Companies House

MR01 (ef)

Registration of a Charge

Company name: **SCOTTISH WIDOWS LIMITED**

Company number: **03196171**

Received for Electronic Filing: **30/05/2018**

X7712L25

Details of Charge

Date of creation: **23/05/2018**

Charge code: **0319 6171 0015**

Persons entitled: **BANK OF SCOTLAND PLC**

Brief description: **NOT APPLICABLE.**

Contains fixed charge(s).

Contains negative pledge.

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: 3196171

Charge code: 0319 6171 0015

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd May 2018 and created by SCOTTISH WIDOWS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 30th May 2018 .

Given at Companies House, Cardiff on 1st June 2018

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

Execution Version
Non-ring-fenced

23 May 2018

SCOTTISH WIDOWS LIMITED
as Chargor

and

BANK OF SCOTLAND PLC
as Chargee

SECURITY DEED

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THIS SECURITY DEED (this "**Deed**") is dated 23 May 2018

BETWEEN

(1) **SCOTTISH WIDOWS LIMITED** (No. 03196171) whose registered office is at 25 Gresham Street, London EC2V 7HN (the "**Chargor**"); and

(2) **BANK OF SCOTLAND PLC** (No. SC327000) whose registered office is at The Mound, Edinburgh EH1 1YZ (the "**Chargee**").

BACKGROUND

(A) The Chargor enters into this Security Deed in connection with the Master Agreements.

(B) It is intended that all security created under this Security Deed is created in favour of the Chargee and is security for the payment, discharge and performance of all the Secured Obligations.

NOW THIS DEED WITNESSES AND IT IS HEREBY DECLARED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

All capitalised words and expressions used in this Deed (including the recitals and the Schedules) shall, unless otherwise defined in this Deed, have the meaning given to them in the Master Agreements. The following defined terms used in this Deed have the meanings set out below:

"**Business Day**" means each day other than a Saturday or Sunday on which commercial banks are open for business in London.

"**Cash Custody Account**" means the cash account bearing the account identifier "[redacted]" in the books and records of the Custodian, and any replacement thereto.

"**Charged Assets**" means all of the assets and undertaking of the Chargor which from time to time are the subject of any Security created or expressed to be created by it in favour of the Secured Party by or pursuant to this Deed.

"**Collateral Securities**" means the securities from time to time recorded in and represented by the credit balance of the Securities Custody Account.

"**Custodian**" means State Street Bank and Trust Company.

"**Custody Accounts**" means the Cash Custody Account and the Securities Custody Account.

"**Custody Agreement**" means the custody agreement dated 23 May 2018 between the Custodian, the Chargor and the Chargee.

"**Eligible Collateral**" means each of the items shown in Schedule 2 (*Eligible Collateral*) hereto.

"**Encumbrance**" means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other arrangement having similar effect.

"**Enforcement Event**" means the occurrence of an event pursuant to section 5(a)(i) of any Master Agreement where Party B is the Defaulting Party and such event is continuing.

"**LPA**" means the Law of Property Act 1925.

"**Master Agreement**" means each 1992 ISDA Master Agreement (including the schedule and credit support annex thereto and the confirmation thereunder) entered into between the Chargee and the Chargor as further described in Schedule 1 (*Master Agreements*).

"**Material Adverse Effect**" means an event or circumstance (including, without limitation, in connection with the business or condition (financial or otherwise) of the Chargor) which, taking into account all relevant circumstances, is materially adverse to the enforceability of this Deed (subject to the legal reservations set out in the relevant enforceability opinion) which, if capable of remedy, is not remedied within twenty (20) Business Days of the Chargor becoming aware of the issue or being given notice of the issue by the Chargee.

"**Notification Time**" means 2:00 pm London time.

"**Posted Collateral**" means, at any time, the Collateral Securities standing to the credit of the Securities Custody Account at that time and any credit balance of the Cash Custody Account at that time.

"**Proper Instruction**" has the meaning given to it in the Custody Agreement.

"**Purchaser**" means any person acquiring in good faith, for money or money's worth, any interest or right whatsoever in relation to, the Charged Assets.

