



**Registration of a Charge**

Company name: **ELECTRICITY PENSIONS TRUSTEE LIMITED**

Company number: **02479327**



X5CJBZJ6

Received for Electronic Filing: **02/08/2016**

---

**Details of Charge**

Date of creation: **27/07/2016**

Charge code: **0247 9327 0001**

Persons entitled: **ABBAY LIFE ASSURANCE COMPANY LIMITED, WINCHESTER HOUSE,  
GREAT WINCHESTER STREET, LONDON EC2N 2DB**

Brief description: **NOT APPLICABLE**

**Contains fixed charge(s).**

**Contains negative pledge.**

**Chargor acting as a bare trustee for the property.**

---

**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

---

**Authentication of Instrument**

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT  
TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC  
COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION**

**FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL  
INSTRUMENT.**

Certified by:

**CLIFFORD CHANCE LLP**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 2479327

Charge code: 0247 9327 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 27th July 2016 and created by ELECTRICITY PENSIONS TRUSTEE LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 2nd August 2016 .

Given at Companies House, Cardiff on 3rd August 2016

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES

ELECTRICITY PENSIONS TRUSTEE LIMITED,  
AS SCHEME TRUSTEE OF THE ELECTRICITY SUPPLY PENSION SCHEME

AND

MANWEB CORPORATE PENSION TRUSTEE LIMITED, AS GROUP TRUSTEE OF  
THE MANWEB GROUP SECTION OF THE ELECTRICITY SUPPLY PENSION  
SCHEME

AND

ABBAY LIFE ASSURANCE COMPANY LIMITED

---

SECURITY INTEREST DEED

---

## CONTENTS

Clause	Page
1. Definitions and Interpretation .....	2
2. Security.....	9
3. Credit Support Obligations.....	13
4. Conditions Precedent, Transfers, Calculations and Substitutions .....	15
5. Dispute Resolution .....	17
6. Rights Accompanying Posted Collateral.....	19
7. Enforcement Trigger .....	21
8. Rights of Enforcement.....	22
9. Warranties .....	27
10. Expenses .....	28
11. Other Provisions .....	28
12. Ineligible Credit Support.....	31
13. General .....	31
14. Governing Law and Jurisdiction .....	32
Schedule 1.....	33
Schedule 2.....	36
Part 1 Notice of Charge and Assignment.....	36
Part 2 Form of Acknowledgement of Notice of Charge and Assignment .....	38

THIS SECURITY INTEREST DEED ("**Deed**") is made on 27 July 2016

**BETWEEN:**

- (1) **ELECTRICITY PENSIONS TRUSTEE LIMITED**, a company registered in England with registered number 02479327 whose registered office is at c/o Equiniti David Venus Limited, 42-50 Hersham Road, Walton-on-Thames, Surrey, England, KT12 1RZ, being the scheme trustee of the Electricity Supply Pension Scheme, acting on behalf of the Group (the "**Scheme Trustee**" and the "**Chargor**");
- (2) **MANWEB CORPORATE PENSION TRUSTEE LIMITED**, a company registered in England with registered number 09333290 whose registered office is at 3 Prenton Way, Prenton, Birkenhead CH43 3ET, being the group trustee of the Manweb Group section of the Electricity Supply Pension Scheme (the "**Group Trustee**"); and
- (3) **ABBEY LIFE ASSURANCE COMPANY LIMITED**, a company registered in England with registered number 00710383 whose registered office is at Winchester House, Great Winchester Street, London EC2N 2DB ("**Secured Party**").

**RECITALS:**

- (A) The Electricity Supply Pension Scheme (the "**Scheme**") is a Registered Pension Scheme established pursuant to a resolution of the former Electricity Council passed on 20 January 1983 for the purpose of providing relevant benefits for and in respect of the members of the Scheme. It is constituted by such resolution, together with the clauses and rules appended thereto as amended from time to time.
- (B) The Chargor is the scheme trustee of the Scheme ("**Scheme Trustee**") and has responsibility for the custody and administration of the assets of the Scheme from time to time (the "**Scheme Assets**").
- (C) The Scheme is made up of a number of segregated sections, including a segregated section known as the Manweb Group (as defined in the ESPS Clauses and Rules (the "**Group**").
- (D) The Group Trustee is the group trustee of the Group. The Group Trustee has, *inter alia*, overall responsibility for the investment of that portion of the Scheme Assets attributable to the Group.
- (E) The Group Trustee, the Scheme Trustee, and the Secured Party have entered into a longevity insurance policy dated on or about the date hereof (the "**Policy**") pursuant to which the Secured Party has agreed to provide to the Scheme Trustee insurance, for its own benefit and for the benefit of the Group Trustee, against the longevity risk and other demographic risks associated with the benefits due to the Reference Individuals.
- (F) To secure the Secured Party in respect of certain payments to be made by the Scheme Trustee pursuant to the Policy, it is provided in the Policy that the Scheme Trustee (in its capacity as Chargor) shall enter into this Deed in favour of the Secured Party in respect of the Security Interest Accounts and any Group Assets contained therein.

**NOW THIS DEED WITNESSES** as follows:

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 Capitalised terms used in this Deed and not otherwise defined herein shall have the meaning given to them in the Policy and the following words shall have the meanings set out below:

**"Account Control Agreement"** means the account control agreement entered into on or around the date hereof between the Chargor, the Group Trustee, the Secured Party and the Initial Custodian in relation to the establishment and operation of the Security Interest Accounts (as the same may be varied, supplemented or replaced from time to time), or such new account control agreement as may be entered into by the Chargor, the Group Trustee, the Secured Party and a new Custodian appointed in accordance with the Policy.

**"Accrued Interest"** means any interest which has accrued on the Posted Collateral comprising of cash and which has been credited to, and remains in, the Security Interest Cash Account.

**"Assigned Rights"** means the following rights relating to the Posted Collateral which the Chargor may have now or in the future against the Custodian or any third party (excluding, for the avoidance of doubt, any rights against the Secured Party):

- (a) any right to delivery of a security of the appropriate description which arises in connection with (i) any Posted Collateral being transferred to a Relevant System or any other clearance system or financial intermediary; or (ii) any interest in or to any Posted Collateral being acquired while that Posted Collateral is in a Relevant System or any other clearance system or held through a financial intermediary; and
- (b) a right or claim which the Chargor has or may have under or in connection with the Account Control Agreement and the Custody Agreement in relation to the Security Interest Accounts.

**"Base Currency"** means the currency specified as such in paragraph 0.1 of Schedule 1 to this Deed.

**"Base Currency Equivalent"** means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the **"Other Currency"**), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate determined by the Valuation Agent for value on such Valuation Date.

**"Collateral Business Day"** means:

- (a) in relation to a transfer of securities under this Deed, a day on which the clearance system agreed between the Parties for the delivery of the securities is open for acceptance and execution of settlement instructions; and

- (b) in relation to a transfer of cash or other property (other than securities) under this Deed, a day on which commercial banks are open for business in the place where the relevant account from which the transfer is being made is located and, if different, the principal financial centre (if any) of the currency of such payment.

**"Credit Support Manager"** means:

- (a) in respect of the Chargor, The Bank of New York Mellon (London Branch) as credit support manager appointed pursuant to a derivatives master services agreement (and associated service schedule) entered into between the Chargor, the Group Trustee and The Bank of New York Mellon (London Branch) dated on or about the date hereof, or such other party notified to the Secured Party in writing from time to time; and
- (b) in respect of the Secured Party, Deutsche Bank AG, acting through its London branch or such other party notified to other Parties hereto in writing from time to time.

**"Collateral Valuation Dispute"** has the meaning specified in sub-clause 5.2.1 of this Deed.

**"Custodian"** means the Initial Custodian or such other person as may from time to time be appointed as a Custodian of the Posted Collateral in accordance with this Deed and the Policy.

**"Custodian's Nominee"** means a member of a Relevant System for the time being acting as nominee of the Custodian for the purpose of holding Securities in that Relevant System.

**"Custody Agreement"** means the global custody agreement between the Chargor and the Initial Custodian dated 27 May 1998 as most recently amended and restated on 2 February 2016, or any replacement custody agreement entered into in accordance with the provisions of the Policy.

**"Custody Documents"** means the Custody Agreement and the Account Control Agreement.

**"Delegate"** means any person appointed pursuant to sub-clause 8.11 and any person appointed as an attorney of the Secured Party and/or any Receiver.

**"Distributions"** means with respect to Eligible Credit Support comprised in the Posted Collateral or Ineligible Credit Support which has not been transferred from the Security Interest Accounts to the Chargor (or as it or its Credit Support Manager or the Group Trustee directs) pursuant to Clause 12 of this Deed (in each case other than cash) all principal, interest and other payments and distributions of cash or other property with respect to such Posted Collateral (but excluding, for the avoidance of doubt, any item acquired upon an enforcement against, and any disposition or liquidation of, such Posted Collateral).

**"Distributions Date"** means, with respect to any Eligible Credit Support comprised in the Posted Collateral or Ineligible Credit Support which has not been transferred from



the Security Interest Accounts to the Chargor (or as it or its Credit Support Manager or the Group Trustee directs) pursuant to Clause 12 of this Deed other than cash, each date on which a holder of such Eligible Credit Support receives a Distribution in respect of that Eligible Credit Support or Ineligible Credit Support or, if that date is not a Collateral Business Day, the next following Collateral Business Day.

**"Eligible Credit Support"** means, with respect to a Party, the items specified as such for that Party in paragraph 0.1 of Schedule 1 to this Deed including, in relation to any securities, if applicable, the proceeds of any redemption in whole or in part of such securities by the relevant issuer.

**"Eligible Currency"** means each currency specified as such in paragraph 0.1 of Schedule 1 to this Deed, provided such currency is freely convertible and readily available in the international currency markets.

