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INSOLVENCY

OF THE

COLLATERAL TAKER

UNDER THE

ISDA CREDIT SUPPORT DOCUMENTS

February 28, 2017

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IMPORTANT NOTICE:

This memorandum is issued by Loyens & Loeff BV CVBA (**Loyens & Loeff**) and addressed to the International Swaps & Derivatives Association, Inc. (**ISDA**) and is solely for the benefit of its members (together with ISDA, the **ISDA Addressees**). This memorandum is addressed only to the ISDA Addressees in connection with the matters discussed herein and in the context of the requirements set forth by the Basle Committee on Banking Supervision of the Bank for International Settlements. This memorandum is strictly limited to the matters discussed herein. For the purpose of this memorandum, we have reviewed only templates of the Reviewed Documents (as defined below). We have not reviewed any other documents or made any other inquiries. Our review of the Reviewed Documents was strictly limited to the purpose of rendering the advice expressed herein. This memorandum may not, without our written consent, be transmitted, relied upon by or filed with any person, firm, company or institution other than ISDA Addressees except that we consent to this memorandum being shown, on a non-reliance basis, to any supervisory or regulatory authority or professional advisor of the ISDA Addressees for information purposes only. Loyens & Loeff does not assume any liability against any ISDA Addressee or any other person in connection with any specific Transaction or series of Transactions. Nothing in this memorandum should be construed as implying that we are familiar with the affairs of any ISDA Addressee or any particular collateral arrangements. This memorandum is issued by Loyens & Loeff and natural persons or legal entities that are involved in the services provided by or on behalf of Loyens & Loeff cannot be held personally liable in any manner whatsoever. Any liability of Loyens & Loeff is limited up to the amounts paid out under its professional liability insurance policy in the relevant matter (details of which can be obtained on our website www.loyensloeff.com). We are lawyers admitted to the Brussels Bar, admitted to practice in Belgium. Our opinions constitute our own opinions but are not a guarantee as to what a court would actually rule when presented with this issues. In this memorandum Belgian legal concepts are expressed in English terms and not in their original Dutch or French terms. These concepts may not be identical to the concepts described by the same English term. Loyens & Loeff is a Belgian law firm. Therefore, we are only competent to render advice on issues of Belgian law. Furthermore, we do not render any advice on any issues of Belgian law other than those explicitly addressed herein. We express no advice as to any laws other than the laws of Belgium and the EU (as applicable in Belgium) in force and in effect and as generally interpreted on the date hereof. This memorandum does not deal with any prospective or future legislation and we do not express an opinion on the conformity of Belgian law with European Union law or the rules promulgated under or by any treaty, treaty organisation or supra-national organisation, and the consequences of any such non-conformity. There is no intention on our part to amend or update this memorandum in the event of changes after the date hereof to any Belgian laws or regulations relevant to this memorandum. This memorandum will be governed by and construed in accordance with Belgian law. This memorandum may therefore only be relied upon under the express condition that any issues of interpretation or liability arising thereunder will exclusively be governed by Belgian law and exclusively be brought before the courts of Brussels.

February 28, 2017

This memorandum replaces any previous advice rendered in accordance with the matters addressed herein.

February 28, 2017

INSOLVENCY OF THE COLLATERAL TAKER UNDER THE ISDA CREDIT SUPPORT DOCUMENTS

1. SCOPE AND DEFINITIONS

1.1 In this memorandum we consider certain issues under Belgian law in relation to the insolvency of the collateral taker under one of the below standard form documents published by the International Swaps and Derivatives Association, Inc. (**ISDA**) (together the **Reviewed Documents**), as entered into in connection with a master agreement (a **Master Agreement**[1]) published by ISDA:

(a) the 2016 Phase One Credit Support Annex for Initial Margin (IM) governed by New York law (the **IM NY Annex**);

(b) the 2016 Phase One IM Credit Support Deed, governed by English law (the **IM Deed**);

(c) the ISDA Euroclear Security Agreement (the **Euroclear Security Agreement**);

(d) the ISDA Euroclear Collateral Transfer Agreement (NY Law) (the **Euroclear NY CTA**);

(e) the ISDA Euroclear Collateral Transfer Agreement (Multi-Regime) (the **Euroclear Multi-Regime CTA**);

(f) the ISDA Clearstream 2016 Security Agreement (the **Clearstream Security Agreement**);

(g) the ISDA Clearstream 2016 Collateral Transfer Agreement (NY Law) (the **Clearstream NY CTA**); and

(h) the ISDA Clearstream 2016 Collateral Transfer Agreement (Multi-Regime) (the **Clearstream Multi-Regime CTA**).

For the purpose of this memorandum, we do not consider the opening of insolvency proceedings with regard to the Custodian, Euroclear or Clearstream.

[1] A Master Agreement means any of the following agreements:
(i) the 1987 ISDA Interest Rate Swap Agreement;
(ii) the 1987 ISDA Interest Rate Swap and Currency Exchange Agreement;
(iii) the 1992 ISDA Master Agreement (Local Currency – Single Jurisdiction);
(iv) the 1992 ISDA Master Agreement (Multi-Currency – Cross Border); or
(v) the 2002 ISDA Master Agreement.