"**Receiver**" means a receiver or receiver and manager or, where permitted by law, an administrative receiver of the whole or any part of the Charged Assets and that term will include any appointee made under a joint and/or several appointment.

"**Regulations**" has the meaning given to it in Clause 3.3 (*Financial Collateral*).

"**Related Assets**" means all dividends, interest, sale proceeds and other monies payable at any time in respect of any Charged Asset and all other rights, benefits and proceeds in respect of or derived from any Charged Asset (whether by way of redemption, bonus, preference, exchange, option, substitution, conversion, compensation or otherwise) held by, to the order or on behalf of the Chargor, whether through the Custodian or otherwise, at any time.

"**Required Collateral Value**" means, on any Valuation Date, an amount equal to the sum of the Chargee's Credit Support Amount in respect of each Master Agreement on

that Valuation Date, as determined and notified by the Chargee to the Chargor on each Valuation Date.

"**Rights against the Custodian**" means all rights relating to the Custodian Accounts which the Chargor may have now or in the future against the Custodian, any sub-custodian or any third party including the Chargor's rights against the Custodian under the Custody Agreement, any right to delivery of any part of the Custody Securities and the Related Assets which arises in connection with any part of the Custody Securities and the Related Assets being held by the Custodian whether in a Clearing System or otherwise and any interest acquired while any part of the Custody Securities and the Related Assets is held by the Custodian whether in a Clearing System or otherwise.

"**Secured Obligations**" means:

(a) all obligations of the Chargor to pay any amounts due to the Chargee under any Master Agreement whether actual or contingent, except for any obligation or liability which, if it were included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful, prohibited or invalid by or under any applicable law; and

(b) all costs and expenses of the Chargee arising under any Master Agreement or this Deed.

"**Securities Custody Account**" means the securities account bearing the account identifier "[redacted]" in the books and records of the Custodian, and any replacement thereto.

"**Security**" means the continuing security granted by the Chargor to the Chargee for the payment and the discharge of the Secured Obligations pursuant to this Deed.

"**Security Interest**" means any rights, title, and interest (and, all entitlements or other benefits relating thereto) in respect of the whole of the Security.

"**Security Period**" means the period beginning on the date of this Deed and ending on the date on which all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full.

"**Settlement Day**" means in relation to a date, (i) with respect to a transfer of cash, the next Business Day and (ii) with respect to a transfer of securities, the first 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 clearance system agreed between the parties for delivery of such securities 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 Business Day after such date on which it is reasonably practicable to deliver such securities).

"**Valuation Date**" means each Business Day.

"**Valuation Percentage**" means, for any item of Eligible Collateral, the percentage specified as such in Schedule 2 (*Eligible Collateral*).

"**Valuation Time**" means 5:00 pm London time.

"**Value**" means, for any Valuation Date or other date for which Value is calculated, and subject to Clause 9.7 (*Dispute Resolution*) in the case of a dispute, with respect to:

(a) Eligible 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 obtained by (or on behalf of) the Chargor multiplied by the applicable Valuation Percentage, if any; and

(b) items that are not Eligible Credit Support, zero.

1.2 Tax

In this Deed, references to costs, charges, expenses or remuneration shall include any irrecoverable value added tax or similar tax charged or chargeable in respect thereof except where the context otherwise requires.

1.3 Enforcement of rights

In this Deed, references to an action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than England, references to such action, remedy or method of judicial proceedings for the enforcement of rights of creditors available or appropriate in such jurisdictions as shall most nearly approximate thereto.

1.4 Separate Security

Each sub-clause of Clause 3.1 (*Assignments*) (being Clause 3.1(i), 3.1(ii) and 3.1(iii)) and Clause 3.2 (*Charges*)) shall be construed as creating a separate and distinct fixed charge or assignment over each relevant asset within any particular class of assets defined in this Agreement and the failure to create an effective fixed charge or assignment (whether arising out of this Agreement or any act or omission by any party) over any one asset shall not affect the nature or validity of the charge or assignment imposed on any other asset whether within that same class of assets or not.