**"Eligible Securities"** means each of the items specified as such in paragraph 0.1 of Schedule 1 to this Deed.

**"Fitch"** means Fitch Ratings Ltd.

**"Ineligible Credit Support"** has the meaning specified in Clause 12 of this Deed.

**"Initial Custodian"** means The Bank of New York Mellon SA/NV, acting through its London branch.

**"Initial Delivery Amount"** means GBP 65,200,000.00.

**"Initial Delivery Date"** has the meaning given to it in sub-clause 3.1.1.

**"Initial Delivery Obligation"** has the meaning given to it in sub-clause 3.1.1.

**"Initial Transfer"** has the meaning given to it in sub-clause 3.1.1.

**"Minimum Transfer Amount"** means the amount specified as such in paragraph 0.2(a) of Schedule 1 to this Deed.

**"New Credit Support"** has the meaning specified in sub-clause 4.4.1 of this Deed.

**"Notice of Enforcement"** has the meaning given in the Account Control Agreement.

**"Notification Time"** has the meaning specified in paragraph 0.3(d) of Schedule 1 to this Deed.

**"Obligations"** means:

- (a) the obligation of the Chargor to pay the Termination Amount to the Secured Party pursuant to the terms of the Policy; and
- (b) any of the Secured Party's costs and expenses in relation to enforcement of the security created in its favour under this Deed and which the Chargor is required to pay to the Secured Party or reimburse the Secured Party for pursuant to this Deed.

**"Original Credit Support"** has the meaning specified in sub-clause 4.4.1 of this Deed.

**"Other Currency"** has the meaning given to it in the definition of Base Currency Equivalent.

**"Parties"** when used in this Deed shall mean the Chargor, the Group Trustee and the Secured Party and **"Party"** shall be construed accordingly.

**"Permitted Security Interest"** means (a) any Security Interest or right of set-off, retention or withholding arising in favour of the Custodian, the Custodian's Nominee or any properly appointed sub-custodian pursuant to the Custody Documents; (b) any Security Interest or right of set-off, retention or withholding created with the consent of the Secured Party; or (c) any lien or right of set-off, retention, withholding or sale arising under the operating terms of (or which is otherwise routinely imposed on all securities in) a Relevant System.

**"Posted Collateral"** means on any date, all Eligible Credit Support, Ineligible Credit Support, other property, Distributions and all proceeds of any such Eligible Credit Support, Ineligible Credit Support, other property, Accrued Interest or Distributions that have been transferred to or received into the Security Interest Accounts under this Deed and that have not been released and withdrawn (including, for the avoidance of doubt, withdrawn as a result of the application of a charge (or portion thereof, as applicable) by the Custodian pursuant to clause 2.2.7 of the Account Control Agreement or of its rights of lien and set-off pursuant to clause 2.1.18 of the Account Control Agreement) or realised in accordance with the Policy and this Deed.

**"Post First Provision"** has the meaning given in sub-clause 5.1.2(a) of this Deed.

**"Qualifying Bid Price"** means, with respect to a particular series of Securities, a firm, unconditional and immediately executable bid price for a notional amount of such Securities being not less than the notional amount of Securities comprising the Eligible Credit Support, Ineligible Credit Support, Distributions or Posted Collateral (as applicable) that are subject to dispute, which has been obtained between 10:00h and 14:00h (London time) on the second Business Day following the Value Dispute Date.

**"Qualifying Prices"** has the meaning specified in sub-clause 5.2.3(a)(i)(D) of this Deed.

**"Receiver"** means a receiver appointed under this Deed.

**"Regulations"** has the meaning given in sub-clause 8.1.1(b) of this Deed.

**"Release Notice"** has the meaning given in the Account Control Agreement.

**"Relevant Event"** has the meaning given in Clause 7.1 of this Deed.

**"Relevant System"** has the meaning given to that term by the Uncertificated Securities Regulations 2001 or any replacement therefor and means also any other system or facility (whether established in the United Kingdom or elsewhere)

providing means for the deposit or holding or transfer of securities and/or the clearing and/or settlement of transactions in them.

**"Replacement Custodian"** means any custodian appointed in accordance with clause 18 of the Policy in replacement of the then Custodian.

**"Replacement Security Interest Accounts"** means together the Replacement Security Interest Cash Account and the Replacement Security Interest Securities Account.

**"Replacement Security Interest Cash Account"** means any replacement cash account held by the Chargor with a Replacement Custodian which is intended to receive Posted Collateral, and to become the Security Interest Cash Account, upon the replacement of a Custodian with that Replacement Custodian.

**"Replacement Security Interest Deed"** has the meaning given to it in the Policy.

**"Replacement Security Interest Securities Account"** means any replacement securities account held by the Chargor with a Replacement Custodian which is intended to receive Posted Collateral, and to become the Security Interest Securities Account, upon the replacement of a Custodian with that Replacement Custodian.

**"Resolution Time"** means 2:00 p.m., London time, on the Collateral Business Day following the Value Dispute Date.

**"Return Collateral"** has the meaning given in sub-clause 3.2.1 of this Deed.

**"Risk Fee Present Value"** has the meaning given to it in the Policy.

**"S&P"** means Standard & Poor's Credit Market Services Europe Limited.

**"Securities"** has the meaning specified in sub-clause 5.2.3(a) of this Deed.

**"Security Interest"** means any right or interest arising out of any mortgage, charge, pledge, assignment (whether or not expressed to be by way of security), hypothecation, lien, encumbrance, trust or other priority or security interest of any kind, howsoever created or arising.

**"Security Interest Accounts"** means the Security Interest Cash Account and the Security Interest Securities Account.

**"Security Interest Cash Account"** means the cash account held by the Chargor with the Custodian (account name: ESPS MANWEB VALDERRAMA FEE ACC, account number: [REDACTED]) designated by the Chargor as being the cash account into which Eligible Currency will be deposited in respect of the Security Interest Credit Support Amount.

**"Security Interest Credit Support Amount"** means at the relevant date the aggregate of:

- (a) the Risk Fee Present Value; and

(b) the Security Interest Independent Amount (if applicable).

**"Security Interest Delivery Amount"** has the meaning given in Clause 3 of this Deed.

**"Security Interest Documents"** means this Deed and the Account Control Agreement.

**"Security Interest Independent Amount"** has the meaning given to it in the Policy.

**"Security Interest Return Amount"** has the meaning given in Clause 3.2 of this Deed.

**"Security Interest Securities Account"** means the securities account held by the Chargor with the Custodian (account name: ESPS MANWEB VALDERRAMA FEE ACC, account number: [REDACTED]) designated by the Chargor as being the securities account into which Eligible Securities will be deposited in respect of the Security Interest Credit Support Amount.

**"Settlement Day"** means, in relation to a date, (i) with respect to a transfer of cash or other property (other than securities), the next Collateral Business Day and (ii) with respect to a transfer of securities, the first Collateral Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the Relevant System in which the relevant securities are held and transferred or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Collateral Business Day after such date on which it is reasonably practicable to deliver such securities).

**"UCITS Money Market Fund"** has the meaning specified in paragraph 0.1 of Schedule 1 to this Deed.

**"UCITS Money Market Fund Units"** has the meaning specified in paragraph 0.1 of Schedule 1 to this Deed.

**"Valuation Agent"** has the meaning specified in paragraph 0.3(a) of Schedule 1 to this Deed.

**"Valuation Date"** means each date specified in or otherwise determined pursuant to paragraph 0.3(a) of Schedule 1 to this Deed.

**"Valuation Notification Time"** means 12.00 p.m., London time on a Business Day.

**"Valuation Percentage"** means, for any item of Eligible Credit Support, the percentage specified as such in paragraph 0.1 of Schedule 1 to this Deed, **provided however that** for the purposes of calculating Value on a Valuation Date that is the Termination Date or the Early Termination Date, the Valuation Percentage will be 100 per cent.

**"Valuation Time"** has the meaning specified in paragraph 0.3(b) of Schedule 1 to this Deed.

**"Value"** means, for any Valuation Date or other date for which Value is calculated, and subject to Clause 5 with respect to:

- (a) Eligible Credit Support comprised in the Posted Collateral that is:
  - (i) an amount of cash, the Base Currency Equivalent of such amount multiplied by the applicable Valuation Percentage, if any; and
  - (ii) a security, the Base Currency Equivalent of the bid price (including any accrued but unpaid interest) obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any;save on a Valuation Date that is the Termination Date or the Early Termination Date where the Valuation Percentage shall be 100 per cent.; and
- (b) items that are comprised in the Posted Collateral (or would be if they were Eligible Credit Support) and are Ineligible Credit Support, zero, save on a Valuation Date that is the Termination Date or the Early Termination Date:
  - (i) an amount of cash, the Base Currency Equivalent of such amount multiplied by 100 per cent., if any; and
  - (ii) a security, the Base Currency Equivalent of the bid price (including any accrued but unpaid interest) obtained by the Valuation Agent multiplied by 100 per cent., if any.

**"Value Dispute Date"** has the meaning specified in sub-clause 5.2.1 of this Deed.

1.2 In this Deed and the recitals unless otherwise specified:

- 1.2.1 references to Clauses and paragraphs are to Clauses and paragraphs of this Deed;
- 1.2.2 headings to Clauses and Schedules are for convenience only and shall not affect the interpretation of this Deed;
- 1.2.3 references to a "company" shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;
- 1.2.4 references to a "person" includes a reference to that person's legal representative and successors, and shall be construed so as to include any individual, firm, company, body corporate, government, state or agency of a state or any joint venture, association or partnership (whether or not having separate legal personality);
- 1.2.5 the expression "body corporate" shall have the meaning given to it in the Companies Act 2006;
- 1.2.6 references to writing shall include any modes of reproducing words in a legible and non-transitory form;

- 1.2.7 the words "include", "includes" and "including" shall be construed as if they were followed by the words "without limitation";
- 1.2.8 a reference to a statute or statutory provision includes a reference to that statute or statutory provision as from time to time modified or re-enacted, and to any repealed statute or statutory provision which it re-enacts (with or without modification), and to any statutory instruments and regulations made thereunder;
- 1.2.9 references to another agreement shall be construed as a reference to such agreement as the same may have been modified, extended, amended, varied, supplemented or novated from time to time;
- 1.2.10 the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and
- 1.2.11 references to "bid price" shall, in relation to UCITS Money Market Fund Units, be construed as a reference to the redemption or repurchase price in respect of such UCITS Money Market Fund Units.