1.2 Unless otherwise defined herein, a capitalized term used and not defined in this memorandum has the meaning given to that term in the Reviewed Documents. In addition, in this memorandum:

(a) **Bankruptcy Code** means the Belgian Law of August 8, 1997 on bankruptcy, as applicable on the date of this memorandum;

(b) **Cash Collateral** means any cash provided as credit support under the Security Documents for securing obligations under the relevant Master Agreement;

(c) **Clearstream Documents** means the Clearstream Multi-Regime CTA, the Clearstream NY CTA and the Clearstream Security Agreement;

(d) **Collateral** means, as the context shall require, any IM Collateral and/or CSD Collateral; ;

(e) **Collateral Provider** means the Pledgor, or as the case may be, the Chargor under the IM Security Documents;

(f) **Collateral Taker** means the Secured Party under the IM Security Documents;

(g) **Continuity Law** means the Belgian law of January 31, 2009 on the continuity of enterprises, as applicable on the date of this memorandum;

(h) **CSD Collateral** means any Cash Collateral or Securities Collateral under the CSD Documents ;

(i) **CSD Documents** means the Clearstream Documents and Euroclear Documents;

(j) **Custodial Account** has the meaning given to such term in Assumption (m) below;

(k) **Custodian** has the meaning given to such term in Assumption (m) below;

(l) **Collateral Provider Memorandum** means our memorandum entitled "Validity and Enforcement under Belgian law of collateral arrangements under the ISDA Credit Support Documents" of June 27, 2016, as amended and restated on February 28, 2017;

(m) **Euroclear Documents** means the Euroclear Multi-Regime CTA, the Euroclear NY CTA and the Euroclear Security Agreement;

(n) **Financial Collateral Law** means the Belgian law of December 15, 2004 on financial collateral arrangements, as applicable on the date of this memorandum;

(o) **IM Collateral** means any Cash Collateral or Securities Collateral delivered under the IM Security Documents;

(p) **IM Security Documents** means the IM Deed and the IM NY Annex;

(q) **PIL Code** means the Belgian Code of Private International Law of July 16, 2004, as applicable on the date of this memorandum;

(r) **Securities Collateral** means any securities provided as credit support under the Security Documents for securing obligations under the relevant Master Agreement;

(s) **Security Documents** means, as the context shall require, the CSD Documents and/or IM Security Documents;

(t) **Security-provider** has the meaning given to such term in the CSD Documents; and

(u) **Security-taker** has the meaning given to such term in the CSD Documents.

2. ASSUMPTIONS

For the purpose of our analysis, we have assumed and not verified, each of the following (the **Assumptions**):

Corporate status and capacity

(a) each party (i) is able lawfully to enter into and to perform under the Reviewed Documents under all applicable laws and under its relevant constitutional documents, (ii) has taken all action necessary to authorize its entry into the Reviewed Documents, and (iii) has duly consented to, executed and delivered the Reviewed Documents;

(b) each of the parties to the Reviewed Documents who is carrying on, or purporting to carry on, any relevant regulated activity in Belgium or any other applicable jurisdiction is duly authorized to carry on that regulated activity and to enter into and perform the Reviewed Documents under the laws and regulations regulating such activity, and any rules of public procurement (*overheidsopdrachten/marchés publics)* that may be applicable to the entry into of a Master Agreement or any specific Transactions thereunder have been duly complied with in all respects.

(c) all individuals acting in connection with the Reviewed Documents have legal capacity (*handelingsbekwaamheid/capacité juridique*);

(d) each party is a type of counterparty identified as covered hereunder in Appendix B attached hereto;

(e) each of the parties is acting as principal and not as agent in relation to its rights and obligations under the Reviewed Documents, and no third party has any right to, interest in,

or claim on any right or obligation of either party under either document;

(f) each party is incorporated as a separate legal entity with its own legal personality[2];

(g) at the time of entry into the Reviewed Documents or a Transaction, no insolvency, rescue, reorganization, composition or similar proceedings have commenced in respect of either party, and neither party is insolvent at the time of entering into the Reviewed Documents or becomes insolvent as a result of entering into any of the Reviewed Documents or a Transaction;

Collateral

(h) each party, when transferring Collateral under the Security Documents, was able to transfer full legal title to such Collateral at the time of transfer, free and clear of any lien, claim, charge or encumbrance (whether statutory, contractual or otherwise) or any other interest of the transferring party or of any third person (other than a lien routinely imposed on Collateral in a relevant clearance or settlement system);

(i) the assets comprising the Collateral can be subject to an attachment (*beslag/saisie*) and can be validly, transferred, assigned, disposed of or encumbered with a charge, lien, retention of title or other encumbrance;

(j) the cash provided as Collateral is credited to an account (as opposed to physical notes and coins) and is denominated in a freely convertible currency;

(k) any securities provided as Collateral consist of fungible book-entry securities which are either :

(i) debt securities, other debt instruments or certificates relating to such securities and debt instruments;

(ii) money market instruments (with the exclusion of payment instruments); or

(iii) shares or certificates relating to shares;

credited to an account opened for holding securities in accordance with applicable laws;

(l) the Securities Collateral has been issued either by the government of Belgium, the government of another member of the "G-10" group of countries, a Belgian company or a foreign company;

[2] Please note that the Financial Collateral Law excludes natural persons from the scope of its Article 12 (validity and enforceability of title transfers) and its Articles 14 and 15 (validity and enforceability of (close-out) netting provisions - only to the extent such natural persons do not qualify as merchants). This memorandum is thus not applicable to any such persons.