2. COVENANT TO PAY

2.1 Covenant to pay

The Chargor covenants with the Chargee to duly, unconditionally and punctually pay and discharge all Secured Obligations at the time or times when, and in the currency or currencies in which, the same are expressed to be payable under the Master Agreements and this Deed.

3. SECURITY

3.1 Assignment

The Chargor assigns and agrees to assign absolutely to the Chargee with full title guarantee (i) all of its rights, claims, title and interest from time to time in and to the Cash Custody Account, (ii) all of its rights, claims, title and interest from time to time in and to the Securities Account, and (iii) its Rights against the Custodian to the extent they relate to the Charged Assets, the Related Assets and the Custody Accounts and all proceeds in respect thereof as continuing Security for the payment and discharge of all the Secured Obligations.

3.2 Charge

The Chargor charges, with full title guarantee and by way of first fixed charge in favour of the Chargee, as continuing security for the payment and discharge of all of the Secured Obligations, all of its rights, title and interest from time to time in and to the Collateral Securities standing to the credit of the Securities Custody Account from time to time.

3.3 Financial Collateral

It is the intention of the parties that the Charged Assets will constitute "financial collateral" and this Deed and the obligations of the Chargor hereunder constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the "**Regulations**")). To the extent that any of the Charged Assets does constitute "financial collateral" and this Deed and the obligations of the Chargor hereunder do constitute a "security financial collateral arrangement", the Chargee shall have the right to appropriate all or any part of such financial collateral in or towards discharge of the Secured Obligations of the Chargor hereunder, subject to the terms of this Deed. For this purpose, the parties agree that the value of such financial collateral so appropriated shall be the Value (as determined in accordance with the Master Agreements). The parties further agree that the method of valuation determined by the Chargee shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

4. PROVISIONS AS TO SECURITY AND PERFECTION

4.1 Negative pledge

The Chargor shall not at any time during the Security Period create or permit to subsist any Encumbrance over all or any part of the Charged Assets or otherwise, sell, transfer, dispose of or otherwise deal with any part of the Charged Assets or any rights in connection thereto.

4.2 Implied covenants for title

4.2.1 The covenants set out in sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clause 3 (*Security*).

4.2.2 It shall be implied in respect of Clause 3 (*Security*) that the Chargor is disposing of the Custody Accounts and charging the Charged Assets free from all charges and encumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment).

4.3 **Notice of Assignment; Notice of Charge**

Without prejudice to Clause 5 (*Further Assurance*) the Chargor and the Chargee agree that the execution of the Custody Agreement by the Chargor, the Chargee and the Custodian shall constitute notice to the Custodian of the Security (including, for the avoidance of doubt, the assignment of the Rights against the Custodian).

4.4 **Deposit of Related Assets**

The Chargor shall ensure that, promptly upon the accrual, offer, issue or receipt of any Related Assets:

4.4.1 such Related Assets (whether in the form of stocks, shares, warrants or other assets, but other than cash) are credited to the Securities Custody Account; and

4.4.2 such Related Assets (where they are cash) are credited to the Cash Custody Account.

4.5 **Custody Agreement**

The Charged Assets are held pursuant to the terms of the Custody Agreement.

4.6 **Instructions to Custodian**

4.6.1 The Chargee may, following the occurrence of an Enforcement Event, instruct the Custodian to (i) exercise all or any of its rights relating to the Charged Assets and (ii) transfer all or part of the Charged Assets immediately into the Chargee's own name or into that of its nominee(s) as it shall direct and the Chargor shall upon demand from the Chargee do all things that the Chargee may reasonably require to facilitate the realisation of the Charged Assets, in each case subject to the terms of the Custody Agreement.

4.6.2 In the event of a disposal of any of the Securities permitted under the this Deed, the Chargee shall instruct the Custodian accordingly so as to permit such disposal.