### **1.3 Perpetuity period**

If the rule against perpetuities applies to any trust created by this Deed, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

### **1.4 Clawback**

Where any discharge of the security constituted by this Deed made on the faith of any payment, security or other disposition which is avoided or where any amount paid pursuant to any such discharge must be repaid on bankruptcy or liquidation (or otherwise) of any of the Chargor, the Group Trustee, the Initial Custodian, a sub-custodian, nominee, agent, Credit Support Manager or any other entity who may from time to time come into possession or control of the Posted Collateral, the security constituted by this Deed and the liability of the Chargor under this Deed shall continue as if there had been no such discharge.

## **2. SECURITY**

### **2.1 Covenant to Perform**

The Chargor covenants with the Secured Party that it shall pay, perform, and discharge the Obligations as and when the same fall due for payment, performance or discharge.

## 2.2 Security

The Chargor, as security for the performance of the Obligations:

- 2.2.1 charges and pledges and agrees to charge and pledge, with full title guarantee, in favour of the Secured Party by way of first fixed charge all Posted Collateral (other than Posted Collateral in the form of cash);
- 2.2.2 to the fullest extent permitted by law, charges and agrees to charge, with full title guarantee, in favour of the Secured Party by way of first fixed charge all Posted Collateral in the form of cash; and
- 2.2.3 assigns and agrees to assign, by way of first ranking security with full title guarantee, the Assigned Rights to the Secured Party absolutely,

subject, in each case, to any Permitted Security Interests.

## 2.3 Notice of Charge and Assignment

The Chargor shall forthwith on the execution of this Deed serve a notice on the Custodian in the form set out in Part 1 of Schedule 2 to this Deed and shall use its reasonable endeavours to procure that the Custodian delivers to the Secured Party an acknowledgement substantially in the form set out in Part 2 of Schedule 2 to this Deed.

## 2.4 Conversion of Relevant Securities to Cash

- 2.4.1 On or promptly following an Early Termination Date (i) where a Fault Termination Event has occurred in respect of the Chargor, or (ii) in respect of a Voluntary Termination, in each case under the Policy:
  - (a) the Secured Party (or its Credit Support Manager) shall determine, acting reasonably and in good faith, the Value of the Posted Collateral which is comprised of non-cash assets which are not UCITS Money Market Fund Units ("**Relevant Securities**") by carrying out a sale process in respect of all of the Relevant Securities pursuant to this Clause 2.4;
  - (b) the Secured Party shall obtain firm quotations from third parties for the sale and purchase of all (but not some only) of the Relevant Securities in the Security Interest Securities Account in consideration for cash (which shall be either denominated in the Base Currency or otherwise converted into the Base Currency by the Secured Party at the spot rate of exchange available to it or by the third party at the then prevailing commercial rate of exchange) and arrange for all (but not some only) of the Relevant Securities to be sold and transferred from the Security Interest Securities Account on a delivery-versus-payment basis to one or more third party purchasers such that the cash from the relevant purchaser(s) is credited to the Security Interest Cash Account (and becomes subject to the Security) prior to the relevant Relevant Securities being transferred to the relevant third party purchaser;

- (c) the Secured Party confirms that the Relevant Securities sold and transferred in accordance with Clause 2.4.1(b) shall be released and discharged from the security created in Clause 2.2 (*Security*) without any requirement for further action by the Secured Party;
- (d) the Chargor acknowledges that the Secured Party shall provide the Custodian with sole instructions in relation to any sale effected in accordance with Clause 2.4.1(b); and
- (e) in carrying out the sale process referred to in Clause 2.4.1(b), the Secured Party shall:
  - (i) act in good faith, on an arm's length basis and in a commercially reasonable manner;
  - (ii) take reasonable steps to obtain a proper price for the Relevant Securities;
  - (iii) use its reasonable endeavours to obtain at least three quotations from third parties;
  - (iv) to the extent reasonably practicable, arrange for the quotations to be given as of the same day and time; and
  - (v) arrange for the quotations to be given on or as soon as reasonably practicable after the Early Termination Date.

## 2.5 Release of Security

Where Posted Collateral is required, under this Deed or the Policy (a) to be transferred from any of the Security Interest Accounts to the Chargor (or as it or its Credit Support Manager or the Group Trustee directs) or any other account (including any Replacement Security Interest Account) or (b) if the Posted Collateral is released from the security under sub-clause 8.14 of this Deed then:

- 2.5.1 the Secured Party and the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) shall give such instructions to the Custodian as are required pursuant to the Account Control Agreement, this Deed, and the notice and acknowledgement referred to in Clause 2.3, to effect such transfer;
- 2.5.2 upon such transfer of the Posted Collateral occurring, any Security Interest created under this Deed on that Posted Collateral shall be released immediately, and the Assigned Rights relating to that Posted Collateral will be reassigned to the Chargor, in each case without any further action by any Party (and without prejudice to any security created under any Replacement Security Interest Deed, if applicable); and
- 2.5.3 for the purposes of Clause 3.2 of this Deed, to the extent that the Posted Collateral comprises various types of Eligible Credit Support, the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) may request the Posted Collateral that it wishes to have transferred from the Security



Interest Accounts, in which case that specified Posted Collateral shall be so transferred in accordance with Clause 3.2.

## **2.6 Negative Pledge**

Each Party undertakes that it will not during the subsistence of this Deed, except with the prior written consent of each other Party, create, grant or permit to exist any Security Interest, other than a Permitted Security Interest, over all or any part of the Posted Collateral or any interest therein, nor deal with the Assigned Rights other than as set out in Clause 6.5 hereof.

## **2.7 Preservation of Security**

The security constituted by this Deed shall be a continuing security and shall not be satisfied by any intermediate payment or satisfaction of the whole or any part of the Obligations but shall secure the ultimate balance of the Obligations. The security constituted by this Deed shall be in addition to and shall not be affected by any other security now or subsequently held by the Secured Party for all or any part of the Obligations.

## **2.8 Waiver of Defences**

The obligations of the Chargor under this Deed shall not be affected by any act, omission or circumstance which, but for this provision, might operate to release or otherwise exonerate the Chargor from its obligations under this Deed or affect such obligations including (but without limitation) and whether or not known to the Chargor or Secured Party:

- 2.8.1 any time or indulgence granted to or composition with the Chargor, the Group Trustee or any other person;
- 2.8.2 the variation, extension, compromise, renewal or release of, or refusal or neglect to perfect or enforce, any term of any Transaction Document or any rights or remedies against, or any security granted by, the Chargor, the Group Trustee or any other person;
- 2.8.3 any irregularity, invalidity or unenforceability of any obligations of the Chargor or the Group Trustee under any Transaction Document or any present or future law or order of any government or authority (whether of right or in fact) purporting to reduce or otherwise affect any of such obligations to the intent that the Chargor's obligations under this Deed shall remain in full force and this Deed shall be construed accordingly as if there were no such irregularity, unenforceability, invalidity, law or order; or
- 2.8.4 any legal limitation, disability, incapacity or other circumstance relating to the Chargor, any guarantor or any other person or any amendment to or variation of the terms of any Transaction Document or any other document or security.

## 2.9 Immediate Recourse

The Chargor waives any right it may have of first requiring the Secured Party to proceed against or claim payment from any other person or enforce any guarantee or security before enforcing this Deed.

## 2.10 Reinstatement

Where any discharge (whether in respect of the security constituted by this Deed, any other security or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or any amount paid pursuant to any such discharge or arrangement must be repaid on bankruptcy, liquidation or otherwise without limitation, the security constituted by this Deed and the liability of the Chargor under this Deed shall continue as if there had been no such discharge or arrangement.

## 2.11 Variation of Custody Agreement

The Chargor may not without the Secured Party's consent (such consent not to be unreasonably withheld) amend or vary the Custody Agreement in any way which would, or might reasonably be expected to, be materially prejudicial to the Secured Party or affect the provisions of the Account Control Agreement and/or this Deed, including, without limitation, in respect of: (a) the segregation of the Security Interest Accounts; (b) the obligation on the Custodian to hold the Posted Collateral at all times for the exclusive benefit of the Chargor as beneficial owner; or (c) the standard of care applicable to the Custodian and/or any sub-custodian pursuant to clauses 7.1 or 2.6 of the Custody Agreement and/or the Custodian's liability and indemnity provisions pursuant to clause 7 of the Custody Agreement.

## 3. CREDIT SUPPORT OBLIGATIONS

### 3.1 Security Interest Delivery Amount

3.1.1 Subject to the provisions of Clause 4, within ten (10) Business Days of the date on which this Deed is executed and delivered, the Chargor will transfer (the "**Initial Transfer**", and the date of the Initial Transfer, the "**Initial Delivery Date**") to the Security Interest Accounts Eligible Credit Support having a Value as of the date of transfer at least equal to the Initial Delivery Amount (the "**Initial Delivery Obligation**").

3.1.2 Subject to the provisions of Clause 4 and following the occurrence of the Initial Delivery Date, upon a demand made by the Secured Party (or by its Credit Support Manager on its behalf) promptly following a Valuation Date, if the Security Interest Delivery Amount for that Valuation Date equals or exceeds the Minimum Transfer Amount, the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) shall transfer, or procure to be transferred, Eligible Credit Support into the Security Interest Accounts having a Value as of the date of transfer at least equal to the applicable Security Interest Delivery Amount (rounded pursuant to paragraph 0.2(b) of Schedule 1 to this Deed). The "**Security Interest Delivery Amount**" applicable to the

Chargor for any Valuation Date that is not the first Valuation Date will equal the amount by which:

- (a) the Security Interest Credit Support Amount

exceeds

- (b) the Value as of that Valuation Date of all Posted Collateral then held in the Security Interest Accounts (adjusted (as applicable) by being increased by any prior Security Interest Delivery Amount and by being reduced by any prior Security Interest Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date).

### 3.2 **Security Interest Return Amount**

Subject to the provisions of Clause 4, upon a demand made by the Chargor (or by its Credit Support Manager or the Group Trustee on its behalf) promptly following a Valuation Date, if the Security Interest Return Amount for that Valuation Date equals or exceeds the Minimum Transfer Amount, then:

- 3.2.1 Posted Collateral specified by or behalf of the Chargor in that demand having a Value as of the date of release as close as practicable to the applicable Security Interest Return Amount (or such lower amount as the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) may specify in the relevant demand) (rounded pursuant to paragraph 0.2(b) of Schedule 1 to this Deed) (the "**Return Collateral**") shall be transferred from the Security Interest Accounts to the Chargor (or as it or its Credit Support Manager or the Group Trustee directs) for and on behalf of the Scheme Trustee as applicable;
- 3.2.2 the Secured Party and the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) shall give such instructions to the Custodian as are required pursuant to the Account Control Agreement, this Deed and the notice and acknowledgement referred to in Clause 2.3 to effect such transfer; and
- 3.2.3 the provisions of Clause 2.5 shall apply in respect of the Return Collateral upon such transfer occurring.

