provides for any other way of protection , which is adequate to the obligations foreseen in the agreement.
[50] Article 145-AB/5 of the Banking Law.

applied the bail-in tool, and the respective communication has not been made, the early termination right may only be exercised, under the terms of the agreement, after the suspension period has elapsed[51]. However, if the rights and obligations are transferred to another entity, the early termination right may only be exercised on the grounds of a fact attributable to the transferee, which, under the terms of that agreement, would trigger execution[5253].

Nevertheless, the exercise of the resolution powers shall not affect the exercise of the rights of the parties in relation to the agreements entered into with the credit institution when based on an act or omission of the latter in a moment prior to the transfer, or on an act or omission of the transferee[5455].

Furthermore, the application of the measures foreseen in the aforementioned provisions, as well as the occurrence of any fact inherent or related with the application of those measures, do not constitute grounds (on its own) to[56]:

(i) Prompt the execution of securities[57];

(ii) Initiate insolvency proceedings[58];

(iii) Trigger the exercise of rights of termination, suspension, modification, compensation or netting, even if the agreement at stake was entered into a) by a subsidiary whose obligations were guaranteed, performed or by any other mean ensured by the mother-company or by an entity of the corporate group; or b) by an entity of the group and included early termination or cross default; or

(iv) Exercise possession, administration and disposition rights over the assets owned by the Credit Institution under resolution or by an entity of the group, or

[51] Article 145-AB/7 of the Banking Law.
[52] Article 145-AB/6 of the Banking Law.
[53]On this subject, please refer to the suggested amendments included in Appendix C.
[54] Article 145-AB/10 of the Banking Law.
[55] On this subject, please refer to the suggested amendments included in Appendix C.
[56] Article 145-AV of the Banking Law.
[57] Under Decree-Law no. 105/2004, of 8 May 2004 as amended by Decree-Law no. 85/2011, of 29 June 2011 and Decree-Law no. 192/2012, of 23 August 2012.
[58] Under Decree-Law no. 221/2000, of 9 September, as amended by Decree-Law no. 40/2014, of 18 March 2014 and under Decree-Law no. 53/2004, of 17 March 2004, as amended by Decree-Law no. 84/2019, of 28 June 2019.

to execute any security on those assets.

Notwithstanding, early termination rights based on the occurrence of any other Event of Default will be valid and enforceable[59]. Moreover, the suspensions and restrictions foreseen in article 145-AB do not constitute a breach of a contractual obligation[60].

However, an important limitation to the powers of the Bank of Portugal, when netting agreements have been entered into, is set forth under article 145-AD of the Banking Law. In cases where the Bank of Portugal applies a resolution measure which aims to partially transfer the rights and obligations of a credit institution, a bridge institution or an asset management vehicle to another entity, or, on the other hand, decides to set aside or modify the terms and conditions of an agreement to which the credit institution under resolution is a party, or to transfer to a third-party the contractual position of an entity to which the credit institution's rights and obligations were transferred to, it may not: (i) partially transfer the rights and obligations emerging from netting agreements; nor (ii) modify or extinguish the rights and obligations emerging from the abovementioned agreements and conventions. Specifically, it is our understanding that, in accordance with these provisions, the Bank of Portugal may not split the content of a Master Agreement (e.g. transferring the profitable transactions to a good bank whilst leaving the unprofitable ones in a bad bank), nor separate a Master Agreement from its Credit Support Documents.

Hence, close-out netting and set-off mechanisms provided in the Master Agreement (when supported by a Security Document, the Euroclear Documents or the Clearstream Documents) and the rights under the Security Documents, the Euroclear Documents or the Clearstream Documents, including the right to liquidate collateral, are valid and enforceable under Portuguese Law following the commencement of an insolvency proceeding, but may, under similar proceedings (namely, the application by the Bank of Portugal of resolution measures to credit institutions) be subject to a stay or freeze for a limited period of time.

Please note that the Insolvency Law is not applicable to the Autonomous Regions, with

[59] Article 145-AV/2 of the Banking Law.
[60] Article 145-AV/3 of the Banking Law.

respect to which an insolvency scenario can only be envisaged theoretically, as it is not plausible for any such entities to become insolvent in the current Portuguese legal framework. However, Section 5 (a) (vii) of the ISDA Master Agreement provides the possibility of any of the latter *"admitting its inability generally to pay its debts as they become due"* (e.g., the Autonomous Region declares a moratorium to all or part of their due payments), thus granting the non-defaulting party the right to designate an Early Termination Date, upon which all outstanding Transactions cease and are replaced by a net payment obligation. Said declaration of a moratorium is factually a situation falling under the concept of Bankruptcy provided for under Section 5 (a) (vii) of the ISDA Master Agreement.

Section 1 of the Portuguese Netting Law provides for the possibility of netting the amounts payable by one party to the other under a contractual clause providing for it, even in an insolvency scenario of, or "*measures of similar nature"* impending on, the defaulting party. Under the Portuguese Netting Law, the close-out amount deriving therefrom would be valid and enforceable against the estate of the Autonomous Region and the relevant creditors of the defaulting party.[61]

The Netting Law itself does not clearly state whether it is applicable only to private parties, to public entities or to both. However, we are of the opinion that the Netting Law should be deemed applicable to both private and public parties: like private companies, public entities such as the Autonomous Regions enter into the ISDA Master Agreement with *close-out netting* clauses under principles of private risk management, being the credits arising out of said Agreement unquestionably of a private nature. Hence, there are no substantial reasons sustaining a differentiated rationale between public and private parties under the Portuguese Netting Law. Another argument sustaining the applicability of the Portuguese Netting Law to Autonomous Regions, is provided by Section 1 (2) of the same Decree-Law, by setting forth that the enforcement of a close-out amount against the insolvent estate and the relevant creditors of the defaulting party, is deemed applicable *"with the necessary amendments, if the legal transaction establishes that such set-off will take place if one of the parties becomes subject to a recovery or rearrangement measures or others of similar nature."* Conversely,

[61] Such *close-out netting* mechanism, even if re-characterized as *set-off* by a Portuguese court, will still be valid in Portugal and enforceable against the estate of an Autonomous Region which has admitted its inability to pay its debts as they become due and the creditors thereto.

the close-out amount can be enforced against the estate of the defaulting Autonomous Region which has previously admitted its inability generally to pay its debts as they become due. However, said inability must be *admitted* by the Autonomous Regions, being therefore excluded, under the Portuguese legal system, the possibility of a moratorium being imposed by third parties against an Autonomous Region as that scenario would be substantially equivalent to the triggering of an insolvency proceeding.

We confirm our answer applies to all three scenarios described before question 1 above.

18. ***Will the Collateral Provider (or its administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official) be able to recover any transfers of Collateral made to the Collateral Taker during a certain "suspect period" preceding the date of the insolvency as a result of such transfer constituting a "preference" (however called and whether or not fraudulent) in favor of the Collateral Taker or on any other basis? If so, how long before the insolvency does this suspect period begin? If such a period exists, would the substitution of Collateral by a counterparty during this period invalidate an otherwise valid security interest if the substitute Collateral is of no greater value than the assets it is replacing? Would the posting of additional Collateral pursuant to the mark-to-market provisions (or the IM calculation provisions in the case of the IM Security Documents, the Euroclear Documents and the Clearstream Documents) of the Security Documents, the Euroclear Documents or the Clearstream Documents during the suspect period be subject to avoidance, either because the Collateral was considered to relate to an antecedent or pre-existing obligation or for some other reason?***

The Insolvency Law[62] establishes that in certain situations a "suspect period", prior to the commencement of the insolvency proceedings, might be applicable[63]. Certain transactions are presumed by law to be suspicious and to potentially adversely affect the insolvent estate. That is the case of guarantees enforceable *erga omnes* created after the underlying guaranteed obligations (in the six months prior to the commencement of the insolvency proceedings) or

[62] Under Article 2 of the Insolvency Law the insolvency/winding up of *(i)* Bank/Credit Institutions, *(ii)* Investment Firms/Broker Dealers, *(iii)* Hedge Funds/Proprietary Traders and Investment Funds and *(iv)* Insurance Companies is subject to the provisions of the Insolvency Code insofar as the insolvency rules are not in conflict with the special legal regimes deemed applicable which are: Decree-Law no. 199/2006 of 25 October 2006 (as amended) (for Banks/Credit Institutions and Investment Firms/Broker Dealers), Law no. 16/2015, of 24 February 2015 (as amended) (for Hedge Funds/Proprietary Traders and Investment Funds) and Decree-Law no. 2/2009 of 5 January 2009 and Law no. 147/2015, of 9 September 2015 (as amended) (for Insurance Companies). We are of the opinion that for the purposes of this legal opinion, the applicable articles of the Insolvency Law are not in conflict with the aforesaid special regimes, with the exception of the special regime established by Law no. 147/2015, which expressly sets aside the regime applicable under the Insolvency Law.