(m) notwithstanding the securities comprising the Securities Collateral being fungible, the applicable fungibility regimes protect and maintain the ownership rights of the depositors, not as title to individual securities, but as co-ownership rights in all financial instruments of the same kind deposited or delivered;

(n) in accordance with the governing law of the Security Documents, the security interest created thereunder does not entail for the Collateral Provider/Security-provider a loss of its ownership interests in the securities comprising the Securities Collateral;

IM Security Documents

(o) the IM Collateral is held in an account (which may hold cash and securities) opened in the name of the Collateral Provider (a **Custodial Account**) with a third-party custodian duly authorized to provide securities accounts (**Custodian**), with the following characteristics:

(i) the Custodian holds the IM Collateral pursuant to a custodial agreement between the Collateral Provider and the Custodian;

(ii) the Custodial Account is used exclusively for the IM Collateral provided by the Collateral Provider to the relevant Collateral Taker;

(iii) 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 IM Collateral under certain circumstances; and

(iv) the Collateral Provider may, during the existence of the security interest (and in order to preserve such interest), not instruct the Custodian to transfer or otherwise dispose of any IM Collateral and has no access to the IM Collateral, without the prior express consent of the Collateral Taker;

CSD Documents

(p) under the Clearstream Documents, the CSD Collateral is held in an account (which may hold cash and securities) opened in the name of the Security-provider with Clearstream and in relation to which Clearstream provides collateral management services, and which account is used exclusively for the posting and holding of CSD Collateral;

(q) under the Euroclear Documents, the CSD Collateral is held in an account (which may hold cash and securities) opened in the name of Euroclear in the books of Euroclear, which has been appointed by the Security-provider and the Security-taker as third-party security holder (*derde pandhouder/tiers convenu*), and which account is used exclusively for the posting and holding of CSD Collateral;

(r) under the CSD Documents, the Security-provider may, during the existence of the security interest (and in order to preserve such existence), not instruct Euroclear or Clearstream to transfer or otherwise dispose of any of the CSD Collateral, without the prior express consent of the Security-taker;

(s) no liabilities secured under a CSD Document qualify as a right or obligation arising from, or in connection with, the participation to a system within the meaning of Directive 98/26/EC;

Other assumptions

(t) pursuant to the Master Agreement, the Collateral Provider/Security-provider enters into a number of Transactions with the Collateral Taker/Security-taker. Such Transactions include any or all of the transactions described in Appendix A attached hereto and constitute valid transactions enforceable in accordance with their terms under all applicable laws (including the laws of Belgium);

(u) to the extent that any obligation arising under the Reviewed Documents falls to be performed in any jurisdiction outside Belgium, its performance will not be illegal or ineffective by virtue of the laws of that jurisdiction;

(v) the terms of the Reviewed Documents, including each Transaction, are agreed at arms' length terms by the parties so that no element of gift or undervalue from one party to the other party is involved;

(w) the entry into the Reviewed Documents, including each Transaction thereunder, is in the interest of the parties, is entered into for *bona fide* purposes, without any fraudulent intent (including as to the interests of creditors) and does not threaten the continuity of the parties;

(x) no law of a jurisdiction other than Belgium adversely affects the conclusions in this memorandum;

(y) each Reviewed Document and Transaction thereunder is valid, binding and enforceable in accordance with its terms under any applicable law (other than Belgian law for those matters expressly opined upon herein) and, under the circumstances and as regards the points discussed in our Collateral Provider Memorandum, under Belgian law; the entry into the Protocol, Interest Protocol or any other supplement or amendment, however fundamental to any of the Reviewed Documents, taken together with any Transaction thereunder, does not constitute a novation (*schuldvernieuwing/novation*) of any of the Transactions and none of the Reviewed Documents qualify under their governing laws as an agreement to provide insurance services; and

(z) no provision of the Master Agreement and the relevant Security Documents has been altered in any material respect. The making of standard selections under Paragraph 13 of the Credit Support Documents and/or the Schedule do not constitute such material alterations, unless otherwise set out in this memorandum.

FACT PATTERNS

You have asked us, when responding to each question, to distinguish between the following three fact patterns:

1. the Location of the Collateral Taker/Security-taker is in Belgium and the Location of the IM Collateral/CSD Collateral is outside Belgium;

2. the Location of the Collateral Taker/Security-taker is in Belgium and the Location of the IM Collateral/CSD Collateral is in Belgium;

3. the Location of the Collateral Taker/Security-taker is outside Belgium and the Location of the IM Collateral/CSD Colllateral is in Belgium.

For the foregoing purposes:

(i) the **Location** of the Collateral Taker/Security-taker is in Belgium if it is incorporated or otherwise organized in Belgium and/or is acting through its branch or other physical place of business in Belgium; and

(ii) the **Location** of the Collateral is the place where an asset of that type is located in accordance with the private international law of Belgium; and

Located when used below in relation to a Collateral Taker/Security-taker or any Collateral should be construed accordingly.

Although we do not expressly refer to each fact pattern in our answer to each question, we have taken the fact patterns into consideration in developing our analysis. It should generally be clear from the context which of the fact patterns is being discussed in each case.