The "**Security Interest Return Amount**" applicable to the Secured Party for any Valuation Date will equal the amount (if any) by which:

- (a) the Value as of that Valuation Date of all Posted Collateral then held in the Security Interest Accounts (adjusted (as applicable) by being increased by any prior Security Interest Delivery Amount and by being reduced by any prior Security Interest Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date)

exceeds

- (b) the Security Interest Credit Support Amount.

#### **4. CONDITIONS PRECEDENT, TRANSFERS, CALCULATIONS AND SUBSTITUTIONS**

##### **4.1 Conditions Precedent**

Each obligation of (x) the Chargor or the Secured Party to make (or instruct the Custodian to make) any transfer pursuant to the Policy (into or out of any Security Interest Account) or this Deed, or (y) the Secured Party to give effect to the release of its security interest in Posted Collateral and to give effect to the reassignment of the Assigned Rights relating to the withdrawn Posted Collateral pursuant to the Policy or this Deed, or (z) either the Chargor or the Secured Party pursuant to Clause 4.4, is subject to the conditions precedent that:

- 4.1.1 no Early Termination Date or Termination Date in respect of the Policy has occurred;
- 4.1.2 no Fault Termination Event has occurred under the Policy which is continuing which would entitle the Party subject to the relevant obligation listed above to serve a Termination Notice (unless, if such an event has occurred, it has been cured to the reasonable satisfaction of that Party) *save that* the condition precedent in this sub-clause 4.1.2 shall only apply for a period of thirty (30) Business Days following the date on which the Party subject to the relevant obligation listed above is notified pursuant to clause 17.1 of the Policy of the fact or circumstance which constitutes (or would constitute upon the expiry of a grace period, the giving of notice or the passage of time) an Early Termination Event in respect of the other Party or otherwise becomes aware that such an event has occurred; or
- 4.1.3 where any Mutual Termination Event has occurred which has resulted in a suspension pursuant to clause 17 of the Policy of the relevant obligation listed above, that such suspension is not continuing.

##### **4.2 Transfers**

All transfers under this Deed (excluding the satisfaction of the Initial Delivery Obligation (in whole or in part), as referred to in Clause 3.1.1) of any Eligible Credit Support, Ineligible Credit Support, Posted Collateral, Distributions or Accrued Interest shall be made in accordance with the instructions of the Secured Party or Chargor (or its Credit Support Manager or the Group Trustee on its behalf), as applicable, and shall be made:

- 4.2.1 in the case of cash, by transfer into one or more bank accounts more particularly specified by the recipient in paragraph 0.4 of Schedule 1 to this Deed;
- 4.2.2 in the case of certificated securities which cannot or which the Parties have agreed will not be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of title to the recipient; and

- 4.2.3 in the case of securities which the Parties have agreed will be delivered by book-entry, by the giving of written instructions (including, for the avoidance of doubt, instructions given by telex, facsimile transmission or electronic messaging system) to the relevant depository institution or other entity specified by the recipient, together with a written copy of the instructions to the recipient, sufficient, if complied with, to result in a legally effective transfer of the relevant interest and/or title to the recipient.

Subject to Clause 5 and unless otherwise specified, if a demand for the transfer of Eligible Credit Support is received by the Notification Time, then the relevant transfer will be made not later than the close of business on the first Settlement Day falling after the date such demand is received; if a demand is received after the Notification Time, then the relevant transfer will be made not later than the close of business on the second Settlement Day falling after the date such demand is received.

#### 4.3 **Calculations**

All calculations of Value and the Security Interest Credit Support Amount for the purposes of this Deed and the Policy will be made by the Calculation Agent or the Valuation Agent (as applicable) as of the relevant Valuation Time. The Calculation Agent or the Valuation Agent (as applicable) will notify each Party (or each other Party, if the Valuation Agent is a Party) of its calculations not later than the Valuation Notification Time on the Collateral Business Day following the applicable Valuation Date or, in the case of Clause 5.3, following the date of calculation in accordance with Clause 5.3 of this Deed.

#### 4.4 **Substitutions.**

- 4.4.1 Unless otherwise specified in this Deed, and subject always to sub-clause 4.4.2 below, the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) may on any Collateral Business Day by notice inform the Secured Party that it wishes to transfer or cause to be transferred Eligible Credit Support into the relevant Security Interest Account as specified in that notice (the "**New Credit Support**") in substitution of certain Posted Collateral (the "**Original Credit Support**") then held in the Security Interest Accounts, which Original Credit Support will only be transferred back to the Chargor following the transfer by the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) of the New Credit Support into the relevant Security Interest Account.

- 4.4.2 If the Secured Party notifies the Chargor that it has consented to the proposed substitution, which consent shall not be unreasonably withheld or delayed:

- (a) the Chargor will be obliged to transfer, or procure to be transferred, the New Credit Support into the Security Interest Accounts on the first Settlement Day following the date on which it receives notice (which may be an oral telephonic notice) from the Secured Party of its consent; and
- (b) the Secured Party will be obliged to transfer to the Chargor (or as it or its Credit Support Manager or the Group Trustee directs) the Original

Credit Support or (as applicable) to give such instructions to the Custodian to effect such transfer from the relevant Security Interest Account, in each case not later than the Settlement Day following the date on which the New Credit Support is transferred into the relevant Security Interest Account(s) (as applicable), whereupon the provisions of Clause 2.5 shall apply in respect of the Original Credit Support;

**provided that** the Secured Party will only be obliged to permit the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) to withdraw such of the Original Credit Support with a Value as of the date of withdrawal as close as practicable to, but in any event not more than, the Value of the New Credit Support as of that date.

## 5. DISPUTE RESOLUTION

### 5.1 Dispute relating to Security Interest Credit Support Amount

5.1.1 A Transaction Party (and no other Party) may dispute the determination of the Security Interest Credit Support Amount by the Valuation Agent as a component of the Security Interest Delivery Amount or the Security Interest Return Amount only in accordance with the terms of Schedule 9 (*Dispute Resolution*) of the Policy and only in the manner set out therein (and for the purposes of such a dispute, references to the Calculation Agent in Schedule 9 (*Dispute Resolution*) of the Policy shall apply *mutatis mutandis* to the Valuation Agent).

5.1.2 Furthermore, in relation to such a dispute regarding the determination of the Security Interest Credit Support Amount, it shall notify the other Transaction Party of such dispute and:

- (a) the Parties agree that any payments or deliveries arising in connection with the disputed calculation or determination giving rise to the dispute shall be made on the basis of the Valuation Agent's original determination of the relevant Security Interest Delivery Amount or Security Interest Return Amount (the "**Post First Provision**"); and
- (b) the matters in dispute shall be resolved in accordance with Schedule 9 (*Dispute Resolution*) of the Policy.

5.1.3 For the avoidance of doubt, Collateral Valuation Disputes shall be resolved in accordance with Clause 5.2 and not Schedule 9 (*Dispute Resolution*) of the Policy.

### 5.2 Collateral Valuation Disputes

5.2.1 If a Transaction Party reasonably disputes the Value of any Eligible Credit Support, Ineligible Credit Support, Distributions, Accrued Interest or Posted Collateral (as applicable) determined by the Valuation Agent (a "**Collateral Valuation Dispute**"), it shall notify the other Transaction Party of such Collateral Valuation Dispute (the date on which such notice is effective being the "**Value Dispute Date**"). The appropriate Principal Party will transfer the

undisputed amount to the other Principal Party not later than the close of business on the second Settlement Day falling after the date such demand is received.

- 5.2.2 Pending resolution of a Collateral Valuation Dispute in accordance with sub-clause 5.2.3 the Post First Provision shall apply to a Collateral Valuation Dispute, such that any payments or deliveries shall be made on the scheduled date for payment or delivery based on the Valuation Agent's original calculation or determination.
- 5.2.3 The Transaction Parties will consult with each other in an attempt to resolve any Collateral Valuation Dispute. If the Transaction Parties fail to resolve the Collateral Valuation Dispute by the Resolution Time, the Value of any Eligible Credit Support, Ineligible Credit Support, Distributions, Accrued Interest or Posted Collateral (as applicable) that is in dispute will be recalculated as follows:
- (a) with respect to any Eligible Credit Support, Ineligible Credit Support, Distributions, or Posted Collateral (as applicable) comprising securities ("**Securities**") which are
    - (i) not UCITS Money Market Fund Units:
      - (A) the Valuation Agent or Calculation Agent, as applicable, will request Qualifying Bid Prices for such Securities from five (5) Approved Dealers, **provided that** the Valuation Agent may use as one of the five (5) Qualifying Bid Prices either a Qualifying Bid Price from the Secured Party or a Qualifying Bid Price from one of the Secured Party's Affiliates;
      - (B) the Valuation Agent or Calculation Agent, as applicable, shall notify each Party, and provide reasonable evidence with respect to, the Qualifying Bid Prices it has obtained, no later than 11.00 a.m. (London time) on the second Collateral Business Day following the Value Dispute Date;
      - (C) if in aggregate two or fewer Qualifying Bid Prices have been obtained, the Value of such Securities shall be determined to be the last published price of such Securities on Bloomberg, or such other screen rate as notified to each Party by the Valuation Agent or Calculation Agent (as applicable) multiplied by the applicable Valuation Percentage; and
      - (D) if at least three Qualifying Bid Prices (together the "**Qualifying Prices**") have been obtained in respect of Securities (X) the highest and the lowest Qualifying Price shall be removed and (Y) the Value of such Securities shall be determined to be the arithmetic mean

of the remaining Qualifying Prices, multiplied by the applicable Valuation Percentage;

(ii) UCITS Money Market Fund Units:

- (A) the Valuation Agent or Calculation Agent, as applicable, will request a Qualifying Bid Price from the UCITS Money Market Fund or its administrator, manager or authorised corporate director (as applicable) for all such UCITS Money Market Fund Units; and
- (B) the Value of such UCITS Money Market Fund Units shall be determined to be such Qualifying Bid Price, multiplied by the applicable Valuation Percentage

- (b) with respect to any cash, the Base Currency Equivalent of the amount thereof, multiplied by the applicable Valuation Percentage.