[63] Article 120 of the Insolvency Law.

created simultaneously with the underlying guaranteed obligations (in the 60 days prior to the commencement of the insolvency proceedings). In such scenarios the liquidator is entitled to declare void such transactions. If the referred transactions were entered into outside the above mentioned periods of time, but still within the two years prior to the commencement of the insolvency proceedings, the liquidator would still be entitled to declare the underlying agreement void (although in this case only if evidence is provided by the liquidator that the receiver of payment knew that (i) the counterparty was insolvent, or (ii) the insolvency proceeding had already commenced or (iii) the transaction was adverse to the estate and the counterparty was in a near insolvency situation)[64].

Finally, in the case of transactions that took place in the two years prior to the commencement of the insolvency proceedings and in which a party related to the insolvent participated or benefited from, even if it was not a related party at that time, the liquidator is entitled to declare void the underlying agreement. In this case the receiver of payment will have to show evidence that it did not know that: (i) the counterparty was insolvent, or (ii) the insolvency proceeding had already commenced or (iii) the transaction was adverse to the estate and the counterparty was in a near insolvency situation.

In the case of the Autonomous Regions, there is no applicable suspect period within the current Portuguese legal framework. In the same way, there is no applicable suspect period in the case of Insurance Companies, as per Law no. 147/2015, of 9 September 2015 (as amended).

Further to Decree-Law no. 105/2004, of 8 May 2004, the above provisions have been specifically exempted in relation to financial transactions documented under an industry standard master documentation (such as the Master Agreements, Security Document, the Euroclear Documents and the Clearstream Documents). Thus, such transactions may not be declared invalid on the sole basis that the financial collateral arrangement has come into existence in the mentioned suspect period[65]. In addition, situations of substitution or posting of additional Collateral pursuant to the mark-to-market provisions by a counterparty during the said suspect period will be valid.

[64] Articles 120 to 127 of the Insolvency Law.
[65] Article 17 (1) of the Decree-Law no. 105/2004, of 8 May 2004.

Finally, the only scenario in which such financial transaction may be deemed invalid is if evidence is provided that the transactions were intentionally entered into to the detriment of other creditors (i.e. fraud)[66].

We confirm our answer applies to all three scenarios described before question 1 above.

Miscellaneous

19. ***Would the parties' agreement on the governing law of each Security Document, the Euroclear Documents and the Clearstream Documents and submission to jurisdiction be upheld in Portugal, and what would be the consequences if it were not?***

Yes, the counterparties' choice of law would be upheld following the same rationale and legal grounds indicated above in answers to questions 1 and 2.

We confirm our answer applies to all three scenarios described before question 1 above.

The IM NY Annex and the 2018 IM NY Annex forms part of and is subject to the Master Agreement. Where the relevant Master Agreement is governed by English law, Irish law or French law, the parties will provide in Paragraph 13 of the IM NY Annex or the 2018 IM NY Annex that the Annex is governed by and construed in accordance with New York law, the governing law of the Master Agreement will accordingly be split (i.e., dépeçage) – English law, Irish law or French law (as applicable) will govern the pre-printed Master Agreement, the Schedule and the Transactions but New York law will govern the IM NY Annex or the 2018 IM NY Annex, as applicable. The English jurisdiction provision of the Master Agreement would apply to the entire agreement including the IM NY Annex or the 2018 IM NY Annex, as applicable. Would the split governing law affect your answer above?

The split governing law system does not affect our answer above.[67]

[66] Article 19 of the Decree-Law no. 105/2004, of 8 May 2004.

[67] We confirm that the differences in governing law between the relevant Master Agreement and the IM Deed or the 2018 IM Deed will not affect our answer above. In relation to the Bank Custodian Documents, we confirm that the fact that the 2019 Security Documents are subject to different governing laws (and may be used in conjunction with the 2019 Multi Law CTA, which in turn will be governed by the same law and subject to the same jurisdiction that the relevant Master Agreement) does not affect our answer above.

20. *Are there any other local law considerations that you would recommend the Collateral Taker to consider in connection with taking and realizing upon the Eligible Collateral from the Collateral Provider?*

Stamp duty may be triggered if (i) the Collateral is located in Portugal, (ii) the ISDA Credit Support Documents are executed in Portugal, (iii) the Collateral Arrangements are presented in Portugal for any legal purpose (*eg*. judicial proceedings), (iv) the Collateral Provider is established in Portugal or (v) the Collateral Taker is established in Portugal.

An exemption will apply should (i) the Collateral Provider be a financial institution[68], a financial company[69] or a credit institution[70] and the Collateral Taker be a financial institution, a financial company or a credit institution as well – or a capital risk company (*SCR*) -, provided they are both not resident in a low tax jurisdiction as defined by the Portuguese legislation and that the security is directly focused at granting credit, within the scope of the activity carried out by the previously mentioned types of institutions[71], (ii) the Collateral Taker be the Portuguese State provided the collateral is being granted in the context of the management of the direct public debt of the Portuguese State and with the exclusive purpose of covering its risk exposure[72], (iii) one of the parties to the Collateral Arrangement be a (European) community institution or the European Investment Bank[73], or (iv) the Collateral Taker be the Portuguese State or the social security institutions, provided the collateral is being granted in the context of recovery of debts through enforcement proceedings[74].

Although the economic burden of the stamp duty will, as a matter of tax law, lie in general with the entity under the obligation to provide the collateral (i.e., in principal it does not lie with the Collateral Taker), it should be noted that, depending on the exact circumstances of the case, the following may apply and, to such extent, may affect the Collateral Taker:

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[68] Article 3 (1) c) (iii) of the Decree-Law no. 105/2004, of 8 May 2004, referring to article 13 (4) of the Banking Law, currently article 2 – A, paragraph z): "*financial institution*» [shall refer to], *with the exception of credit institutions and investment companies, i) holding companies subject to the supervision of the Bank of Portugal, including financial companies and mixed financial companies; ii) companies which the main activity is to carry out one or more of the activities listed in numbers 2 to 12 and 15 of Annex I of the Directive 2013/36/UE, of the European Parliament and of the Council of 26 June 2013, and iii) payment institutions".*

[69] Article 2 – A, paragraph kk) of the Banking Law: "*«financial companies*» [shall refer to] *companies, with the exception of credit institutions, which the main activity consists of carrying out one of the activities allowed for banks, with the exception of receiving deposits or other repayable funds, including investment companies and financial institutions mentioned in subparagraph ii) of paragraph z)" (*please refer to footnote 61).

[70] Article 2 – A, paragraph w) of the Banking Law: "*«credit institution» shall refer to a company which receives deposits or other repayable funds from the public and grants credit on its own account".*

[71] Article 7, paragraph 1, subparagraph e) and paragraph 7 of the Law no 150/99, 11 September 1999, as amended by Law no. 2/2020, of 31 March 2020 ("Stamp Tax Law").