4.7 **No revocation**

The Chargor hereby agrees and covenants that it shall not take any action which is inconsistent with, or revokes or purports to revoke, (i) any custody agreement or arrangement (including the Custody Agreement) with the Custodian (except with the prior written consent of the Chargee and subject to any conditions that may be imposed by the Chargee, including but not limited to, the appointment of a new custodian on substantially the same terms as the custody agreement or arrangement with the Custodian), (ii) any instruction given or required to be given to the Custodian under the

Custody Agreement or (iii) the power of attorney granted pursuant to Clause 21 (*Power of Attorney*) hereof.

4.8 **No variation**

The Chargor shall not, without the Chargee's prior written consent, permit or agree to any variation of the rights attaching to any Custody Account nor amend or waive any provision of, request the waiver of any provision of or vary any of the rights attaching to, or terminate any Custody Account or the Custody Agreement.

5. FURTHER ASSURANCE

5.1 Extension of implied covenant

The covenant set out in section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in Clause 5.2 (*Further assurance*) below.

5.2 Further assurance

The Chargor shall promptly, at its own cost, take all such action (including making all filings, registrations and notarisations) and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Chargee may specify (and in such form as the Chargee may require) in favour of the Chargee or its nominee(s):

5.2.1 to create, perfect, protect and/or maintain the Security created or intended to be created in respect of the Charged Assets (which may include the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, the Charged Assets);

5.2.2 to facilitate the realisation of the Security created or intended to be created in respect of the Charged Assets following an Enforcement Event; and/or

5.2.3 to facilitate the exercise of any right, power, discretion exercisable by the Chargee or any Receiver or any of their delegates or sub-delegates in respect of the Charged Assets.

6. RELEASE OF SECURITY

6.1 Release

Subject to Clause 6.2 (*Conditions of release*) and Clause 22 (*Retention of Agreement and Security*), upon proof being given to the reasonable satisfaction of the Chargee as to the full and final irrevocable and unconditional payment or discharge in full by the Chargor of all of the Secured Obligations (which, for the avoidance of doubt, includes satisfaction of the Chargee that any such payment or discharge by the Chargor of any or all of the Secured Obligations is not subject to any risk of clawback under any applicable law), the Chargee will, at the request and cost of the Chargor, release all the Security granted by this Deed without recourse to, and without any representations or warranties by, the Chargee.

6.2 Conditions of release

Any such release referred to in Clause 6.1 (*Release*) is subject to the condition that it will be void if any payment or discharge of the Secured Obligations is set aside under any applicable law or proves to have been for any reason invalid or void and the condition that, without prejudice to the generality of the foregoing, no assurance, security or payment which may be avoided under any enactment relating to bankruptcy or under sections 238 to 245 or section 423 of the Insolvency Act 1986 or any equivalent provision of common law or the laws of any jurisdiction and no release, settlement or discharge given or made by the Chargee in reliance on any such assurance, security or payment, shall prejudice or affect the right of the Chargee to enforce the Security constituted hereby or pursuant hereto in respect of the full extent of the Secured Obligations. The Chargor therefore agrees that, notwithstanding and in the event of any such avoidance, release, settlement or discharge, the Charged Assets shall be deemed always to have been and to have remained subject to the Security for the payment to or to the order of the Chargee of the Secured Obligations provided that nothing in this Clause 6.2 shall affect the rights, in relation to any Charged Assets, of any purchaser for value without notice that any such release, re-conveyance, re-transfer, discharge or re-assignment has been rendered void or invalid by reason of the provisions of this clause.

7. CONTINUANCE OF SECURITY

The charges, assignments, covenants and provisions contained in this Deed shall remain in force as a continuing security to the Chargee, notwithstanding any intermediate payment or satisfaction of any part of the Secured Obligations or any settlement of account or any other act, event or matter whatsoever, until such security is released by the Chargee in accordance with Clause 6.1 (*Release*).

8. REPRESENTATIONS AND UNDERTAKINGS OF THE CHARGOR

8.1 Representations

The Chargor makes the following representations and warranties to the Chargee and acknowledges that the Chargee has become a party to this Deed and has entered into the Master Agreements in reliance on these representations and warranties:

8.1.1 *Status*

(a) It is a corporation, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

(b) It has the power to own its assets and carry on its business as it is being conducted.