### **5.3 Recalculation of disputed amounts**

Following a resolution of a dispute referred to in this Clause 5 of this Deed, the Valuation Agent and/or the Calculation Agent (as applicable) shall recalculate the Value or the Security Interest Credit Support Amount, as applicable, on the basis of and in accordance with the determinations resulting from, the resolution of the dispute referred to in this Clause 5 and will notify each Party as soon as possible but in any event not later than the Notification Time on the Collateral Business Day following the Resolution Time. The appropriate Principal Party will, upon demand following such notice given by the Valuation Agent or a resolution pursuant to Clause 5.2 of this Deed, and subject to Clause 4.2 of this Deed, promptly make the appropriate transfer.

## **6. RIGHTS ACCOMPANYING POSTED COLLATERAL**

### **6.1 Distributions and Voting Rights**

Unless and until a Relevant Event occurs, the Chargor may:

- 6.1.1 receive all Distributions and Accrued Interest (and any right to and the transfer of such Distributions and/or Accrued Interest out of the Security Interest Accounts shall be conditional upon and be effected in accordance with the provisions of Clause 6.4 of this Deed); and
- 6.1.2 exercise, or direct that the Custodian exercises any voting rights attached to any of the Posted Collateral and any powers or rights which may be exercised by the person or persons in whose name or names the Posted Collateral is registered or who is the holder or bearer of them including (but without limitation) all the powers given to trustees by the Trustee Act 2000 in respect of securities or property subject to a trust, in a manner consistent with the terms of this Deed, and the Secured Party shall, upon the request of the Chargor (or the Group Trustee on its behalf) given in a reasonable and timely manner, give (or to join in giving) instructions pursuant to the Account Control Agreement to the Custodian to enable the Chargor (or the Group Trustee on its behalf) or the Custodian to exercise such rights. The Secured



Party shall be entitled to refuse to give (or to join in giving) such instructions where the exercise of such votes, powers or rights in the manner requested (a) would be, if utilised in such manner, contrary to any provisions of the Transaction Documents, or (b) in the reasonable opinion of the Secured Party would have a material adverse effect on the value of the Posted Collateral or otherwise materially prejudice the interests of the Secured Party under the Transaction Documents). If any expense is reasonably incurred by the Secured Party in exercising such votes, powers or rights at the Chargor's and/or the Group Trustee's request, then the Chargor shall upon demand by the Secured Party reimburse that expense.

## **6.2 Exercise by Secured Party**

At any time after the occurrence of a Relevant Event and without any further consent or authority on the part of the Chargor, the Secured Party may exercise (or direct the Custodian to exercise) at its discretion (in the name of the Chargor or otherwise) in respect of any of the Posted Collateral any voting rights and any powers or rights which may be exercised by the person or persons in whose name or names the Posted Collateral is registered or who is the holder or bearer of them including (but without limitation) all the powers given to trustees by the Trustee Act 2000 in respect of securities or property subject to a trust. If the Secured Party exercises (or directs the Custodian to exercise) any such rights or powers, it will give notice of the same to the Chargor as soon as practicable.

## **6.3 Calls and Other Obligations**

- 6.3.1 *Payment of Calls.* The Chargor will pay or procure the payment of all calls or other payments which may become due in respect of any of the Posted Collateral and if it fails to do so the Secured Party may elect to make such payments on behalf of the Chargor. Any sums so paid by the Secured Party shall be repayable by the Chargor to the Secured Party on demand together with interest at the Default Rate from the date of such payment by the Secured Party and pending such repayment shall form part of the Obligations.
- 6.3.2 *Requests for Information.* The Chargor shall promptly copy to the Secured Party and comply with all requests for information in relation to the Posted Collateral which is within its knowledge and which are made under section 793 of the Companies Act 2006 or any similar provision contained in any articles of association or other constitutional document relating to any of the Posted Collateral (or to the issuer of any Posted Collateral) and if it fails to do so the Secured Party may elect to provide such information as it may have on behalf of the Chargor.
- 6.3.3 *Continuing Liability of Chargor.* The Chargor shall remain liable to observe and perform all of the other conditions and obligations assumed by it in respect of any of the Posted Collateral.
- 6.3.4 *No Liability of Secured Party.* Subject to the Chargor's rights to give directions to the Secured Party pursuant to Clause 6.5, the Secured Party shall not be required to perform or fulfil any obligation of the Chargor in respect of the Posted Collateral or to make any payment, or to make any enquiry as to the

nature or sufficiency of any payment received by it (if any) or the Chargor, or to present or file any claim or take any other action to collect or enforce the payment of any amount to which it may have been or to which it may be entitled under the Policy or this Deed at any time.

#### 6.4 **Distributions and Interest.**

6.4.1 Where a Distribution is received into the Security Interest Accounts or any Accrued Interest is credited into the Security Interest Cash Account, the Secured Party shall, not later than:

- (a) in respect of Distributions, the Settlement Day following each Distributions Date; or
- (b) in respect of Accrued Interest, the earlier of:
  - (i) the last Collateral Business Day of each calendar month; and
  - (ii) the first Collateral Business Day that a Security Interest Return Amount consisting wholly or partly of cash is transferred to the Chargor (or as it or its Credit Support Manager directs) pursuant Clause 3.2,

give (or join in giving) instructions pursuant to the Account Control Agreement to the Custodian, to transfer such Distributions or (as applicable) Accrued Interest to the Chargor to the extent that a Security Interest Delivery Amount would not be created or increased by such transfer, as correctly calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

For the avoidance of doubt, any Distributions or Accrued Interest (or portion of either) not transferred pursuant to this Clause 6.4 will constitute Posted Collateral and will be subject to the Security Interests granted under Clause 2.2 of this Deed.

#### 6.5 **Entitlement to give instructions with regard to Assigned Rights**

Prior to the occurrence of a Relevant Event, the Chargor shall be entitled to exercise the Assigned Rights, and the Secured Party shall assist the Chargor in so far as it is necessary and shall comply with any reasonable instructions which it may receive in respect of such exercise and, if any expense would be incurred by the Secured Party in doing so, the Chargor shall pay to the Secured Party on demand an amount sufficient to cover that expense and shall hold the Secured Party harmless in relation to any costs or other award made in favour of the Custodian in the event of any dispute relating to the pursuit of the Assigned Rights.

### 7. **ENFORCEMENT TRIGGER**

7.1 For the purposes of this Deed, the "**Relevant Event**" will have occurred if, in accordance with the terms of the Policy, on or after the Termination Amount Payment Date, the Termination Amount has been determined and is payable by the Chargor to the Secured Party.

- 7.2 Until the Secured Party has served a Notice of Enforcement in accordance with Clause 7.3, the Secured Party may not without the written consent of the Chargor or the Group Trustee give any instructions to the Custodian for the transfer of any Posted Collateral, Distributions, Accrued Interest and Ineligible Credit Support from the Security Interest Accounts to any person or account other than an account nominated by the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) for receipt of such Posted Collateral, Distributions, Accrued Interest or Ineligible Credit Support. The Chargor agrees that the Secured Party can treat any consent given by the Group Trustee for these purposes as having been given for and on behalf of the Chargor.
- 7.3 The Secured Party may serve a Notice of Enforcement at any time after the occurrence of the Relevant Event (but not beforehand).
- 7.4 If the Secured Party serves a Notice of Enforcement then (without prejudice to the validity of such notice) it shall give notice of such to the Chargor at the same time.

## 8. RIGHTS OF ENFORCEMENT

### 8.1 Secured Party's Rights

If at any time a Relevant Event has occurred, then, unless the Chargor has paid in full all of its Obligations that are then due:

- 8.1.1 the Secured Party shall be entitled to put into force and to exercise immediately or as and when it may see fit any and every power possessed by the Secured Party by virtue of this Deed or available to a secured creditor (so that section 93 and section 103 of the Law of Property Act 1925 shall not apply to this Deed) and in particular (but without limitation) the Secured Party shall have power in respect of Posted Collateral other than in the form of cash:
- (a) to sell all or any of such Posted Collateral in any manner permitted by law upon such terms as the Secured Party shall in its absolute discretion determine;
  - (b) to the extent that such Posted Collateral constitutes "financial collateral" and this Deed constitutes a "security financial collateral arrangement" (in each case, within the meaning of the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) and the Financial Collateral Arrangements (Amendment) Regulations 2010 (SI 2010 No. 2993) (together, the "**Regulations**")), to appropriate with notice to the Chargor all or any part of the Posted Collateral in or towards the payment and discharge of the Obligations in such order and manner as the Secured Party in its absolute discretion may from time to time determine. For this purpose, the Parties agree that the value of such Posted Collateral shall be the Value of it as calculated in accordance with this Deed and the Parties agree that the method of valuation provided for in this sub-clause 8.1.1 shall constitute a commercially reasonable method of valuation for the purposes of the Regulations;

- (c) to collect, recover or compromise and to give a good discharge for any moneys payable to the Chargor in respect of any of such Posted Collateral; and
  - (d) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Deed) on mortgagees and by this Deed on any Receiver or otherwise conferred by law on mortgagees or receivers; and
- 8.1.2 the Secured Party may in respect of Posted Collateral in the form of cash (including for the avoidance of doubt any cash realised or recovered pursuant to the rights conferred on the Secured Party pursuant to this Clause 8.1) immediately or at any subsequent time apply or appropriate such Posted Collateral in or towards the payment or discharge of any amounts payable by the Chargor with respect to any Obligation in such order as the Secured Party sees fit; and
- 8.1.3 the Secured Party shall have the right to consolidate all or any of the security created by or pursuant to this Deed with any other security in existence at any time. Such power may be immediately exercisable by the Secured Party or any Receiver without notice to the Chargor at any time after the security created by or pursuant to this Deed has become exercisable.
- 8.2 The power of sale or other disposal conferred on the Secured Party and on any Receiver by this Deed shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Obligations shall be deemed due and payable for that purpose) on execution of this Deed.
- 8.3 **Appointment of Receiver**

At any time after the security created by or pursuant to this Deed has become enforceable the Secured Party may by deed or otherwise (acting through an authorised officer of the Secured Party), without prior notice to the Chargor or the Group Trustee:

  - 8.3.1 appoint one or more persons to be a Receiver in respect of the Posted Collateral;
  - 8.3.2 remove (so far as they are lawfully able) any Receiver so appointed; and
  - 8.3.3 appoint another person (or persons) as an additional or replacement Receiver (or Receivers).
- 8.4 Any Receiver may be appointed in respect of the whole or any part of the Posted Collateral specified in the instrument appointing him and different Receivers may be appointed in respect of different parts of the Posted Collateral.
- 8.5 The powers of appointment of a Receiver conferred on the Secured Party by this Deed shall be in addition to all statutory and other powers of appointment conferred by the Law of Property Act 1925 (as extended by this Deed), the Insolvency Act 1986 or

otherwise and such powers shall remain exercisable from time to time by the Secured Party in respect of any part of the Posted Collateral.