[72] Article 7, paragraph 1, subparagraph f) of the Stamp Tax Law.

[73] Article 7, paragraph 1, subparagraph o) of the Stamp Tax Law.

[74] Article 7, paragraph 1, subparagraph u) of the Stamp Tax Law.

i) if stamp duty is triggered only by reason of the Collateral Arrangements being presented in Portugal for any legal purpose, the economic burden lies with the entity presenting the Collateral Arrangements in Portugal for any legal purpose;

ii) there is joint and several liability concerning the stamp duty (a) for those who intervene in acts or operations (e.g. the Collateral Arrangements) and willfully collaborate with the taxpayer (i.e., the party to the transaction under the obligation to assess and pay the stamp duty, which is not necessarily the party bearing the economic burden) on evading stamp duty tax, and (b) for those benefiting from the collateral (Collateral Taker) should the entity under the obligation to assess the stamp duty be under the obligation to appoint a tax representative in Portugal to comply with its stamp duty assessment (and payment) responsibilities;

iii) although in general and as a matter of tax law the Collateral Taker shall not bear the economic burden of the stamp duty triggered by the providing of collateral (see above), it may, however, be legally responsible for assessing and paying the stamp duty to the Portuguese tax authorities (that will be the case if (a) the Collateral Provider is neither established in Portugal (b) nor does it operate in the Portuguese territory through the freedom to provide services regime, and (c) nor the transaction was intermediated by a financial institution established in Portugal).

If triggered, stamp duty will apply over the collateral amount being provided, the rate varying between 0,04% per month or fraction of a month and 0,5% or 0,6% for the whole period of the collateral provision, depending on the Collateral Arrangements terms as regards the period covered[75].

Under the Banking Law[76], the bail-in tool may be applied by two different procedures:

(i) Reduction of nominal value of eligible credits, *i.e*. credits that constitute liabilities of the credit institution under resolution and that are not own funds instruments, nor excluded from the application of the bail-in tool under article 145 – U (6) – please note that this paragraph does not exclude derivatives, but does exclude credits which benefit from a security *in rem*; or

(i) Increase of share capital by means of a conversion of eligible credits, through the issue

[75] Section 10 of the Annex to the Stamp Tax Law.

[76] Article 145 – U of the Banking Law.

of ordinary shares or securities representing share capital of the institution under resolution.

Hence, under Portuguese law, derivatives may be bailed-in, but only to the extent that the relevant amount is not guaranteed by a security *in rem*. In addition, article 145 – V (5) expressly establishes that the bail-in tool may only be applicable to derivatives on a net basis, although the power to trigger the maturity and netting of such derivatives is available to the Bank of Portugal.

Although the Banking Law does not include a definition of derivatives, we understand it embraces the definition established by Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004[77], referred to by Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, *ex vi* Regulation (EU) no 648/2012 of the European Parliament and of the Council of 4 July 2012. Such definition covers the following contracts:

(i) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;

(ii) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);

(iii) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF or an OTF, except for the wholesale energy products traded on an OTF that must be physically settled;

(iv) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in C.6 of the Directive and not being for commercial purposes, which have the characteristics of other derivative financial instruments,;

(v) Derivative instruments for the transfer of credit risk;

(vi) Financial contracts for differences.

(vii) Options, futures, swaps, forward rate agreements and any other derivative contracts

[77] This Directive is no longer in force and was replaced by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014, Paragraphs 4 to 10 of Section C of Annex I as supplemented by Article 7 and 8 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in Section 6 of the Directive, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF.

In light of the above, we understand that stock loans and repos are not covered by the definition of derivatives enshrined in the Banking Law and, therefore, do not fall within the safeguard of derivatives only being bailed in on a net basis. Nevertheless, they will not be capable of being bailed-in if they are guaranteed by a security *in rem*.

We confirm our answer applies to all three scenarios described before question 1 above.

21. ***Are there any other circumstances you can foresee that might affect the Collateral Taker's ability to enforce its security interest in Portugal?***

No.

22. ***Please assume that the VM Annex is amended by the VM NY Annex IA Amendments. Would any of your responses to questions 1 through 21 be different as a result of the inclusion of the VM NY Annex, as amended by the VM NY Annex IA Amendments, in this opinion? If so, please comment specifically on any such changes.***

We confirm our responses to questions 1 through 21 above are not affected as a result of the inclusion of the VM NY Annex, as amended by the VM NY Annex IA Amendments, in this opinion.

23. ***Please describe any requirements that the custodial arrangements described in assumption (n) above must meet to permit the Collateral Taker to exercise its rights as secured party.***

Under Portuguese law[78], the custodial arrangements described in assumption (n) above are not subject to any validity or enforceability requirements, nor require prior notice to the Collateral

[78] Applicable if the Eligible Collateral is Located or deemed Located in Portugal.

Provider in order for the rights constituted therein to be exercised by the Collateral Taker (unless specifically provided for by the parties in the Security Document, the Euroclear Documents or the Clearstream Documents)[79].

Notwithstanding, in case the Collateral to be provided under the custodial arrangement corresponds to a credit right over a third-party, the transfer of collateral under the custodial agreement shall be enforceable only if the third-party is notified of, or by other means accepts, said transfer. Furthermore, if a credit right over a third-party is provided as collateral by a credit institution to the Central Bank in the context of liquidity-providing transactions, the Central Bank's rights as a secured party prevail over any other rights over said credit, even if registered or notified to the debtor after the constitution of the financial pledge[80]. This shall only be relevant under IM arrangements if the credit institution provides the same right (held over a third person) as collateral to the Central Bank and to third parties. In such case, the collateral provided to the Central Bank, even if created and notified to the debtor afterwards, shall prevail.

Additionally, in case the custodial arrangement envisages a financial pledge, appropriation shall only be possible if (i) it has been agreed by the parties in the terms of said custodial arrangement and (ii) a valuation method for such Collateral has been provided and agreed upon therein[81].

24. Please describe any requirements that the arrangements described in assumption (o) above must meet to permit the Collateral Taker to exercise its rights as secured party.

It is our understanding that the law governing the custodial arrangement in respect of Collateral held in an account within Euroclear or Clearstream shall be the *lex loci contractus* – *i.e.* Belgian and Luxembourg law, respectively. However, if the Collateral is Located or deemed Located in Portugal, Portuguese law perfection requirements will apply – please refer to our answer to question 2 above in respect of the applicability of Portuguese law and our answer to question B (ii) above on the requirements of the custodial arrangement.

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[79] Article 8 (1) and (2) of Decree-Law no. 105/2004, of 8 May 2004.

[80] Article 8 (3) and (4) of Decree-Law no. 105/2004, of 8 May 2004 and article 583 of the Civil Code.

[81] Article 11 (1) of Decree-Law no. 105/2004, of 8 May 2004.

Pledgee Representative Riders

25. In relation to the 2019 Euroclear Security Agreement and the 2019 Euroclear CTA, please assume that the relevant Pledgee Representative Riders apply and the custodial arrangements are as described in the Pledgee Representative Riders. Please consider the following questions:

(a) Would any of your responses to questions 1 through 9 and 11 through 21 change as a result of the application of the Pledgee Representative Riders? If so, please comment specifically on any such changes.

Please note that Decree-Law no. 105/2004, of 8 May 2004 expressly establishes the possibility of a representative, acting for the account of one of the institutions foreseen therein, being a party to a financial collateral arrangement (as long as such representative is a legal person). We confirm our answers to questions 1 through 9 and 11 through 21 remain unaltered, but please refer to our answer to 25 (b) below for the consequences of applying the relevant Pledgee Representative Riders.