8.1.2 *Binding obligations*

Subject to general equitable principles and insolvency and other laws generally applicable to creditors' rights, the obligations expressed to be assumed by it in this Deed and each Master Agreement are legal, valid, binding and enforceable obligations and this Deed creates a first ranking fixed security interest over the Charged Assets.

8.1.3 *Non-conflict with other obligations*

The entry into and performance by it of, and the transactions contemplated by, this Deed and any Master Agreement (including any transfer of the Collateral Securities on creation or enforcement of the Security) do not and shall not violate, conflict with or constitute a breach or infringement of:

(a) any law or regulation applicable to it;

(b) its constitutional documents; or

any agreement or instrument binding upon it.

8.1.4 *Ranking*

Subject to the provisions of the Custody Agreement, the Security has or will have first ranking priority and it is not subject to any prior ranking or *pari passu* security.

8.1.5 *Power and authority*

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed and any Master Agreement and the transactions contemplated by this Agreement and any Master Agreement.

8.1.6 *Litigation*

So far as the Chargor is aware, no litigation, arbitration or administrative proceedings of or before any court, tribunal or governmental body have been commenced or against the Chargor which would have a Material Adverse Effect on the Chargor

8.1.7 *Ownership of Charged Assets*

It is the sole beneficial owner of the Charged Assets free and clear of all security interests save as created by this Deed and has not sold or disposed of or granted any options or pre-emption rights in respect of any of its right, title and interest, in the Charged Assets and all of the Charged Assets which comprise Collateral Securities are fully paid and are not subject to any options to purchase, pre-emption rights or similar rights or other restrictions upon disposal which would operate to restrict in any way their disposal by the Chargee should it come to enforce its Security over the Charged Assets.

8.1.8 *Authorisations*

All authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations under this Deed and each Master Agreement; and

(b) to make this Deed, and each Master Agreement admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

8.1.9 *Bankruptcy Event*

No Event of Default under Section 5(a)(vii) of any Master Agreement has occurred in respect of the Chargor.

8.1.10 *Custody Agreement*

It is not in default of any of its obligations under the Custody Agreement which would have a Material Adverse Effect.

8.1.11 *Immunity*

(a) The entry into this Security Deed by it constitutes, and the exercise by it of its right and performance of its obligations under this Security Deed will constitute, private and commercial acts performed for private and commercial purposes.

(b) It will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its jurisdiction of incorporation in relation to this Security Deed.

8.1.12 *Repetition*

The representations set out in Clauses 8.1.1 (*Status*) to 8.1.10 (*Custody Agreement*) are deemed to be made by the Chargor by reference to the facts and circumstances then existing on the date of this Deed and each day during the Security Period on which any Collateral Securities are deposited into the Securities Custody Account.

8.2 Undertakings

8.2.1 *Authorisations*

The Chargor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Chargee of,

any authorisation required under any law or regulation of any relevant jurisdiction to enable it to perform its obligations under this Deed and each Master Agreement and to ensure the legality, validity, enforceability or admissibility in evidence in any relevant jurisdiction of this Deed, each Master Agreement and the Security constituted hereby.

8.2.2 *Compliance with laws*

The Chargor shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under this Deed and each Master Agreement.

9. COLLATERAL MANAGEMENT

9.1 Posting of Eligible Collateral

On any Valuation Date on which the Value of the Posted Collateral is less than the Required Collateral Value, the Chargor shall deposit or transfer additional Eligible Collateral to the Custody Accounts such that the Value of the Posted Collateral is not less than the Required Collateral Value. The Chargor's obligation to make such deposit or transfer will arise on the date on which it receives notification of the relevant calculations from the Chargee pursuant to Clause 9.6 (*Calculations*), *provided that*, if such notification is received after the Notification Time on such date, the obligation will arise on the next following Business Day.