The issues you have asked us to address are set out below, followed in each case by our analysis and conclusions.

February 28, 2017

RIGHTS OF THE COLLATERAL PROVIDER UNDER THE IM SECURITY DOCUMENTS

1 Would the Collateral Provider be entitled to exercise its contractual rights under the IM Security Documents and the custodial arrangements described in Assumption (m) to recover the Collateral held by the Custodian in the Account in case the Collateral Taker is subject to Belgian insolvency proceedings?

A distinction must be made between Securities Collateral and Cash Collateral.

Securities Collateral

Under Belgian law, a pledge, when enforced, only grants the pledgee a right on the proceeds of the pledged securities, not on the securities themselves[3]. A pledgor in principle remains the owner of securities pledged by it and can recover them from the pledgee, once the secured obligations have been repaid or have otherwise been discharged in full. If a pledgee would not meet its obligation to return the pledged securities to the pledgor at the expiry of the pledge, the latter would be able to recover the pledged securities from the pledgee through the institution of a claim for "revendication" (*revendication / terugvordering*). The right of revendication is a real right (right *in rem*).

Pursuant to the Bankruptcy Code, the opening of bankruptcy proceedings would not impair the right of the Collateral Provider, as owner, to recover the pledged securities from the bankrupt estate of the Collateral Taker[4]. However, the right to recover the Securities Collateral from the Collateral Taker cannot take effect as long as the Master Agreement has not been terminated (please refer to our answer under Question 4).

In case of a Pledgor Rights Event/Chargor Rights Event as a result of the Collateral Taker entering into Belgian bankruptcy proceedings, the request to transfer all Posted Collateral/Posted Credit Support under Paragraph 8 (b) of the IM Security Documents should be addressed to the bankruptcy trustee through the filing of claim for revendication. A claim for revendication is not subject to any formalities, but should be filed before the first closing of the verification of claims. If such claim is successful, effect should be given to the

[3] Save for any appropriation rights which the pledgee may have (cf. our answer to Question 12 of the Collateral Provider Memorandum).

[4] The same goes for the opening of a procedure of judicial reorganization. Although pursuant to Article 30 of the Continuity Law all means of enforcement, including recovery rights based on ownership, are suspended once a procedure of judicial reorganization has been opened, it is the prevailing view that such suspension only affects the rights of creditors enforcing ownership rights on assets held with their debtor, such as claims for 'revendication' based on a reservation of title or in relation to a leased assets.

provisions of the IM Security Documents to transfer the Securities Collateral (out of the Custodial Account) to the Collateral Provider[5]. The Bankruptcy Code does not provide for any specific timing in this regard.

Please also refer to our answer under Question 2.

Cash Collateral

Since the cash is credited to a segregated account in the name of the Collateral Provider,a bankruptcy trustee in a Belgian bankrupcty proceeding should, in the same way as described above, give effect to the provisions of Paragraph 8 (b) of the IM Security Documents to transfer the Cash Collateral (out of the Custodial Account) to the Collateral Provider. If such transfer is not effectuated, we believe that (however untested in case law) the Collateral Provider should be entitled to rely on legal set-off[6].

Please also refer to our answer under Question 2.

2. Assuming that the response to question 1 above is yes, are there any requirements that the custodial arrangements described in Assumption (m) must satisfy in order to permit the Collateral Provider to exercise such rights?

Securities Collateral

No.

[5] A claim for revendication could fail, if the Securities Collateral would no longer be available in the estate of the Collateral Taker. Given that the Securities Collateral is credited to the (segregated) Custodial Account, we consider this risk, however, remote. Should the risk nonetheless materialize, we believe that the Collateral Provider should be entitled to set-off the secured obligations against the value of the Securities Collateral on the basis of the right of set-off set forth under Article 11, § 3 of the Financial Collateral Law. The reasoning for this is that Article 11, § 3 provides for a right of set-off in case, after the exercise of a right of use, the Collateral Taker fails to return equivalent Collateral to the Collateral Provider. If a right of set-off exists in case of the exercise of a right of use, then such right should *a fortiori* exist if no right of use was exercised. However, there is no case law on the subject. In case a contractual set-off provision exists, such as the right of set-off included in Paragraph 8 (b) of the IM NY Annex, the Collateral Provider should be able to rely on such provision.

[6] Legal set-off takes place automatically, by operation of law, if the following 4 conditions have been met:
(1) The existence of reciprocal claims between the same two parties, acting in the same capacity;
(2) The claims must relate to interchangeable items of the same kind and nature, such as payments in cash or the delivery of fungible assets.
(3) The claims need to be certain; disputed claims cannot be subject to any legal set-off as long as they remain uncertain. If the court decides that the claims were certain and susceptible to set-off, the set-off will apply retroactively.
(4) The claims need to be due; future claims are excluded from the scope of legal set-off.
The courts and legal scholars have developed a rule allowing legal set-off after the commencement of the concurrence of creditors, if: (i) all conditions for set-off have been fulfilled prior to the concurrence of creditors even though such set-off has not yet been taking into account by the parties before the concurrence of creditors; or (ii) one of the conditions required for legal set-off is only met at or after the moment of the concurrence of creditors and the mutual debts to be off-set are closely interrelated.