(b) Would the courts of your jurisdiction recognise the proprietary rights of the Represented Party (within the meaning of the Pledgee Representative Riders) in the security created pursuant to the 2019 Euroclear Security Agreement incorporating the ESA Pledgee Representative Rider?[82]

We understand Portuguese courts would recognise the proprietary rights of the Represented Party (within the meaning of the Pledgee Representative Riders) in the security created pursuant to the 2019 Euroclear Security Agreement incorporating the ESA Pledgee Representative Rider.

PART 2: TITLE TRANSFER APPROACH PURSUANT TO THE TRANSFER ANNEX APPROACH

[82] We have assumed that, as a matter of Belgian law, the Representative (within the meaning of the Pledgee Representative Riders) is acting as security agent in its own name and for the account of the Represented Party for the purposes of the Financial Collateral Law, the consequences of which are, amongst other things, that: (i) the Representative is authorized to exercise all rights and prerogatives which would normally be reserved to the beneficiary of the pledge for whose account the Representative is acting; but (ii) the rights nevertheless form part of the assets of the Represented Party and are valid and enforceable by the Represented Party against third parties including the Representative. We have also assumed that that the Representative is either (a) located in Portugal or (b) not located in Portugal, but not subject to any insolvency proceeding and that the laws of its jurisdiction of incorporation or organization would defer to Belgian law in determining the proprietary entitlement of the Represented Party.

In Part 2 of the memorandum we consider issues relating to the Transfer Annex. For this purpose, you have asked us to assume the same facts as set forth in Part 1, but on the assumption that the parties have entered into a Transfer Annex in connection with a Master Agreement rather than a Security Document. For this purpose, assumptions (a) to (m) should be read as modified by the following: references to the "Security Document(s)" should be deemed to be references to the "Transfer Annexes"; references to the "Security Collateral Provider" and "Secured Party" should be deemed to be references to "Transferor" and "Transferee", respectively; and references to "Eligible Collateral" should be deemed to be references to "Eligible Credit Support". Assumptions (n), (o) and (p) in Part 1 will not apply to this Part 2.

We will further assume that:

(1) The Transferor has entered into (a) a Master Agreement governed by English law and an English Law Transfer Annex with the Transferee[83], (b) a Master Agreement governed by French law and a French Law Transfer Annex or (c) Master Agreement governed by Irish law and an Irish Law Transfer Annex. Pursuant to the terms of each Transfer Annex, and as a matter of English law, French law and Irish law, as applicable, transfers of Eligible Credit Support involve an outright transfer of title, free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or any other third person (other than a lien routinely imposed on all securities in a relevant clearing system). If an Event of Default exists with respect to either party, an amount equal to the Value of the Credit Support Balance is deemed to be an Unpaid Amount under the Master Agreement and therefore is taken into account for purposes of determining the amount due upon close-out of the Transaction pursuant to Section 6(e) of the Master Agreement. Although such arrangement has an economic effect similar to the Collateral arrangements evidenced by the Security Documents, neither Transfer Annex is intended to create any form of security interest. There are also significant differences to the rights of the parties under each Transfer Annex, as further described in the Summary of the Credit Support Documents earlier herein; and that

[83] On the assumption that the English Transfer Annex that it is being used together with either 1992 version of the Master Agreement or the ISDA 2002 Master Agreement.

(2) Transfers under each Transfer Annex will not be re-characterized as creating a form of security interest by an English court, French court or Irish court provided that the relevant Transfer Annex was not amended in any material way and provided that the parties by their conduct did not otherwise clearly evidence an intention to create a security interest in transferred Collateral.

Questions relating to the Transfer Annexes

1. ***Would the laws of Portugal characterize each transfer of Eligible Credit Support as effecting an unconditional transfer of ownership in the assets transferred? Is there any risk that any such transfer would be re-characterized as creating a security interest? If so, is there any way to minimize such risk? What would be the consequences of such a re-characterization (referring back to issues related to perfection, priority and formal requirements for establishing both as discussed in regard to the Security Documents in Part 1 above)?***

The transfer of title of Eligible Credit Support on which each Transfer Annex is constructed is a legal means to effectively secure a credit position under the Master Agreement. Moreover, Portuguese law specifically recognizes arrangements under which a Transferor transfers full ownership of financial collateral to a Transferee, for the purpose of securing or otherwise covering the performance of relevant financial obligations (*Alienação Fiduciária em Garantia*).

Thus, Portuguese law will accept the outright transfer of Eligible Credit Support as an effective means for an unconditional transfer of ownership in the assets transferred. Hence, only in very limited cases, namely fraud (i.e. with an intent to cause damages to a third party), may the transfer be invalidated[84].

2. ***Assuming that the Transferee receives an absolute ownership interest in the Eligible Credit Support, will it need to take any action thereafter to ensure that its title therein continues? Are there any filing or perfection requirements necessary or advisable, including taking any of the actions referred to in question 5 in Part 1? Are there any other procedures that must be followed or consents or other governmental or regulatory approvals that must be obtained to establish, enforce, or continue such ownership interest?***

[84] Article 19 of the Decree-Law no. 105/2004, of 8 May 2004.

No. Whenever the collateral is Located or deemed Located in Portugal (please see 2. above on the rules applicable to determine the location of securities and cash), transfer of ownership shall be deemed effective in the case of:

- directly held bearer securities: It is prohibited under Portuguese law to issue securities in bearer form.[85];

- directly held registered securities: by registration in the registrar's books and by including a transfer statement, for the benefit of the Transferee, in the securities' physical certificate[86];

- dematerialized and or immobilized securities: by means of their registration in the name of the Transferee in the Custodian's books[87] [88].

Finally, in the case where the Eligible Collateral is cash deposits, creation/perfection of transfer will only take effect upon record of title to the cash deposit in the name of the Transferee being recorded with the bank.

3. ***What is the effect, if any, under the laws of Portugal of the right of the Transferor to exchange Collateral pursuant to Paragraph 3 (c) of each Transfer Annex? Does the presence or absence of consent to exchange by the Transferee have any bearing on this question? Please comment specifically on whether the Transferor and the Transferee are able validly to agree in the Transfer Annex that the Transferor may exchange Collateral without specific consent of the Transferee and whether and, if so, how this may affect your conclusions regarding the validity or enforceability of each Transfer Annex.***

The fact that the transfer of title to the Transferee provides the latter with complete and unrestricted use of the Collateral needs to be reflected in Portugal in the case of Eligible Credit Support Located or deemed Located in Portugal. The right of the Transferor to substitute Collateral will require prior notice and acknowledgement to the relevant Custodian[89]. Hence, consent must be given to the said Custodian by the registered owner of the Collateral who, under Portuguese law, is the Transferee. Substitution of Collateral will be performed, in the case of securities, as another effective sale and purchase of securities (i.e., the Custodian, duly instructed by the securities' holder at the time, shall register the identity

[85] Please refer to footnote 15 above.
[86] Article 102 of the Securities Code.
[87] Articles 80 and 105 of the Securities Code.
[88] Please note that, pursuant to article 80 (2) of the Securities Code, the purchase (in a regulated market, a multilateral trading facility or an organized trading system) of book-entry securities grants the purchase, regardless of registration, the power to sell such securities.
[89] "Custodian" in this context will mean issuer, registrar or Intermediary according to the type of Eligible Collateral to be provided.

of the new holder). The substitution of the Collateral will not affect the priority of the Transferee's claim[90].