9.2 Withdrawal of Posted Collateral

On any Valuation Date on which the Value of the Posted Collateral is greater than the Required Collateral Value, the Chargor shall be entitled to withdraw or transfer out of the Custody Accounts Posted Collateral having a Value which does not exceed the amount of such excess, and the Chargee hereby undertakes to countersign or provide any other instruction to the Custodian to effect such withdrawal or transfer. Upon such withdrawal or transfer, such Posted Collateral shall be released from the Security constituted by this Deed.

9.3 Substitution of Posted Collateral

9.3.1 On any Valuation Date, the Chargor may notify the Chargee that it wishes to substitute any Posted Collateral (the "**Old Collateral**") for other Eligible Collateral (the "**New Collateral**") having a Value not less than the Value of the Old Collateral.

9.3.2 If the Chargee consents to such substitution, then following the deposit or transfer of the New Collateral to the Custody Accounts, the Chargee hereby undertakes to countersign or provide any other instruction to the Custodian to effect the withdrawal or transfer of the Old Collateral, *provided that*, following such withdrawal or transfer the Value of the Posted Collateral shall not be less than the Required Collateral Value.

9.4 Chargee to consent to withdrawals

For the avoidance of doubt, and notwithstanding Clauses 9.2 (*Withdrawal of Posted Collateral*) and 9.3 (*Substitution of Posted Collateral*), no Posted Collateral may be withdrawn or transferred out of the Custody Accounts at any time unless either (i) the Chargee has countersigned or otherwise approved the applicable instruction to effect that withdrawal or transfer or (ii) 10 Business Days have elapsed since the date on which the Chargee was requested to provide such countersignature or other applicable instruction in connection with that withdrawal or transfer.

9.5 **Timing**

All transfers of Eligible Collateral to the Custody Accounts shall be made in accordance with the instructions of the Chargee, and unless otherwise specified, the relevant deposit or transfer will be made not later than the close of business on the Settlement Day relating to the date on which the obligation to make such deposit or transfer arises pursuant to Clause 9.1 (*Posting of Eligible Collateral*).

9.6 **Calculations**

All calculations of the Required Collateral Value for purposes of this Clause 9 (*Collateral Management*) will be made by the Chargee as of the relevant Valuation Time. The Chargee will notify the Chargor of its calculations not later than the Notification Time on the Business Day following the applicable Valuation Date.

All calculations of Value for purposes of this Clause 9 (*Collateral Management*) will be made by the Chargor as of the relevant Valuation Time. The Chargor will notify the Chargee of its calculations not later than the Notification Time on the Business Day following the applicable Valuation Date.

9.7 **Dispute resolution**

If the Chargee reasonably disputes the Chargor's calculation of (i) the Value of Eligible Collateral which it is required to deposit or transfer to the Custody Accounts pursuant to Clause 9.1 (*Posting of Eligible Collateral*), (ii) the Value of Posted Collateral which the Chargor is permitted with withdraw or transfer out of the Custody Accounts pursuant to Clause 9.2 (*Withdrawal of Posted Collateral*) or (iii) the Value of any Eligible Collateral or Posted Collateral, then:

9.7.1 the Chargee will notify the Chargor not later than the close of business on the Business Day following the Valuation Date on which the relevant calculation is made;

9.7.2 in the case of (i), the Chargor will deposit or transfer the undisputed amount to the Custody Accounts not later than the close of business on the Settlement Day following the relevant Valuation Date, and in the case of (ii), the Chargor will be permitted to withdraw or transfer the undisputed amount from the Custody Accounts pursuant to Clause 9.2 (*Withdrawal of Posted Collateral*);

9.7.3 the parties will consult with each other in an attempt to resolve the dispute; and

9.7.4 if they fail to resolve the dispute by the Resolution Time, then the Chargor will recalculate the Value of the relevant Eligible Collateral or Posted Collateral, and such Value shall be binding on both parties.

10. **CUSTODY ACCOUNTS**

10.1 **Restrictions on Custody Account(s)**

No Cash may be withdrawn from any Cash Custody Account and no Securities shall be transferred out of the Securities Custody Account unless expressly permitted by the

terms of this Deed. In the event of a conflict between the provisions of this Deed and the Custody Agreement, the provisions of this Agreement shall prevail.