However, if parties agreed to a right of use (or "re-hypothecation") by the Collateral Taker (and such right is subsequently exercised), the Collateral Provider will no longer be able to rely on a revendication claim as set forth in our answer under Question 1. Instead, the Collateral Provider will only have a contractual (unsecured) claim towards the Collateral Taker to receive equivalent securities. If no equivalent securities are (or can) be returned, the Collateral Provider shall have the right in accordance with Article 11, § 3 of the Financial Collateral Law to set-off its obligation towards the Collateral Taker against its (contractual) claim to receive from the Collateral Taker equivalent securities. Such right of set-off is, as explicitly recognized in the preparatory works to the Financial Collateral Law, enforceable, notwithstanding the insolvency of the Collateral Taker.

In exercising its right of set-off, the Collateral Provider must take into account the valuation rules in relation to the Securities Collateral and the secured obligations as agreed upon with the Collateral Taker[7]. The courts have the right to exercise an *a posteriori control* to verify the conditions in connection with the agreed valuation rules for the Securities Collateral and the secured obligations. The Collateral Taker will need to apply the value of the Securities Collateral first to any interest payable and subsequently to any remaining principal amount under the secured obligation.

The above will apply in case of the opening of Belgian insolvency proceedings.

Cash Collateral

No. However, if the IM Security Documents have been modified to allow a right of use, then the following additional considerations apply.

Contrary to what is the case for a pledge of securities, the Financial Collateral Law does not provide for a right of use in relation to collateral consisting of cash (credited to an account)[8]. As a general rule, if, pursuant to the exercise of a right of use by the Collateral Taker, the funds are transferred out of the Custodial Account, Belgian law will only grant the Collateral Provider a contractual claim to recover an equal amount of cash from the Collateral Taker[9]. This means that in case of insufficient funds (due to the Collateral Taker's insolvency), the

[7] In the absence of any valuation rules agreed upon between the parties, the Collateral must be valued by reference to its value at the time the secured obligations are due.
[8] A possible explanation for this is that pledges of bank accounts are usually granted to the account providing institution itself, which, as a result of holding the cash, is deemed to be the owner thereof. As an owner, the credit institution is entitled to use the cash at its own discretion (and must only restitute an equal amount of such cash to the person in whose name the account is opened). To that extent, there is no need to stipulate a statutory right of use.
[9] This is because the person in whose name a bank account is opened, is deemed to be the owner of the cash credited thereto.

Collateral Provider will only be able to recover the cash from the Collateral Taker on a *pro rata* and *pari passu* basis.

Since the Financial Collateral Law does not provide for a right of use in relation to Cash Collateral, the contractual claim of the Collateral Provider to recover the cash from the Collateral Taker is, under such law, not protected by a statutory right of set-off. It is also uncertain whether the Collateral Provider can invoke legal set-off. The Collateral Provider should, nonetheless, as far as Belgian law is concerned, be able to rely on a contractual set-off provision, such as the set-off right included Paragraph 8 (b) (iv) of the IM NY Annex.

3. In order for the Collateral Provider to exercise its rights under the IM Security Documents and the custodial arrangements described in Assumption (m) to recover the Collateral, is there a requirement that the Collateral Provider has no outstanding obligations to the Collateral Taker?

Securities Collateral

In accordance with Belgian law, the Collateral Provider shall only be able to recover the IM Collateral from the Collateral Taker in case of an abuse of rights or in case the secured obligations are fully paid or have been otherwise discharged in full (i.e. principal amount, interests and costs)[10]. However, should a revendication no longer be possible, since the Securities Collateral is no longer available in the estate of the Collateral Taker, the Collateral Provider should, to the extent Belgian law is applicable, be entitled to set-off any outstanding Obligations it has towards the Collateral Taker against the value of the Securities Collateral, irrespective of any right of retention that the Collateral Taker may have and this on the basis of Article 11, § 3 of the Financial Collateral Law[11].

Please also refer to our answer under Question 2 in relation to the right of set-off granted to the Collateral Provider in case the Collateral Provider has exercised its right of re-use.

Cash Collateral

As set out above, pursuant to Belgian law, the Collateral Provider can only recover the IM Collateral from the Collateral Taker in case the secured obligations are fully paid or discharged. Since (legal) set-off in principle occurs by operation of law, it should in our view,

[10] On the basis of Article 2083 of the Civil Code a pledge is considered "indivisible" (a partial repayment does not grant the pledgor the right to partially recover the collateral). If the secured obligations are not fully paid, the Collateral Taker can take recourse to its right of retention under Article 2082 and refuse restitution of the IM Collateral to the Collateral Provider.
[11] In this regard, please also refer to footnote **Error! Bookmark not defined.**.

however, be possible to set-off the (cash) net amount owed by the Collateral Provider to the Collateral Taker under Section 6 (e) of the Master Agreement (if any) against the amount of cash credited to the Custodial Account. Accordingly, in case the Collateral Taker does not transfer the cash out of the Custodial Account to the Collateral Provider following the Collateral Provider's revendication claim in relation to the cash standing to the Custodial Account, the Collateral Provider should, as a matter of Belgian law, be able to set-off the amount owed to the Collateral Taker under Section 6 (e) of the Master Agreement against the cash to be recovered from/transferred by the Collateral Taker. Such set-off should equally remain possible in case the Collateral Taker enters into bankruptcy proceedings[12].