4. ***The Transferee's rights in relation to the transferred Eligible Credit Support upon the occurrence of an Event of Default will be governed by Section 6 of the Master Agreement. Assuming that Section 6 of the Master Agreement is valid and enforceable in Portugal insofar as it relates to the determination of the net amount payable by either party on the termination of the Transactions, could you please confirm that Paragraph 6 of each Transfer Annex would also be valid to the extent that it provides for the Value of the Credit Support Balance to be included in the calculation of the net amount payable under Section 6 (e) of the Master Agreement.***

Section 6 of the Master Agreement is valid and enforceable in Portugal under the Portuguese Netting Law. In our opinion, Paragraph 6 of the Transfer Annex insofar as it ties Section 6 within the concept of a Transaction – and, further to the single agreement structure and mechanics of the Master Agreement – is also valid and enforceable in Portugal. Furthermore, Portuguese law specifically provides that the parties may agree that on early termination of the agreement the value of the Credit Support Balance may be included in the calculation of the net amount payable to the Transferor/Transferee (as the case may be)[91].

5. ***Would the rights of the Transferee be enforceable in accordance with the terms of the Master Agreement and each Transfer Annex, irrespective of the insolvency of the Transferor?***

Yes, further to the Portuguese Netting Law – which in our opinion is also applicable to public entities such as the Autonomous Regions – Section 6 of the Master Agreement and Paragraph 6 of the Transfer Annex, its characterization as a Transaction and the single agreement concept, all provide for and assure valid contractual netting and set-off provisions. These contractual provisions under the Portuguese Netting Law are enforceable in Portugal not only against the assets of the Portuguese insolvent party – or the assets of an Autonomous Region which, pursuant to the Section 5 (a) (vii) of the ISDA Master Agreement, has admitted its inability generally to pay its debts as they become due – but also against the insolvent estate's creditors. The enforceability of the terms of the Transfer Annex is further confirmed by Article 18 of Decree-Law no. 105/2004, of 8 May 2004. Please see answer to question 17 above.

[90] Article 17 of the Decree-Law no. 105/2004, of 8 May 2004.
[91] Article 12 of the Decree-Law no. 105/2004, of 8 May 2004.

6. ***Will the Transferor (or its administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official) be able to recover any transfers of Eligible Credit Support made to the Transferee during a certain "suspect period" preceding the date of the insolvency? If so, how long before the insolvency does this suspect period begin? If such a period exists, would the substitution of Eligible Credit Support by a counterparty during this period invalidate an otherwise valid transfer, assuming the substitute assets are of no greater value than the assets they are replacing? Would the transfer of additional Eligible Credit Support pursuant to the mark-to-market provisions of each Transfer Annex during the suspect period be subject to avoidance, either because it was considered to relate to an antecedent or pre-existing obligation or for some other reason?***

For rules applicable to transactions affected by the existing "suspect" periods, please see answer to question 18 above.

As per our answer to question 18 above, the transfers of Eligible Credit Support made to the Transferee prior to the insolvency do not fall into any of the situations affected by the existing "suspect" periods[92]. As set out in our answer to question 18, there is a general suspect period of two years under Portuguese Insolvency Law. Notwithstanding, financial transactions are outside the scope of said suspect period, unless evidence is provided that the transactions were intentionally entered into to the detriment of other creditors.

Therefore, such previously contractually agreed obligations will remain valid and enforceable irrespective of the commencement of insolvency proceedings.

7. ***Would the parties' agreement on governing law of each Transfer Annex and submission to jurisdiction be upheld in Portugal and what would be the consequences if not upheld?***

Yes, the parties' choice of law would be upheld following the same rationale and legal grounds indicated above in answers to questions 1 and 2. On the submission to foreign jurisdiction there is a regime similar to the choice of law provisions in the Civil Code. Likewise, however, there is an exception in certain cases, one being proceedings in relation to the insolvency of entities with a registered office in Portugal. In this case, Portuguese courts

[92] Article 17 (1)(b) of the Decree-Law no. 105/2004, of 8 May 2004.

have exclusive jurisdiction[93]. Breach of such public policy rules – as would be the case of the breach of the equivalent material rules – will lead to the non-enforceability in Portugal of the foreign court decisions resulting therefrom.

8. ***Is each Transfer Annex in an appropriate form to create the intended outright transfer of ownership in the Eligible Credit Support to the Transferee? If there are any other requirements to ensure the validity of such transfer in each type of Eligible Credit Support created by the Transferor under the Transfer Annex, please indicate the nature of such requirements. For example, are there any other requirements of the type referred to in question 6?***

Yes, each Transfer Annex is an appropriate form to transfer ownership in the Eligible Credit Support to the Transferee. Please see response to questions 23 and 24 above.

9. ***Please assume that the VM Transfer Annex is amended by the VM Transfer Annex IA Amendments. Would any of your responses to questions 1 through 8 be different as a result of the inclusion of the VM Transfer Annex, as amended by the VM Transfer Annex IA Amendments, in this opinion? If so, please comment specifically on any such changes.***

We confirm our answers to questions 1 through 8 remain unaltered.

Part 3

FINANCIAL COLLATERAL

Please analyze whether or not the Credit Support Documents, the Euroclear Documents and the Clearstream Documents (whether or not amended by or subject to the Pledgee Representative Riders, the VM NY Annex IA Amendments or the VM Transfer Annex IA Amendments (as applicable)) and, in each case, the collateral arrangements contemplated thereby, would constitute a financial collateral arrangement under the local implementation of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements.

The Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements has been implemented in Portugal through Decree-law no.

[93] Article 63 of the Civil Procedure Code.

105/2004, of 8 May 2004. As per the latter, an agreement shall be deemed a financial collateral arrangement if it meets the requirements foreseen in articles 3 to 7 therein, which in general mirror the wording of the Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002. Accordingly, the Credit Support Documents, the Euroclear Documents and the Clearstream Documents (whether or not amended by or subject to the Pledgee Representative Riders, the VM NY Annex IA Amendments or the VM Transfer Annex IA Amendments (as applicable)) and, in each case, the collateral arrangements contemplated thereby constitute financial collateral arrangements under Portuguese law.

*

This memorandum is rendered solely to ISDA for the benefit and use of its members. This memorandum may not be relied upon by any other person or used, circulated, quoted or otherwise referred to or relied upon for any other purpose without our prior written consent. However, consent is hereby given to ISDA and its members to disclose the memorandum to their professional advisors and ISDA's members' regulators and supervisory authorities.

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CARDIGOS

CARDIGOS

APPENDIX A
AUGUST 2015

CERTAIN TRANSACTIONS UNDER THE ISDA MASTER AGREEMENTS

Basis Swap. A transaction in which one party pays periodic amounts of a given currency based on a floating rate and the other party pays periodic amounts of the same currency based on another floating rate, with both rates reset periodically; all calculations are based on a notional amount of the given currency.

Bond Forward. A transaction in which one party agrees to pay an agreed price for a specified amount of a bond of an issuer or a basket of bonds of several issuers at a future date and the other party agrees to pay a price for the same amount of the same bond to be set on a specified date in the future. The payment calculation is based on the amount of the bond and can be physically-settled (where delivery occurs in exchange for payment) or cash-settled (where settlement occurs based on the difference between the agreed forward price and the prevailing market price at the time of settlement).

Bond Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified amount of a bond of an issuer, such as Kingdom of Sweden or Unilever N.V., at a specified strike price. The bond option can be settled by physical delivery of the bonds in exchange for the strike price or may be cash settled based on the difference between the market price of the bonds on the exercise date and the strike price.

Bullion Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified number of Ounces of Bullion at a specified strike price. The option may be settled by physical delivery of Bullion in exchange for the strike price or may be cash settled based on the difference between the market price of Bullion on the exercise date and the strike price.

Bullion Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed rate and the other party pays periodic amounts of the same currency or a different currency calculated by reference to a Bullion reference price (for example, Gold-COMEX on the COMEX Division of the New York Mercantile Exchange) or another method specified by the parties. Bullion swaps include cap, collar or floor transactions in respect of Bullion.

Bullion Trade. A transaction in which one party agrees to buy from or sell to the other party a specified number of Ounces of Bullion at a specified price for settlement either on a "spot" or two-day basis or on a specified future date. A Bullion Trade may be settled by physical delivery of Bullion in exchange for a specified price or may be cash settled based on the difference between the market price of Bullion on the settlement date and the specified price.