10.2 **Chargee rights**

Upon the occurrence of an Enforcement Event, the Chargee shall be entitled, without notice or further demand to:

10.2.1 demand and receive all and any monies due under or arising out of each Custody Account; and

10.2.2 exercise in relation to each Custody Account all such rights as the Chargor was then entitled to exercise in relation to such Custody Account or might, but for the terms of this Deed, exercise.

11. ENFORCEMENT

If an Enforcement Event occurs, then:

11.1 subject to the provisions of this Deed, the Chargee may institute such proceedings against the Chargor and take such action as it may think fit to enforce all or any part of the Security including holding or disposing of all or any part of the Charged Assets or appropriating it as described in Clause 3.3 (*Financial Collateral*);

11.2 the Chargee may appoint a Receiver in accordance with Clause 14 (*Receivers*); and

11.3 whether or not the Chargee has appointed a Receiver, the Chargee may exercise all or any of the powers, authorities and discretions:

11.3.1 provided for in this Deed; or

11.3.2 conferred by the LPA, the Conveyancing Act or the Insolvency Act 1986.

12. SET-OFF AND TAXES

Except as expressly provided in the relevant Master Agreement, all payments in relation to the Secured Obligations shall be made by the Chargor without set-off or counterclaim and free from, clear of and without deduction for any taxes whatsoever present or future unless required by law. If the Chargor is compelled by law to withhold or deduct any such taxes from any amounts payable by the Chargor pursuant to any Master Agreement, it shall pay such additional amounts as may be necessary to ensure that the amount received by the Chargee shall equal the full amount payable if there was no withholding or deduction.

13. CHARGEE'S POWERS

13.1 **Extension of statutory powers**

The provisions of the LPA relating to the power of sale and the other powers conferred by sections 101(1) and (2) of the LPA and section 19 of the Conveyancing Act (to the extent that such powers are applicable hereto) are hereby extended (as if such

extensions were contained in the LPA and the Conveyancing Act) to authorise the Chargee (from the date hereof) and upon such terms as the Chargee may think fit:

13.1.1 to sell, exchange, license or otherwise dispose of or otherwise deal with the Charged Assets in whole or in part or any interest in the same, and to do so for shares, debentures or any other securities whatsoever, or in consideration of an agreement to pay all or part of the purchase price at a later date or dates, or an agreement to make periodic payments, whether or not the agreement is secured by a Security Interest or a guarantee, or for such other consideration (if any) and upon such terms whatsoever as the Chargee may think fit, and also to grant any option to purchase;

13.1.2 with a view to, or in connection with, the management or disposal of the Charged Assets to carry out any transaction, scheme or arrangement which the Chargee may in its reasonable discretion consider appropriate;

13.1.3 to take possession of, get in and collect the Charged Assets;

13.1.4 to appoint and engage managers, agents and advisers upon such terms as to remuneration and otherwise and for such periods as they may determine, and to dismiss them;

13.1.5 to bring, defend, submit to arbitration, negotiate, compromise, abandon and settle any claims and proceedings concerning the Charged Assets;

13.1.6 generally to carry out, or cause or authorise to be carried out, any transaction, scheme or arrangement whatsoever, whether or not similar to any of the foregoing, in relation to the Charged Assets which they may consider expedient as effectually as if they were solely and absolutely entitled to the Charged Assets;

13.1.7 in connection with the exercise of any of their powers, to execute or do, or cause or authorise to be executed or done, on behalf of or in the name of the Chargor or otherwise, as they may think fit, all documents, acts or things which they may consider appropriate and to exercise in relation to the Charged Assets all such powers as they would be capable of exercising if they were the absolute sole, legal and beneficial owner of the same and to use the name of the Chargor for all or any of the foregoing purposes;

13.1.8 to pay and discharge out of the profits and income of the Charged Assets and the moneys to be made by them in carrying on the business of the Chargor, the expenses incurred in and about the carrying on and management of any such business or in the exercise of any of the powers conferred by this Clause 13.1 or otherwise in respect of the Charged Assets and all outgoings as set out in this Deed;

13.1.9 to exercise or permit any other person to exercise, any rights, powers or privileges in respect of the Charged Assets; and

13.1.10 to use the name of the Chargor for all or any of the foregoing purposes.