Please also refer to our responses to Question 2 in case the Collateral Provider consented to the use of the Cash Collateral by the Collateral Taker.

4. Would the Collateral Provider's ability to exercise its contractual rights be subject to any stay or freeze or otherwise be affected

4.1 Belgian insolvency proceedings

Please refer to Section 17.1.1 of our Collateral Provider Memorandum.

4.2 Possible stays under Belgian insolvency proceedings

4.2.1 Bankruptcy

A "revendication" is not subject to a stay. However, the claim for revendication should be filed first, and this before the first closing of the verification of claims.

In case the Collateral Provider would only have a contractual claim towards the Collateral Taker to recover the IM Collateral, such as in the case the IM Collateral was re-used, the Collateral Provider should be able to rely on set-off to the extent it would still owe obligations towards the Collateral Taker. No stay will apply. In this regard, please also refer to our answer under Question 2.

4.2.2 Judicial reorganization

[12] Since the obligation of the Collateral Provider to pay a net amount to the Collateral Taker can be considered interconnected with its claim as a pledgee to recover from the cash from the Collateral Taker.

Pursuant to Article 4 of the Financial Collateral Law, a creditor can no longer invoke its right to close-out an agreement if the debtor enters into a procedure of judicial reorganization, unless there is a payment default. This in principle means that the Collateral Provider cannot rely on Section 6 (a) of the Master Agreement to exercise its right of early termination as a result of the Collateral Taker entering into a procedure of judicial reorganization.

Article 4 of the Financial Collateral Law does, however, not affect close-out netting provisions, if such provisions are agreed upon "in connection with" the enforcement of a pledge of financial instruments (or a title transfer for security purposes of financial instruments or cash). A creditor should thus be able to enforce its security, even if such enforcement necessitates to first invoke a close-out netting provision. It is, however, uncertain to which extent the same protection applies to the claim of the Collateral Provider to recover the pledged assets from the Collateral Taker.

Furthermore, Article 4 of the Financial Collateral Law is not applicable in case the Collateral Provider and the Collateral Taker both qualify as a "public or financial legal person" within the meaning of such law. Finally, Article 4 is neither applicable in case the close-out netting provision is agreed upon in relation to Transactions which qualify as excluded derivatives or other financial transactions as defined by a Royal Decree[13].

In addition, it can be argued that Article 4 of the Financial Collateral Law is set aside on the basis of Article 6 of the Insolvency Regulation which stipulates that the right of a creditor to compensate its claim with the claim of its debtor, is determined by the law that governs the claim of the insolvent debtor (i.e., in this case, either New York or English law as the governing law of the ISDA Master Agreement and the Transactions thereunder). However, whether Article 6 of the Insolvency Regulation also protects close-out netting is debated in Belgian legal writing and there is no conclusive case law in this respect.

4.2.3 Recovery measures applicable to financial institutions

(i) Insurance undertakings and institutions assimilated to settlement institutions

The aforementioned prohibition (and the exceptions thereto) contained in Article 4 of the Financial Collateral Law also applies in case the Collateral Taker is subject to an act of disposal as provided for in Article 519 of the Law of March 13, 2016

[13] In our view, all Transactions as set out in Appendix A qualify as excluded transactions, with the possible exception of Bullion Trades, Physical Commodity Transactions and "spot" Emissions Allowance Transactions.

(applicable to Belgian insurance undertakings) or Article 36/27 of the Law of February 22, 1998 (applicable to Belgian institutions assimilated to settlement institutions).

Article 633 of the Law of March 13, 2016 contains a similar rule in relation to set-off as the one set forth in Article 6 of the Insolvency Regulation. Like Article 6 of the Insolvency Regulation, Article 633 of the Law of March 13, 2016 could serve as a basis to set aside the stay contained in Article 4 of the Financial Collateral Law in case the insurance undertaking is made subject to an act of disposal pursuant to Article 519 of the Law of March 13, 2016. Again, this however remains untested in court.

The Law of February 22, 1998 (applicable to Belgian institutions assimilated to settlement institutions[14]) does not provide for a conflict of laws rule similar to Article 6 of the Insolvency Regulation or Article 633 of the Law of 13 March 13, 2016.

(ii) Credit institutions

Pursuant to Article 287 of the Law of April 25, 2014, the application of a resolution tool to a Belgian credit institution cannot by itself constitute an Event of Default on the basis of which Early Termination is triggered. The same goes for the application of binding and extraordinary measures contained in Articles 234 and 236 of the Law of April 25, 2014.

Currently (and this despite the amendments made by Directive 2014/59/EU to Directive 2001/24/EC), Article 369, 5° of the Law of April 25, 2014 still stipulates that the consequences of a reorganization measure, such as a the application of a resolution tool, on close-out netting agreements will be exclusively governed by the law applicable to such agreements. Therefore, if close-out netting is e.g. allowed under the laws of the State of New York, such close-out netting should, on the basis of Article 369, 5° of the Law of April 25, 2014, equally be allowed where the credit institution is made subject to the application of a resolution tool under the Law of April 25, 2014. It should, however, be noted that pursuant to the Law of December 18, 2015, the prohibition contained in Article 287 of the Law of April 25, 2014 to terminate the agreement on the basis that the counterparty is made subject to the application of a resolution tool, is now explicitly qualified as an overriding mandatory

[14] And to the CSD recognized pursuant to the Royal Decree N° 62.

provision within the meaning of Article 9 of the Rome I Regulation. The provision of the Master Agreement under which the application of a resolution tool would constitute an Event of Default (triggering Early Termination) will thus remain unenforceable on the basis of Article 9 of the Rome I Regulation. It remains unclear how this impacts Article 369, 5° of the Law of April 25, 2014.