For purposes of Bullion Trades, Bullion Options and Bullion Swaps, "Bullion" means gold, silver, platinum or palladium and "Ounce" means, in the case of gold, a fine troy ounce, and in the case of silver, platinum and palladium, a troy ounce (or in the case of reference prices not expressed in Ounces, the relevant Units of gold, silver, platinum or palladium).

Buy/Sell-Back Transaction. A transaction in which one party purchases a security (in consideration for a cash payment) and agrees to sell back that security (or in some cases an equivalent security) to the other party (in consideration for the original cash payment plus a premium).

Cap Transaction. A transaction in which one party pays a single or periodic fixed amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified floating rate (in the case of an interest rate cap), rate or index (in the case of an economic statistic cap) or commodity price (in the case of a commodity cap) in each case that is reset periodically over a specified per annum rate (in the case of an interest rate cap), rate or index (in the case of an economic statistic cap) or commodity price (in the case of a commodity cap).

Collar Transaction. A collar is a combination of a cap and a floor where one party is the floating rate, floating index or floating commodity price payer on the cap and the other party is the floating rate, floating index or floating commodity price payer on the floor.

Commodity Forward. A transaction in which one party agrees to purchase a specified quantity of a commodity at a future date at an agreed price, and the other party agrees to pay a price for the same quantity to be set on a specified date in the future. A Commodity Forward may be settled by the physical delivery of the commodity in exchange for the specified price or may be cash settled based on the difference between the agreed forward price and the prevailing market price at the time of settlement.

Commodity Index Transaction. A transaction, structured in the form of a swap, cap, collar, floor, option or some combination thereof, between two parties in which the underlying value of the transaction is based on a rate or index based on the price of one or more commodities.

Commodity Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified quantity of a commodity at a specified strike price. The option can be settled either by physically delivering the quantity of the commodity in exchange for the strike price or by cash settling the option, in which case the seller of the option would pay to the buyer the difference between the market price of that quantity of the commodity on the exercise date and the strike price.

Commodity Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price and the other party pays periodic amounts of the same currency based on the price of a commodity, such as natural gas or gold, or a futures contract on a commodity (e.g., West Texas Intermediate Light Sweet Crude Oil on the New York Mercantile Exchange); all calculations are based on a notional quantity of the commodity.

Contingent Credit Default Swap. A Credit Default Swap Transaction under which the calculation amounts applicable to one or both parties may vary over time by reference to the mark-to-market value of a hypothetical swap transaction.

Credit Default Swap Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to enter into a Credit Default Swap.

Credit Default Swap. A transaction in which one party pays either a single fixed amount or periodic fixed amounts or floating amounts determined by reference to a specified notional amount, and the other party (the credit protection seller) pays either a fixed amount or an amount determined by reference to the value of one or more loans, debt securities or other financial instruments (each a "Reference Obligation") issued, guaranteed or otherwise entered into by a third party (the "Reference Entity") upon the occurrence of one or more specified credit events with respect to the Reference Entity (for example, bankruptcy or payment default). The amount payable by the credit protection seller is typically determined based upon the market value of one or more debt securities or other debt instruments issued, guaranteed or otherwise entered into by the Reference Entity. A Credit Default

Swap may also be physically settled by payment of a specified fixed amount by one party against delivery of specified obligations ("Deliverable Obligations") by the other party. A Credit Default Swap may also refer to a "basket" (typically ten or less) or a "portfolio" (eleven or more) of Reference Entities or may be an index transaction consisting of a series of component Credit Default Swaps.

Credit Derivative Transaction on Asset-Backed Securities. A Credit Default Swap for which the Reference Obligation is a cash or synthetic asset-backed security. Such a transaction may, but need not necessarily, include "pay as you go" settlements, meaning that the credit protection seller makes payments relating to interest shortfalls, principal shortfalls and write-downs arising on the Reference Obligation and the credit protection buyer makes additional fixed payments of reimbursements of such shortfalls or write-downs.

Credit Spread Transaction. A transaction involving either a forward or an option where the value of the transaction is calculated based on the credit spread implicit in the price of the underlying instrument.

Cross Currency Rate Swap. A transaction in which one party pays periodic amounts in one currency based on a specified fixed rate (or a floating rate that is reset periodically) and the other party pays periodic amounts in another currency based on a floating rate that is reset periodically. All calculations are determined on predetermined notional amounts of the two currencies; often such swaps will involve initial and or final exchanges of amounts corresponding to the notional amounts.

Currency Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified amount of a given currency at a specified strike price.

Currency Swap. A transaction in which one party pays fixed periodic amounts of one currency and the other party pays fixed periodic amounts of another currency. Payments are calculated on a notional amount. Such swaps may involve initial and or final payments that correspond to the notional amount.

Economic Statistic Transaction. A transaction in which one party pays an amount or periodic amounts of a given currency by reference to interest rates or other factors and the other party pays or may pay an amount or periodic amounts of a currency based on a specified rate or index pertaining to statistical data on economic conditions, which may include economic growth, retail sales, inflation, consumer prices, consumer sentiment, unemployment and housing.

Emissions Allowance Transaction. A transaction in which one party agrees to buy from or sell to the other party a specified quantity of emissions allowances or reductions at a specified price for settlement either on a "spot" basis or on a specified future date. An Emissions Allowance Transaction may also constitute a swap of emissions allowances or reductions or an option whereby one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which the specified quantity of emissions allowances or reductions exceeds or is less than a specified strike. An Emissions Allowance Transaction may be physically settled by delivery of emissions allowances or reductions in exchange for a specified price, differing vintage years or differing emissions products or may be cash settled based on the difference between the market price of emissions allowances or reductions on the settlement date and the specified price.

Equity Forward. A transaction in which one party agrees to pay an agreed price for a specified quantity of shares of an issuer, a basket of shares of several issuers or an equity index at a future date and the other party agrees to pay a price for the same quantity and shares to be set on a specified date in the future. The payment calculation is based on the number of shares and can be physically-settled

(where delivery occurs in exchange for payment) or cash-settled (where settlement occurs based on the difference between the agreed forward price and the prevailing market price at the time of settlement).

Equity Index Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which an equity index either exceeds (in the case of a call) or is less than (in the case of a put) a specified strike price.

Equity Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified number of shares of an issuer or a basket of shares of several issuers at a specified strike price. The share option may be settled by physical delivery of the shares in exchange for the strike price or may be cash settled based on the difference between the market price of the shares on the exercise date and the strike price.

Equity Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed or floating rate and the other party pays periodic amounts of the same currency or a different currency based on the performance of a share of an issuer, a basket of shares of several issuers or an equity index, such as the Standard and Poor's 500 Index.

Floor Transaction. A transaction in which one party pays a single or periodic amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified per annum rate (in the case of an interest rate floor), rate or index level (in the case of an economic statistic floor) or commodity price (in the case of a commodity floor) over a specified floating rate (in the case of an interest rate floor), rate or index level (in the case of an economic statistic floor) or commodity price (in the case of a commodity floor).

Foreign Exchange Transaction. A deliverable or non-deliverable transaction providing for the purchase of one currency with another currency providing for settlement either on a "spot" or two-day basis or a specified future date.

Forward Rate Transaction. A transaction in which one party agrees to pay a fixed rate for a defined period and the other party agrees to pay a rate to be set on a specified date in the future. The payment calculation is based on a notional amount and is settled based, among other things, on the difference between the agreed forward rate and the prevailing market rate at the time of settlement.

Freight Transaction. A transaction in which one party pays an amount or periodic amounts of a given currency based on a fixed price and the other party pays an amount or periodic amounts of the same currency based on the price of chartering a ship to transport wet or dry freight from one port to another; all calculations are based either on a notional quantity of freight or, in the case of time charter transactions, on a notional number of days.