8.6 Each Receiver shall be:

- 8.6.1 entitled to act individually or together with any other person appointed or substituted as Receiver (except as otherwise stated in the instrument of appointment);
- 8.6.2 deemed for all purposes to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Secured Party; and
- 8.6.3 entitled to remuneration for his services at a reasonable rate to be fixed by the Secured Party from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

8.7 Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor or Group Trustee) have and be entitled to exercise, in relation to the Posted Collateral (and any assets of the Chargor which, when got in, would be Posted Collateral) in respect of which he was appointed (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor):

- 8.7.1 all the powers conferred by the Law of Property Act 1925 on mortgagees and mortgagees in possession and on receivers appointed under that Act;
- 8.7.2 all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- 8.7.3 all the powers and rights of an absolute owner and the power to do or omit to do anything which the Secured Party itself could do or omit to do; and
- 8.7.4 the power to do all things (including bringing or defending proceedings in the name or on behalf of the Chargor) which the Receiver considers incidental or conducive to:
  - (a) any of the functions, powers, authorities or discretions conferred on or vested in him;
  - (b) the exercise of the Credit Support Rights (including realisation of all or any part of the Posted Collateral); or
  - (c) bringing to his hands any assets of the Chargor constituting, or which when got in would be Posted Collateral.

8.8 To the fullest extent permitted by law, any right, power or discretion conferred by this Deed (expressly or impliedly) upon a Receiver may, at any time after the security created by or pursuant to this Deed becomes enforceable, be exercised by the Secured Party, without prior notice to the Chargor in relation to any Posted Collateral,

irrespective of whether or not it has taken possession of the Posted Collateral and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

#### **8.9 Power of Attorney**

The Chargor, by way of security and solely for the purpose of more fully securing the performance of the Obligations, irrevocably appoints the Secured Party the attorney of the Chargor on its behalf and in the name of the Chargor or the Secured Party (as the attorney may decide) to do all acts, and execute all documents which the Chargor could itself execute, in relation to any of the Posted Collateral or in connection with any of the matters provided for in this Deed, including (but without limitation):

- 8.9.1 to perfect and protect the security created over the Security Interest Accounts, in the event that the Chargor fails to take any reasonably required step in relation thereto pursuant to Clause 11.1 within five (5) Business Days of a written request so to do;
- 8.9.2 to execute any transfer, bill of sale or other assurance in respect of the Posted Collateral;
- 8.9.3 to exercise all the rights and powers of the Chargor in respect of the Posted Collateral;
- 8.9.4 to ask, require, demand, receive, compound and give a good discharge for any and all moneys and claims for moneys due and to become due under or arising out of any of the Posted Collateral;
- 8.9.5 to endorse any cheques or other instruments or orders in connection with any of the Posted Collateral; and
- 8.9.6 to make any claims or to take any action or to institute any proceedings which the Secured Party considers to be necessary or advisable to protect or enforce the Security Interests created by this Deed.

The Secured Party shall only exercise any rights and powers under this Clause 8.9, other than any arising in relation to sub-clause 8.9.1, following the occurrence of a Relevant Event.

#### **8.10 Power of Attorney: Ratification**

The Chargor shall ratify and confirm all things reasonably done and in all documents reasonably executed by the Secured Party or the Receiver in the exercise of that power of attorney.

#### **8.11 Power of Attorney: General Delegation**

The Secured Party and any Receiver shall have the full power to delegate to any person (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including any power of attorney) on such terms and conditions as they or he shall see fit which delegation shall not preclude the subsequent exercise of those powers, authorities or discretions by the Secured Party or the Receiver, any revocation of the delegation or any subsequent delegation of any

such powers, authorities and discretions. Neither the Secured Party nor any Receiver shall be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of, any Delegate.

## **8.12 Protection of Purchaser**

8.12.1 No purchaser or other person dealing with the Secured Party or with its attorney or agent shall be concerned to enquire (1) whether any power exercised or purported to be exercised by the Secured Party under this Deed has become exercisable, (2) whether any Obligation remains due, (3) as to the propriety or regularity of any of the actions of the Secured Party or (4) as to the application of any money paid to the Secured Party.

8.12.2 In the absence of bad faith on the part of such purchaser or other person, such dealings shall be deemed, so far as regards the safety and protection of such purchaser or other person, to be within the powers conferred by this Deed and to be valid accordingly. The remedy of the Chargor in respect of any impropriety or irregularity whatever in the exercise of such powers shall be in damages only.

## **8.13 Deficiencies and Excess Proceeds**

The Secured Party will transfer to the Chargor any proceeds in respect of Posted Collateral remaining after liquidation and/or application under Clause 8.1 and after satisfaction in full of all amounts payable by the Chargor with respect to any Obligations; the Chargor in all events will remain liable for any amounts remaining unpaid after any liquidation and/or application under Clause 8.1.

## **8.14 Final Returns**

Where either (a) following the occurrence of an Early Termination Date, the Termination Amount has been determined and is not payable by the Chargor to the Secured Party or (b) no amounts are or may become payable by the Chargor to the Secured Party with respect to any Obligations:

8.14.1 all Posted Collateral held in the Security Interest Accounts shall be transferred to the Scheme Trustee (or as it or its Credit Support Manager or the Group Trustee directs);

8.14.2 the Secured Party and, unless a Notice of Enforcement has been served by the Secured Party on the Custodian (copied to the Group Trustee), the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) shall give a Release Notice to the Custodian and such other instructions to the Custodian as are required to effect such transfer or release (as applicable); and

8.14.3 the provisions of Clause 2.5 shall apply in respect of the Posted Collateral upon such transfer or release (as applicable) occurring and (without prejudice to Clause 2.5) the Secured Party will execute such deeds and documents as the Chargor reasonably requests in order to confirm and/or acknowledge such release.

## 8.15 Return of Posted Collateral following Bankruptcy of the Secured Party

If:

- 8.15.1 an Early Termination Date has occurred or been designated as a result of the occurrence of a Bankruptcy in respect of Abbey Life under the Policy; and
- 8.15.2 the Group Trustee has, as Termination Calculation Agent, calculated the relevant Termination Amount under clause 17 of the Policy and no amounts are payable to Abbey Life under the Policy or any other Transaction Document,

and provided that no Early Termination Date has occurred or been designated as a result of an Early Termination Event with respect to the Scheme Trustee, the Chargor (or the Group Trustee on its behalf) may give a notice in writing to the Secured Party, copying the Custodian (a "**First Notice**") requesting the Secured Party to deliver a "**Release Notice**" to the Custodian. If the Secured Party has failed to so notify the Custodian within five Business Days following the date on which the Secured Party received the First Notice, the Chargor (or the Group Trustee on its behalf) may, having first given a further five Business Days' notice to the Secured Party of its intention to provide a Release Notice unilaterally (a "**Second Notice**"), provide a Release Notice to the Custodian unilaterally in the form set out in Annex 2, Part 3 (*Form of Chargor Release Notice*) of the Account Control Agreement, copied to the Secured Party, directing the Custodian to withdraw any Posted Collateral from the Charged Accounts and transfer it to an account or accounts specified by the Chargor (or the Group Trustee on its behalf) following the date of such notice.

## 9. WARRANTIES

The Chargor warrants to the Secured Party (which warranties will be deemed to be repeated as of each date on which it transfers Eligible Credit Support under this Deed) that:

- 9.1 it has the power to grant the Security Interests which this Deed purports to create in any Eligible Credit Support it transfers into the Security Interest Accounts under this Deed and has taken all necessary actions to authorise the granting of such Security Interests;
- 9.2 in its capacity as Scheme Trustee, it is the sole owner (or otherwise has the right to transfer or procure the transfer of title) of all Eligible Credit Support it transfers (or of which it procures the transfer) into the Security Interest Accounts under this Deed, and has the ability to transfer (or procure the transfer of) all such Eligible Credit Support free and clear of any Security Interest, lien, encumbrance or other interest or restriction other than any Permitted Security Interests;
- 9.3 upon the transfer of any Eligible Credit Support by it into the Security Interest Accounts under the terms of this Deed, it will (subject to (a) the completion of any perfection requirements required by law; (b) any Permitted Security Interests; and (c) any rule of law having the effect that any security which is expressed as (or intended to be) fixed security takes effect as floating security) create the Security Interests



which this Deed purports to create and those Security Interests are valid and effective;  
and

- 9.4 the performance by it of its obligations under this Deed will not result in the creation by it of any Security Interest, lien or other interest or encumbrance in or on any Posted Collateral other than any Permitted Security Interests.

## **10. EXPENSES**

### **10.1 General**

Except as otherwise provided in Clauses 10.2 and 10.3 of this Deed, each Party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Deed) in connection with performing its obligations under this Deed. The Secured Party will not be liable for any such costs and expenses incurred by the Chargor and/or the Group Trustee and neither the Chargor nor the Group Trustee will be liable for any such costs and expenses incurred by the Secured Party.

### **10.2 Enforcement expenses**

The Chargor (or the Group Trustee on its behalf) shall pay to the Secured Party on demand and on a full indemnity basis all the costs and expenses (including legal fees) reasonably and properly incurred by the Secured Party in connection with the exercise, preservation and/or enforcement of any rights, powers or remedies of the Secured Party in relation to the Posted Collateral or Assigned Rights or any proceedings instituted by or against the Chargor and/or the Group Trustee as a consequence of the Secured Party taking or holding the Posted Collateral or otherwise enforcing any of its rights, power or remedies under this Deed.