RIGHTS OF THE COLLATERAL PROVIDER UNDER THE CLEARSTREAM AND EUROCLEAR DOCUMENTS

5. **Please explain how your responses to questions 1 through 4 above would change if instead of entering into an IM Security Document and custodial arrangements described in Assumption (m), the parties enter into CSD Documents?**

Clearstream Documents

It is unclear to which extent the Security-provider would be able to rely on set-off in case its revendication claim towards the Security-taker would fail (for the reasons set out in footnote 5), considering that the Clearstream Documents do not provide for a contractual right of set-off (similar to Paragraph 8 (b) (iv) of the IM NY Annex). Given that the Collateral is credited to the (segregated) Pledged Account, we consider the risk that a revendication claim fails, however, remote.

Euroclear Documents

The same considerations arise in connection with Securities Collateral delivered under the Euroclear Documents as those discussed above in relation to the Clearstream Documents.

Under the Euroclear Documents, the security granted by the Security-provider to the Security-taker on Cash Collateral does not consist of a pledge (*pand/gage*), but of a title transfer for security purposes.

Pursuant to Article 12 of the Financial Collateral Law, a transferee under a title transfer for security purposes may exercise all the prerogatives of an owner, including the right to sell and re-hypothecate or re-use the collateral. As a consequence, the Security-taker is only obliged to return to the Security-provider an equal amount of Cash Collateral in case the secured obligations are fully paid or otherwise discharged. This means, in turn, that the Security-provider only has a personal contractual claim towards the Security-taker to

recover the collateral. In case of insolvency of the Security-taker, the Security-provider therefore risks to only be compensated on a *pro rata* and *pari passu* basis. Moreover, since Article 12 of the Financial Collateral Law only grants a right of set-off to the Security-taker (as part of the prerogatives of ownership), authoritative legal writing considers it impossible for the Security-provider to set-off its obligations under the agreement against the obligation of the Security-taker to return an equal amount of collateral to the Security-provider. However, this remains untested in court.

In formulating the right of the Security-taker to only return an equal amount of collateral to the Security-provider, the Financial Collateral Law does not distinguish between a Security-taker which has actually exercised its ownership prerogatives and a Security-taker which has not. Regardless of the fact the Security-taker has not exercised any rights of use in relation to the collateral, the Financial Collateral Law thus only grants to the owner of the contractual claim against Euroclear a personal contractual claim to recover the collateral from the Collateral Taker.

Under the Euroclear Documents, the CSD Collateral is credited to a segregated account. As such, the Cash Collateral is protected from getting commingled with other assets of the Security-taker, which commingling would no longer make it possible for the Security-provider to exercise its revendication claim. However, as explained above, since the transferee under a title transfer for security purposes is considered the owner of the transferred collateral, the recovery claim of the Security-provider no longer consists of a right to revendicate, but of a mere personal contractual claim to recover the collateral from the Security-taker. Such personal claim must in principle be enforced on the estate (of the bankrupt Security-taker) as a whole. As a general principle under Belgian law, all the goods of a debtor serve as collateral for its creditors pursuant to Articles 7 and 8 of the Mortgage Act. Belgian law therefore only allows for the creation of a separate estate (i.e. to the benefit of one particular creditor) in a limited amount of circumstances[15]. The exclusive rights of the Security-provider in relation to the Cash Collateral credited to the segregated account may thus not be recognized. The fact that the segregated account is opened in the name of Euroclear (and not in the name of the Security-taker) does as such not alter this conclusion, since the Security-taker, as a result of a (valid) title transfer for security purposes, will still be considered the owner of the Cash Collateral. The consequence of such ownership is that the Cash Collateral may be deemed to form part of the Security-taker's estate (which estate, as explained above, serves as collateral for all of its creditors).

[15] For example, in case of cash credited to an account, only the client accounts of lawyers, notaries and bailiffs are explicitly recognized as not forming part of the insolvency estate.

February 28, 2017

MISCELLANEOUS

6 Are there any other local law considerations that you would recommend the Collateral Provider to consider in connection with recovering the Collateral?

Considering that Article 12 of the Financial Collateral Law only grants a right of set-off to the transferee under a title transfer for security purposes (as part of the prerogatives of ownership; see our answer under Question 5), it would be good to include a contractual right of set-off in the Euroclear Security Agreement.

7 Are there any other circumstances you can foresee in your jurisdiction that might affect the Collateral Provider's ability to enforce its contractual rights to recover the Collateral?