Fund Option Transaction: A transaction in which one party grants to the other party (for an agreed payment or other consideration) the right, but not the obligation, to receive a payment based on the redemption value of a specified amount of an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the relevant Confirmation (a "Fund Interest"), whether i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests in relation to a specified strike price. The Fund Option Transactions will generally be cash settled (where settlement occurs based on the excess of such redemption value over such specified strike price (in the case of a call) or the excess of such specified strike price over such redemption value (in the case of a put) as measured on the valuation date or dates relating to the exercise date).

Fund Forward Transaction: A transaction in which one party agrees to pay an agreed price for the redemption value of a specified amount of i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests at a future date and the other party agrees to pay a price for the redemption value of the same amount of the same Fund Interests to be set on a specified date in the future. The payment calculation is based on the amount of the redemption value relating to such Fund Interest and generally cash-settled (where settlement occurs based on the difference between the agreed forward price and the redemption value measured as of the applicable valuation date or dates).

Fund Swap Transaction: A transaction a transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed rate and the other party pays periodic amounts of the same currency based on the redemption value of i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests.

Interest Rate Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which an interest rate either exceeds (in the case of a call option) or is less than (in the case of a put option) a specified strike rate.

Interest Rate Swap. A transaction in which one party pays periodic amounts of a given currency based on a specified fixed rate and the other party pays periodic amounts of the same currency based on a specified floating rate that is reset periodically, such as the London inter-bank offered rate; all calculations are based on a notional amount of the given currency.

Longevity/Mortality Transaction. (a) A transaction employing a derivative instrument, such as a forward, a swap or an option, that is valued according to expected variation in a reference index of observed demographic trends, as exhibited by a specified population, relating to aging, morbidity, and mortality/longevity, or (b) A transaction that references the payment profile underlying a specific portfolio of longevity- or mortality- contingent obligations, e.g. a pool of pension liabilities or life insurance policies (either the actual claims payments or a synthetic basket referencing the profile of claims payments).

Physical Commodity Transaction. A transaction which provides for the purchase of an amount of a commodity, such as oil including oil products, coal, electricity or gas, at a fixed or floating price for actual delivery on one or more dates.

Property Index Derivative Transaction. A transaction, often structured in the form of a forward, option or total return swap, between two parties in which the underlying value of the transaction is based on a rate or index based on residential or commercial property prices for a specified local, regional or national area.

Repurchase Transaction. A transaction in which one party agrees to sell securities to the other party and such party has the right to repurchase those securities (or in some cases equivalent securities) from such other party at a future date.

Securities Lending Transaction. A transaction in which one party transfers securities to a party acting as the borrower in exchange for a payment or a series of payments from the borrower and the borrower's obligation to replace the securities at a defined date with identical securities.

Swap Deliverable Contingent Credit Default Swap. A Contingent Credit Default Swap under which one of the Deliverable Obligations is a claim against the Reference Entity under an ISDA Master Agreement with respect to which an Early Termination Date (as defined therein) has occurred.

Swap Option. A transaction in which one party grants to the other party the right (in consideration for a premium payment), but not the obligation, to enter into a swap with certain specified terms. In some cases the swap option may be settled with a cash payment equal to the market value of the underlying swap at the time of the exercise.

Total Return Swap. A transaction in which one party pays either a single amount or periodic amounts based on the total return on one or more loans, debt securities or other financial instruments (each a "Reference Obligation") issued, guaranteed or otherwise entered into by a third party (the "Reference Entity"), calculated by reference to interest, dividend and fee payments and any appreciation in the market value of each Reference Obligation, and the other party pays either a single amount or periodic amounts determined by reference to a specified notional amount and any depreciation in the market value of each Reference Obligation.

A total return swap may (but need not) provide for acceleration of its termination date upon the occurrence of one or more specified events with respect to a Reference Entity or a Reference Obligation with a termination payment made by one party to the other calculated by reference to the value of the Reference Obligation.

Weather Index Transaction. A transaction, structured in the form of a swap, cap, collar, floor, option or some combination thereof, between two parties in which the underlying value of the transaction is based on a rate or index pertaining to weather conditions, which may include measurements of heating, cooling, precipitation and wind.

APPENDIX B
SEPTEMBER 2009

CERTAIN COUNTERPARTY TYPES[94]

Description	**Covered by opinion**	**Legal form(s)**
Autonomous Regions. Territorial public entities, rather than merely administrative divisions of the Portuguese territory, with legal personality and political, administrative, financial, economic and fiscal autonomy, with its own governmental bodies (the Regional Parliament and the Regional Government) which pursue its respective constitutional and legal attributions.	Yes	Autonomous Regions are defined under Section 1 of the Statute of the Region of Madeira, approved by Law no. 13/91, of 5 June 1991, as amended by Law no. 12/2000, of 21 June 2000 and Section 1 of the Statute of the Region of Azores, approved by Law no. 39/80 of 5 August 1980, as amended by Law no. 2/2009, of 12 January 2009 (e.g. Autonomous Regions of Madeira and Azores).
Bank/Credit Institution. A legal entity, which may be organized as a corporation, partnership or in some other form, that conducts commercial banking activities, that is, whose core business typically involves (a) taking deposits from private individuals and/or corporate entities and (b) making loans to private individual and/or corporate borrowers. This type of entity is sometimes referred to as a "commercial bank" or, if its business also includes investment banking and trading activities, a "universal bank". (If the entity only conducts investment banking and trading activities, then it falls within the "Investment Firm/Broker Dealer" category below.) This type of entity is referred to as a "credit institution" in European Community (**EC**) legislation. This category may include specialised types of bank, such as a mortgage savings bank (provided that the relevant entity accepts deposits and makes loans), or such an entity may be considered in the local jurisdiction to constitute a separate category of legal entity (as in the case of a building society in the	Yes	Bank/Credit Institution and Financial Institution are listed under Articles 2-A, 3, 4-A and 6 of the Credit Institution and Financial Companies Statute, Decree-Law no. 298/92, of 31 December 1992, as amended (the "**Banking Law**"). Bank/Credit Institutions and Financial Institutions are statutorily required to adopt the form of a joint-stock company ("*Sociedade Anónima*") by adding said expression to their respective firm names.

[94] In these definitions, the term "legal entity" means an entity with legal personality other than a private individual.

Description	**Covered by opinion**	**Legal form(s)**
United Kingdom (**UK**)).		
Central Bank. A legal entity that performs the function of a central bank for a Sovereign or for an area of monetary union (as in the case of the European Central Bank in respect of the euro zone).	No	Would require further analysis.
Corporation. A legal entity that is organized as a corporation or company rather than a partnership, is engaged in industrial and/or commercial activities and does not fall within one of the other categories in this Appendix B.	Yes	According to the Portuguese Companies Code, Decree-Law no. 262/86, of 2 September 1986, as amended, Portuguese companies must have one of the following four incorporation forms: *(i)* joint-stock company, being required to add to the respective firm name the "SA" or "*Sociedade Anónima*"; *(ii)* private limited company, being required to add to their respective firm name "*Limitada*", "*Lda*" or "*Sociedade por Quotas*"; *(iii)* General Partnerships ("*Sociedades em Nome Colectivo*") – which differ from the British/American Partnerships (as defined below) since Portuguese General Partnerships are legal entities with legal personality – being required to add to the respective firm name the names of all the partners or the words *"& Companhia*"; *(iv)* Limited Partnerships ("*Sociedades em Comandita*") – which also differ from the British/American Partnerships (as defined below) since Portuguese Limited Partnerships are also legal entities with legal personality – being required to add to their respective firm names the name or business name of at least one of the working partners and