### **10.3 Liquidation/Application of Posted Collateral/Release of Security**

All reasonable costs and expenses incurred by the Secured Party in connection with the liquidation and/or application of any Posted Collateral under the Security Interest Documents following the occurrence of a Relevant Event will be payable, on demand by the Chargor.

## **11. OTHER PROVISIONS**

### **11.1 Further Assurances**

Promptly following a demand made by a Party, the Party to which such demand is addressed will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action (including, without limitation, giving instructions to the Custodian) that may be necessary or desirable and (in each case) is reasonably requested by that Party to create, preserve, perfect or validate any Security Interest granted under Clause 2.2, to enable that Party to exercise or enforce its rights under this Deed with respect to the Posted Collateral and/or the Assigned Rights or to effect or document a release, re-assignment and discharge of a Security Interest on or in respect of the Posted Collateral and/or the Assigned Rights in accordance with the Policy and/or this Deed.

## **11.2 Further Protection**

The Chargor (and/or the Group Trustee on its behalf) will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves Posted Collateral or that could adversely affect the Security Interests granted by it under Clause 2.2 of this Deed.

## **11.3 Performance of obligations**

Performance of all obligations under this Deed, including but not limited to, all calculations, valuations and determinations made by either Principal Party, will be made in good faith and in a commercially reasonable manner.

## **11.4 Financial Collateral Regulations**

It is the intention of the Parties that, to the extent that the relevant provisions of this Deed so permit, the Posted Collateral should constitute "financial collateral" and the collateral and associated arrangements entered into pursuant to this Deed should constitute a "security financial collateral arrangement" for the purposes of the Regulations.

## **11.5 Notices**

The provisions of clause 29 of the Policy shall be deemed to have been set out herein in full, save that any reference in that clause to (i) "the Policy" shall be read as if it referred to "this Deed"; (ii) "Abbey Life" shall be read as if it referred to the "Secured Party"; and (iii) the "Scheme Trustee" shall be read as if it referred to the "Chargor". In addition, any such demands and notices to be given to:

11.5.1 the Chargor will also be given to its Credit Support Manager:

- (a) The Bank of New York Mellon  
One Canada Square  
London E14 5AL  
Attention: Michael Simpson, Relationship Manager

11.5.2 the Secured Party will also be given to its Credit Support Manager:

- (a) Email: CMV.Structured@db.com;  
(Tel: James Hetherington +44 121 615 7589  
Tel: James Mccallister +44 121 615 8806  
Escalation, Tel: Li Chen +44 121 615 7011)

## **11.6 Amendments**

Any amendment or alteration to the terms of this Deed must be in writing and signed by the Parties.

## **11.7 Counterparts**

This Deed may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement.

## **11.8 Trustee capacity**

The Secured Party acknowledges that the Chargor has entered into this Deed in its capacity as Scheme Trustee and not in its personal capacity. The liability of the Chargor under this Deed shall be limited to and shall not exceed the value of the net assets of the Scheme to which, from time to time, it is entitled to have recourse under its indemnity in the Trust Deed and Rules, save that the Chargor may be personally liable where it acts in wilful breach of trust or fraudulently.

## **11.9 Reassignment of Assigned Rights**

Upon the release of all the Security Interests created under this Deed, on or in respect of the Posted Collateral held from time to time, the Secured Party's rights in respect of the Assigned Rights shall automatically be reassigned to the Chargor absolutely, without any further action by any Party.

## **11.10 Subsequent Interests and Security Interest Accounts**

Following the occurrence of a Relevant Event, all monies received, recovered or realised by the Secured Party under this Deed (including the proceeds of any conversion of currency) may in its discretion be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Obligations.

## **11.11 Group Asset Limit and Relationship Between Group Trustee and Scheme Trustee**

11.11.1 The Parties acknowledge and agree that the Group Asset Limit Provisions (as defined in the Policy) shall apply to the liabilities of the Scheme Trustee under this Deed.

11.11.2 The Group Trustee agrees with the Scheme Trustee that it shall be responsible for ensuring that the Scheme Trustee meets all delivery obligations required of it under the terms of this Deed in a timely manner.

11.11.3 The Scheme Trustee acknowledges, and agrees, that pursuant to the terms of the Policy and this Deed the Group Trustee may be responsible, on behalf of the Scheme Trustee, for making certain calculations, valuations, determination or elections and agreeing, accepting, rejecting or consenting to certain calculations, valuations, determinations or elections made by Abbey Life and/or the relevant Calculation Agent and Valuation Agent effect of which may be, among other things, to alter the collateral to be provided by or released to the Scheme Trustee under the terms of this Deed. The Scheme Trustee agrees to be bound by such calculations, valuations, determination or elections, or agreement, acceptance, rejection or consent.

## 12. INELIGIBLE CREDIT SUPPORT

Subject always to Clause 4 of this Deed, if any of the securities or cash transferred by the Scheme Trustee into the Security Interest Accounts is not, or ceases to qualify as, Eligible Credit Support ("**Ineligible Credit Support**"):

- 12.1 that Ineligible Credit Support shall be transferred from the Security Interest Accounts to the Scheme Trustee (or as it or its Credit Support Manager or the Group Trustee directs) on the first Settlement Day thereafter, where there is no outstanding Security Interest Delivery Amount in respect of the Scheme Trustee or an Early Termination Event in respect of the Scheme Trustee outstanding on the date of such request;
- 12.2 the Secured Party and the Chargor (or its Credit Support Manager or the Group Trustee on its behalf) shall give such instructions to the Custodian as are required pursuant to the Account Control Agreement, this Deed and the notice and acknowledgement referred to in Clause 2.3 to effect such transfer; and
- 12.3 the provisions of Clause 2.5 shall apply in respect of the Return Collateral upon such transfer occurring.

## 13. GENERAL

- 13.1 The provisions of this Deed shall be binding upon and inure to the benefit of the Parties hereto and their respective successors whether by merger, consolidation or other transaction.
- 13.2 If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, it shall not affect or impair:
  - 13.2.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Deed; or
  - 13.2.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed.
- 13.3 The failure to exercise or delay in exercising a right, power or remedy provided by this Deed or by law shall not impair and does not constitute a waiver of the right, power or remedy or a waiver of other rights, powers or remedies. A waiver of a breach of any of the terms of this Deed or of a default under this Deed does not constitute a waiver of any other breach or default and shall not affect the other terms of this Deed. No single or partial exercise of a right, power or remedy provided by this Deed or by law prevents the further exercise of the right, power or remedy or the exercise of another right, power or remedy.
- 13.4 The rights, powers and remedies in this Deed are cumulative and, save where otherwise provided in this Deed, are not exclusive of rights, powers or remedies provided by law.

**14. GOVERNING LAW AND JURISDICTION**

- 14.1 This Deed, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and shall be construed and take effect in accordance with, English law.
- 14.2 Subject to Clause 5, the English courts shall have exclusive jurisdiction in relation to all matters relating to this Deed (including any non-contractual obligations arising out of or in connection with it) and the Parties hereby irrevocably submit to the exclusive jurisdiction of such courts.

## SCHEDULE 1

### ELECTIONS AND VARIABLES

- 0.1 ***Eligible Credit Support.*** On any date, the items set out in the table below will qualify as "**Eligible Credit Support**" for the Principal Party specified:

Base Currency	GBP
Eligible Currency	Base Currency
Eligible Securities	<p>Means:</p> <p>(a) senior negotiable debt obligations denominated in the Eligible Currency and issued by the government of the United Kingdom; and/or</p> <p>(b) units, shares or securities ("<b>UCITS Money Market Fund Units</b>") in an undertaking for collective investment in transferrable securities which is a money market fund (a "<b>UCITS Money Market Fund</b>") that (i) is compliant with Directive 2009/65/EC and compliant with and subject to any implementing regulation or legislation; (ii) has at least the Required Minimum Rating and (iii) is denominated in the Eligible Currency.</p> <p>For these purposes:</p> <p>"<b>money market fund</b>" includes a money market fund, short-term money market fund and qualifying money market fund, each (i) as defined (as at the Trade Date and from time to time thereafter) in the Glossary to the Financial Conduct Authority's ("<b>FCA</b>") Handbook of Rules; and/or (ii) which meets from time to time the requirements for such term as set out in the Committee of Securities Regulators ("<b>CESR</b>") Guidelines on a Common Definition of European Money Market Funds and any relevant implementing measures in the relevant European Union member state (or, in each case, the rules and/or guidelines of any regulator, authority or committee who replaces the FCA or CESR from time to time (including, for the avoidance of doubt, the European Securities and Markets Authority replacing CESR)); and</p> <p>"<b>Required Minimum Rating</b>" means two or more of the following credit ratings:</p> <p>(i) AAm by S&amp;P;</p> <p>(ii) Aa-mf by Moody's; and/or</p>

	(iii) AAmmf by Fitch.															
Eligible Credit Support	100 per cent. of the Eligible Credit Support must, with respect to the Security Interest Credit Support Amount, be Eligible Securities (subject to the Valuation Percentages set out below) and/or cash in an Eligible Currency.															
"Haircut"/ Valuation Percentage	<p>The following valuation percentages will apply to:</p> <p>(a) Eligible Securities according to their residual maturity:</p> <table><tr><td></td><td colspan="2"><b>Valuation Percentage</b></td></tr><tr><td><b>Residual maturity</b></td><td><b>Standard debt</b></td><td><b>Inflation linked debt</b></td></tr><tr><td>Not more than 1 year</td><td>97%</td><td>95%</td></tr><tr><td>Equal to or greater than 1 year, but less than 10 years</td><td>95%</td><td>90%</td></tr><tr><td>Equal to or greater than 10 years</td><td>90%</td><td>85%</td></tr></table> <p>(b) UCITS Money Market Funds 98.5%</p> <p>(c) Cash in the Eligible Currency: 100%</p>		<b>Valuation Percentage</b>		<b>Residual maturity</b>	<b>Standard debt</b>	<b>Inflation linked debt</b>	Not more than 1 year	97%	95%	Equal to or greater than 1 year, but less than 10 years	95%	90%	Equal to or greater than 10 years	90%	85%
	<b>Valuation Percentage</b>															
<b>Residual maturity</b>	<b>Standard debt</b>	<b>Inflation linked debt</b>														
Not more than 1 year	97%	95%														
Equal to or greater than 1 year, but less than 10 years	95%	90%														
Equal to or greater than 10 years	90%	85%														
Admissibility	All Eligible Securities must fall within the definition of "financial collateral" in the Regulations as the same may be amended, replaced or superseded from time to time (or the equivalent definition in any replacement or successor legislation or regulation (unless no such legislation or regulation is at that time in force)).															