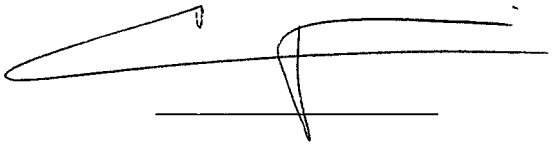
As explained in the Collateral Provider Memorandum, set-off may not be enforceable against a public law entity[16]. Although this should as such not impact the Collateral Provider's/Security-provider's ability to revendicate the Collateral from the Collateral Taker/Security-taker being a public law entity[17] (and in this context potentially rely on set-off – see our answer to Question 3 above)[18], this may prevent the Collateral Provider/Security-provider from relying on the close-out netting provisions of Section 6 of the Master Agreement[19]. As discussed in our answer under Question 1, the right to recover the Collateral (through a claim for revindication) cannot take effect as long as the Master Agreement has not been terminated. The Collateral Provider/Security-provider should, however, be able to enforce such provisions on the basis of Articles 14 and 15 of the Financial Collateral Law (which implement Article 7 of the Financial Collateral Directive), if such Collateral Provider/Security-provider is an entity as referred to in Article 1 (2), (a) to (d) of the Financial Collateral Directive.

Any reliance on this memorandum is strictly subject to the terms and conditions set out in the "**Important Notice**" on page 2.

[16] See our answer to Question 14 of the Collateral Provider Memorandum, under C.
[17] The reason for this is that in its capacity as a Collateral Taker/Security-taker the public law entity will not be the owner of the pledged assets. The immunity from enforcement as set forth in Article 1412bis of the Judicial Code (and article 8 of the Law of 21 Marc 1991) in principle only relates to assets belonging to the public law entity.
[18] Set-off in relation to a revendication claim (see our answer to Question 3) may nonetheless be impacted if the obligation owed by the Collateral Provider/Security-provider to the Collateral Taker/Security-taker (in practice, the net value of the derivative position) is considered to serve the public entity's duties of public interest.
[19] In case the public authority is e.g. dissolved on the basis of a law or decree.

February 28, 2017

Loyens & Loeff



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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 to the ISDA Legal Memorandum dated February 28, 2017 (Belgium)

Type	Covered	Comments
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 United Kingdom (**UK**)).	Yes	*Kredietinstelling /institution de crédit*
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).	Yes	The *Nationale Bank van België/Banque Nationale de Belgique*
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 A.	Yes if the Corporation has legal personality	The following corporations (*vennootschappen/sociétés*) have legal personality and are covered by the memorandum: - a public limited liability company

		(*naamloze vennootschap* or *"NV" / société anonyme* or *"SA"*) - a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid* or *"BVBA" / société privée à responsabilité limitée* or *"SPRL"*) - a general partnership (*vennootschap onder firma or"VOF" / société en nom collectif* or *"SNC"*) - a cooperative company (*coöperatieve vennootschap* or *"CVOA" / société cooperative* or *"SCRI"*) - a cooperative company with limited liability (*coöperatieve vennootschap met beperkte aansprakelijkheid* or *"CVBA"/ société cooperative à responsabilité limitée* or *"SCRL"*) - an ordinary limited partnership (*gewone commanditaire vennootschap* or *"Comm.V" / société en commandite simple* or *"SCS"*) - a partnership limited by shares (*commanditaire vennootschap op aandelen* or *"Comm.VA" / société en commandite par actions*) or "SCA") - a non-profit association (*vereniging zonder winstoogmerk* or *"VZW" /*

		association sans but lucrative or *"ASBL")*
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 if organized as a corporation, having legal personality (see under Corporation).	
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	
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	
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	Yes if organized as a corporation, having legal personality (see under Corporation).	

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.		
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 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.	Yes if organized as a corporation, having legal personality (see under Corporation).	
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.	Yes	Municipality (*gemeente/commune*) and province (*provincie/province*) Rules of public procurement may apply for the entry into of certain Transactions under

		the Master. This will need to be validated on a case by case basis. See also our explanations under Section 14.C on page 26-27 of the memorandum.
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 A. 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).	Yes if organized as a corporation, having legal personality (see under Corporation).	
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 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.	Yes if organized as a corporation, having legal personality (see under Corporation).	
Sovereign. A sovereign nation state recognized internationally as such, typically acting through a direct agency or instrumentality of the central government without separate legal	Yes	Rules of public procurement may apply for the entry into of certain Transactions under the Master. This will need to be validated

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").		on a case by case basis. See also our explanations under Section 14.C on page 26-27 of the memorandum.
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 A the term "Sovereign Wealth Fund" excludes a Central Bank.	Yes	Rules of public procurement may apply for the entry into of certain Transactions under the Master. This will need to be validated on a case by case basis. See also our explanations under Section 14.C on page 26-27 of the memorandum.
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 domestic economy). This category does not include local governmental authorities (see "Local Authority").	Yes	It will need to be reviewed whether such Sovereign-Owned Entity is subject to public procurement law, in which case rules of public procurement may apply for the entry into of certain Transactions. This will need to be validated on a case by case basis. See also our explanations under Section 14.C on page 26-27 of the memorandum.

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.	Yes	- *Vlaams Gewest / Région flamande* - *Waals Gewest / Région wallone* - *Brussels Hoofdstedelijk Gewest / Région de Bruxelles-Capitale* - *Vlaamse Gemeenschap / Communauté flamande* - *Franse Gemeenschap / Communauté française* *Duitstalige Gemeenschap / Communauté germanophone* Rules of public procurement may apply for the entry into of certain Transactions under the Master. This will need to be validated on a case by case basis. See also our explanations under Section 14.C on page 26-27 of the memorandum.