Description	**Covered by opinion**	**Legal form(s)**
		bear the addendum "*em comandita*" or *"& comandita*", "*em comandita por acções*" or *"& comandita por acções*". None of the aforementioned incorporation forms encompass the concept of Partnerships, as defined in this Appendix. The concept of Partnerships has its parallel in the Portuguese legal system to "*Associação sem personalidade jurídica*". Although expressly mentioned in the Collateral Directive (2002/47/EC), Partnerships were intentionally left out of Decree-Law no. 105/2004, of 8 May 2004, which implemented said Directive. Hence, we will not include Partnerships in the scope of this memorandum.
Hedge Fund/Proprietary Trader. A legal entity, which may be organized as a corporation, partnership or in some other legal form, the principal business of which is to deal in and/or manage securities and/or other financial instruments and/or otherwise to carry on an investment business predominantly or exclusively as principal for its own account.	Yes	Hedge Funds/Proprietary Traders or Investment Funds must be incorporated under one of the forms provided for in Law no. 16/2015, of 24 February 2015, as amended (the "**Investment Funds' Law**").
Insurance Company. A legal entity, which may be organised as a corporation, partnership or in some other legal form (for example, a friendly society or industrial & provident society in the UK), that is licensed to carry on insurance business, and is typically subject to a special regulatory regime and a special insolvency regime in order to protect the interests of policyholders.	Yes	Under the Insurance Act, approved by Law no. 147/2015, of 9 September 2015 (as amended) (the "**Insurance Companies' Law**"), insurance companies may adopt one of the following types: (a) joint-stock companies; (b) mutual *("Mútuas de seguros ou de resseguros*") and (c) state owned insurance companies. The corporate designation of an insurance company should include an express reference to

Description	**Covered by opinion**	**Legal form(s)**
		the insurance activities carried out. The Insurance Act provides for several examples of expressions that may be used: "*Empresa de Seguros*", "*Seguradora*", "*Segurador*", "*Companhia de Seguros*" or "*Sociedade de Seguros*".
International Organization. An organization of Sovereigns established by treaty entered into between the Sovereigns, including the International Bank for Reconstruction and Development (the World Bank), regional development banks and similar organizations established by treaty.	No	Would require further analysis.
Investment Firm/Broker Dealer. A legal entity, which may be organized as a corporation, partnership or in some other form, that does not conduct commercial banking activities but deals in and/or manages securities and/or other financial instruments as an agent for third parties. It may also conduct such activities as principal (but if it does so exclusively as principal, then it most likely falls within the "Hedge Fund/Proprietary Trader" category above.) Its business normally includes holding securities and/or other financial instruments for third parties and operating related cash accounts. This type of entity is referred to as a "broker-dealer" in US legislation and as an "investment firm" in EC legislation.	Yes	Investment Firms/Broker Dealers, are listed under the Portuguese Securities Code, approved by Decree-Law no. 486/99, of 13 November 1999 (as amended) (the "**Securities Code**"). According to Decree-Law no. 262/2001, of 28 September 2001 (as amended), Investment Firms/Broker Dealer companies must adopt the form of joint-stock company ("*Sociedade Anónima*"), being also required to indicate in their respective firm names *(i)* the nature of their activity, by adding "*Sociedades corretoras*" or "*Sociedades financeiras de corretagem*" to their designation (broker or broker-dealer) and *(ii)* the form adopted by including a reference to "SA" or "*Sociedade Anónima*".
Investment Fund. A legal entity or an arrangement without legal personality (for example, a common law trust) established to provide investors with a share in profits or income arising from property	Yes	According to Law no. 16/2015, of 24 February 2015, as amended (the "**Investment Funds' Law**"), Collective

Description	Covered by opinion	Legal form(s)
acquired, held, managed or disposed of by the manager(s) of the legal entity or arrangement or a right to payment determined by reference to such profits or income. This type of entity or arrangement is referred to as a "collective investment scheme" in EC legislation. It may be regulated or unregulated. It is typically administered by one or more persons (who may be private individuals and/or corporate entities) who have various rights and obligations governed by general law and/or, typically in the case of regulated Investment Funds, financial services legislation. Where the arrangement does not have separate legal personality, one or more representatives of the Investment Fund (for example, a trustee of a unit trust) contract on behalf of the Investment Fund, are owed the rights and owe the obligations provided for in the contract and are entitled to be indemnified out of the assets comprised in the arrangement.		Investment Undertakings may be incorporated as Investment Funds or Investment Companies. The designation of the Investment Funds must include "*Fundos de Investimento*". Hedge Funds are required to indicate in their respective names "*Fundos Especiais de Investimento*". The designation of Investment Companies must include "SICAF" (fixed share capital company) or "SICAV" (variable share capital company).
Local Authority. A legal entity established to administer the functions of local government in a particular region within a Sovereign or State of a Federal Sovereign, for example, a city, county, borough or similar area.	No	Would require further analysis.
Partnership. A legal entity or form of arrangement without legal personality that is (a) organised as a general, limited or some other form of partnership and (b) does not fall within one of the other categories in this Appendix B. If it does not have legal personality, it may nonetheless be treated as though it were a legal person for certain purposes (for example, for insolvency purposes) and not for other purposes (for example, tax or personal liability).	No	Would require further analysis.
Pension Fund. A legal entity or an arrangement without legal personality (for example, a common law trust) established to provide pension benefits to a specific class of beneficiaries, normally sponsored by an employer or group of employers. It is typically administered by one or more persons (who may be private individuals and/or corporate entities) who have various rights and obligations governed by	Yes	According to Decree-Law no. 12/2006, of 20 January 2006 (as amended), Pension Funds may be managed by Pension Funds Management Companies (which are required to add to their respective firm names the expression "*Sociedade Gestora*

Description	Covered by opinion	Legal form(s)
pensions legislation. Where the arrangement does not have separate legal personality, one or more representatives of the Pension Fund (for example, a trustee of a pension scheme in the form of a common law trust) contract on behalf of the Pension Fund and are owed the rights and owe the obligations provided for in the contract and are entitled to be indemnified out of the assets comprised in the arrangement.		*de Fundos de Pensões*") or by Life Insurance Companies ("*Empresas de Seguros que explorem o Ramo Vida*").
Sovereign. A sovereign nation state recognized internationally as such, typically acting through a direct agency or instrumentality of the central government without separate legal personality, for example, the ministry of finance, treasury or national debt office. This category does not include a State of a Federal Sovereign or other political sub-division of a sovereign nation state if the sub-division has separate legal personality (for example, a Local Authority) and it does not include any legal entity owned by a sovereign nation state (see "Sovereign-owned Entity").	No	Would require further analysis.
Sovereign Wealth Fund. A legal entity, often created by a special statute and normally wholly owned by a Sovereign, established to manage assets of or on behalf of the Sovereign, which may or may not hold those assets in its own name. Such an entity is often referred to as an "investment authority". For certain Sovereigns, this function is performed by the Central Bank, however for purposes of this Appendix B the term "Sovereign Wealth Fund" excludes a Central Bank.	No	Would require further analysis.
Sovereign-Owned Entity. A legal entity wholly or majority-owned by a Sovereign, other than a Central Bank, or by a State of a Federal Sovereign, which may or may not benefit from any immunity enjoyed by the Sovereign or State of a Federal Sovereign from legal proceedings or execution against its assets. This category may include entities active entirely in the private sector without any specific public duties or public sector mission as well as statutory bodies with public duties (for example, a statutory body charged with regulatory responsibility over a sector of the	No	Would require further analysis.

Description	Covered by opinion	Legal form(s)
domestic economy). This category does not include local governmental authorities (see "Local Authority").		
State of a Federal Sovereign. The principal political sub-division of a federal Sovereign, such as Australia (for example, Queensland), Canada (for example, Ontario), Germany (for example, Nordrhein-Westfalen) or the United States of America (for example, Pennsylvania). This category does not include a Local Authority.	No	Portugal is not a federal Sovereign, therefore, this sub-division does not exist.