## 0.2 Thresholds

- (a) **"Minimum Transfer Amount"** means: GBP 100,000, unless a Trustee Fault Termination Event has occurred and is continuing, in which case the Minimum Transfer Amount with respect to any proposed transfer by the Chargor shall be zero.
- (b) **Rounding.** The Security Interest Delivery Amount and the Security Interest Return Amount will be rounded up or down (as applicable) to the nearest integral multiple of GBP 10,000.

## 0.3 Valuation and Timing

- (a) **"Valuation Agent"** means the Calculation Agent.

- (b) **"Valuation Date"** means each Collateral Business Day.
- (c) **"Valuation Time"** means 5pm London time on the Valuation Date or date of calculation, as applicable, **provided that** the calculations of Value and the Security Interest Credit Support Amount will, as far as practicable, be made as of approximately the same time on the same date.
- (d) **"Notification Time"** means 1:00 p.m., London time.

0.4 ***Addresses for Transfers.*** Any transfer under this Deed shall be made:

- (a) in the case of a transfer to the Secured Party, to such accounts as the Secured Party may from time to time notify to the Chargor in writing; and
- (b) in the case of a transfer to the Chargor, to the following accounts:
  - (i) in respect of cash, ESPS MANWEB VALDERRAMA BUFFER ACC - [REDACTED]; and
  - (ii) in respect of securities, ESPS MANWEB VALDERRAMA BUFFER ACC - [REDACTED],

or, in each case, to such accounts as the Chargor (or Group Trustee on its behalf) may from time to time notify to the Secured Party in writing.

0.5 **Acknowledgement.** The Parties agree that as at the Trade Date Class 3 Shares in INSIGHT ILF GBP Liquidity Fund (ISIN: IE0032398343) shall be deemed to be and shall be treated as:

- (a) Eligible Securities for the purposes of this Deed; and
- (b) satisfying the admissibility requirement set out in paragraph 0.1 above.



## SCHEDULE 2

### PART 1 NOTICE OF CHARGE AND ASSIGNMENT (pursuant to Clause 2.3)

To [Custodian]  
[insert address]  
(in its capacity as Custodian)  
For the attention of [insert name]

[insert date]

Dear Sirs

**Security Interest Deed dated [●] 2016 between (1) Electricity Pensions Trustee Limited as scheme trustee of the Electricity Supply Pension Scheme, acting on behalf of the Group (the "Chargor"), (2) Manweb Corporate Pension Trustee Limited as group trustee of the Manweb Group section of the Electricity Supply Pension Scheme (the "Group Trustee") and (3) Abbey Life Assurance Company Limited (the "Secured Party") (the "Deed")**

**Account Control Agreement dated [●] 2016 between (1) the Chargor, (2) the Group Trustee and (3) the Secured Party and (4) you as Custodian (the "Account Control Agreement")**

**Custody Agreement dated 27 May 1998 as amended or supplemented from time to time, between [(1) the Chargor and (2) you as Custodian] (the "Custody Agreement")**

1. This letter constitutes notice to you that, under the Deed, we have:

1.1.1 charged and pledged and agreed to charge and pledge, with full title guarantee, in favour of the Secured Party by way of first fixed charge all our right, title, interest and benefit existing now or in the future, in, to, under or in respect of all securities and other property (other than cash) for the time being standing to the credit of the Segregated Accounts (as defined in the Account Control Agreement) maintained with you (the "**Charged Accounts**");

1.1.2 to the fullest extent permitted by law, charged and agreed to charge, with full title guarantee, in favour of the Secured Party by way of first fixed charge all our right, title, interest and benefit existing now or in the future, in, to, under or in respect of all cash for the time being standing to the credit of the Charged Accounts,

(all the assets for the time being standing to the credit of the Charged Accounts being the "**Charged Assets**"); and

1.1.3 assigned absolutely to the Secured Party, by way of security with full title guarantee, the following rights relating to the Charged Assets which we may have now or in the future against you or any third party (excluding, for the avoidance of doubt, any rights against the Secured Party):

- (i) any right to delivery of a security of the appropriate description which arises in connection with (a) any Charged Assets being transferred to a Relevant System (having the meaning given in the Uncertificated Securities Regulations 2001 or any replacement therefor) or any other clearance system or financial intermediary; or (b) any interest in or to any Charged Assets being acquired while that Charged Assets is in a Relevant System or any other clearance system or held through a financial intermediary; and
- (ii) a right or claim which the Chargor has or may have under or in connection with the Account Control Agreement and the Custody Agreement in relation to the Charged Accounts.

Unless otherwise stated, expressions defined in or incorporated by reference into the Account Control Agreement shall have the same meanings in this notice.

- 2. We hereby irrevocably and unconditionally instruct and authorise you upon the service of a Notice of Enforcement in accordance with the Account Control Agreement to comply, without the need for instructions from us, with such Written Instructions as the Secured Party may give you pursuant to the Account Control Agreement.
- 3. This notice shall be governed by and construed in accordance with English law.
- 4. Please acknowledge receipt of this notice and confirm:
  - 4.1.1 your acceptance of the instructions and authorisations contained in it by sending a letter addressed to us and to the Secured Party in the form attached to this notice; and
  - 4.1.2 that you will not agree to any amendment to the terms of your acknowledgement without the prior written consent of the Secured Party.

Yours faithfully

for and on behalf of  
**ELECTRICITY PENSIONS TRUSTEE LIMITED**

.....  
Authorised Officer

**PART 2**  
**FORM OF ACKNOWLEDGEMENT OF NOTICE OF CHARGE AND**  
**ASSIGNMENT**  
**(pursuant to Clause 2.3)**

To Electricity Pensions Trustee Limited  
[Insert address]

To Manweb Corporate Pension Trustee Limited  
[Insert address]

To Abbey Life Assurance Company Limited  
[Insert address]  
(in its capacity as Secured Party)  
For the attention of [•]  
Copy to: [•]

[insert date]

Dear Sirs

**Charged Accounts**

We hereby acknowledge receipt of a notice (a copy of which is attached) dated [•] 2016 (the "Notice") addressed to us by the Trustee of the Electricity Pensions Trustee Limited (the "Chargor").

We hereby confirm and agree with you that:

- (a) we accept the instructions contained in clause 2 of the Notice and undertake to act in accordance with instructions to us contained in the Notice;
- (b) we have not as at the date of this Notice received notice of the actual or asserted interest of any third party in the Charged Accounts, other than with respect to any lien, pledge or other security interest (statutory or otherwise) over, or right of set-off or retention and sale routinely imposed by either a sub-custodian (excluding any affiliated sub-custodian used by us in the UK) or a clearing system in which any Charged Assets may be held;
- (c) subject to the terms of the Account Control Agreement, we have neither claimed or exercised nor will claim or exercise any security interest, lien, set-off, counterclaim or other rights in respect of the Charged Accounts (or funds in them); and
- (d) we will not agree to any amendment to the terms of this acknowledgement without the prior written consent of the Secured Party.

The expressions defined or incorporated by reference in the Notice shall, unless the context otherwise requires, have the same meanings in this letter.

This letter shall be governed by and construed in accordance with English law.

Yours faithfully

For and on behalf of

[*Custodian*]

.....  
Authorised Signatory

**EXECUTED** and **DELIVERED** as a **DEED** by or on behalf of the Parties the day and year first before written.

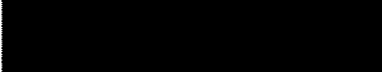
**EXECUTED** and delivered as a **DEED** by )  
**ELECTRICITY PENSIONS TRUSTEE** )  
**LIMITED** )  
as Scheme Trustee of the Electricity Supply )  
Pension Scheme

acting by:

Name of Director

Signature of Director

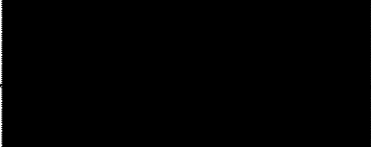
HOWARD WHISKER



Company Secretary  
Name of Director

Company Secretary  
Signature of Director

PAUL WALLIS



**EXECUTED** and delivered as a **DEED** by )  
**MANWEB CORPORATE PENSION** )  
**TRUSTEE LIMITED** )  
as Group Trustee of the Manweb Group )  
section of the Electricity Supply Pension )  
Scheme )

acting by:

Name of Director

Signature of Director

Name of Director

Signature of Director

**EXECUTED** and **DELIVERED** as a **DEED** by or on behalf of the Parties the day and year first before written.

**EXECUTED** and delivered as a **DEED** by )  
**ELECTRICITY PENSIONS TRUSTEE** )  
**LIMITED** )  
as Scheme Trustee of the Electricity Supply )  
Pension Scheme

acting by:

Name of Director

Signature of Director

.....

.....

Name of Director

Signature of Director

.....

.....


**EXECUTED** and delivered as a **DEED** by )  
**MANWEB CORPORATE PENSION** )  
**TRUSTEE LIMITED** )  
as Group Trustee of the Manweb Group )  
section of the Electricity Supply Pension )  
Scheme )

acting by:

Name of Director

Signature of Director

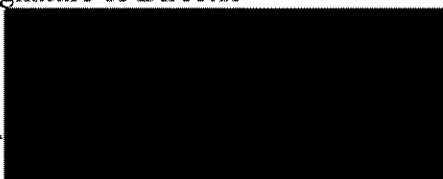
.....  
NICOLA CONNELLY

.....  


Name of Director

Signature of Director

.....  
ALSTAIR ORR

.....  


EXECUTED and delivered as a DEED by )  
ABBEY LIFE ASSURANCE )  
COMPANY LIMITED )  
acting by: )

Name of Director

Signature of Director

NEIL CH TONTON



Name of Director

Signature of Director

BENEDICT CRAIG