13.2 Section 103 LPA and Section 20 Conveyancing Act

Section 103 of the LPA and Section 20 of the Conveyancing Act shall not apply in relation to any of the Security Interests contained in this Deed. The statutory powers of sale and of appointing a receiver which are conferred upon the Chargee as varied and extended by this Deed and all other powers shall in favour of any purchaser be deemed to arise and be exercisable immediately after the execution of this Deed but shall only be exercised upon and following the Security becoming enforceable pursuant to Clause 9 (*Enforcement*).

13.3 Powers additional

The powers conferred by this Deed in relation to the Security constituted hereby or any part thereof to the Chargee in respect of the Charged Assets shall be in addition to and not in substitution for the powers conferred on mortgagees or receivers under the LPA, the Conveyancing Act and the Insolvency Act 1986 and where there is any ambiguity or conflict between the powers contained in either of such Acts and those conferred by this Deed, the terms of this Deed shall prevail.

13.4 Powers cumulative

The powers which this Deed confers on the Chargee are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as the Chargee thinks appropriate. The Chargee may, in connection with the exercise of their powers, join or concur with any person in any transaction, scheme or arrangement whatsoever and the powers of the Chargee shall in no circumstances whatsoever be suspended, waived or otherwise prejudiced by anything other than an express waiver or variation in writing.

14. RECEIVERS

14.1 Appointment of a Receiver

At any time after the Security becomes enforceable, the Chargee may, to the extent permitted under any relevant law, appoint, such person or persons (including an officer or officers of the Chargee) as they think fit (subject always to any requirement under the Insolvency Act 1986 that the person appointed be a licensed insolvency practitioner) to be a Receiver of the Charged Assets or any part thereof to act jointly or jointly and severally as receiver, manager, receiver or manager, administrative receiver, compulsory or interim manager or other similar officer as the Chargee shall determine.

14.2 Removal of Receiver

The Chargee may (subject to Section 45 of the Insolvency Act 1986) remove any Receiver whether or not appointing another in his place and the Chargee may also appoint another receiver if such Receiver resigns.

14.3 Exclusion of part of Security

The exclusion of any part of the Charged Assets from the appointment of any Receiver shall not preclude the Chargee from subsequently extending its appointment (or that of any replacement Receiver) to that part.

14.4 **Remuneration of Receiver**

The remuneration of any Receiver may be fixed by the Chargee (and may be or include a commission calculated by reference to the gross amount of all money received or otherwise), and the amount of such remuneration shall form part of the Secured Obligations and accordingly be secured on the Security.

14.5 **Powers of Receiver**

A Receiver shall have, *mutatis mutandis*, the powers, authorities and discretions conferred upon the Chargee under this Deed, subject to such restrictions as the Chargee may think fit. Without prejudice to the generality of the foregoing, any Receiver appointed to the whole or substantially the whole of the Security shall have the powers referred to in Schedule 1 of the Insolvency Act 1986.

In addition the Receiver shall have (without limitation) the following rights:

14.5.1 all the powers conferred by the LPA on mortgagees and on mortgagees in possession and on receivers;

14.5.2 all powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do; and

14.5.3 power to do all things (including bringing or defending proceedings in the name or on behalf of the Chargor) which seem to the Receiver to be incidental or conducive to:

(a) any of the functions, powers, authorities or discretions conferred on or vested in him;

(b) the exercise of any or all of his rights under this Deed; or

(c) the collection or getting in of the Security.

14.6 **Security from Receiver**

The Chargee may from time to time and at any time require any Receiver to give security for the due performance of his duties as Receiver and may fix the nature and amount of the security to be so given but the Chargee shall not be bound in any case to require any such security.

14.7 **Payments by the Receiver to the Chargee**

Except as otherwise directed by the Chargee or as otherwise required by law, all moneys from time to time received by such Receiver shall be paid over to the Chargee to be applied in discharge of the Secured Obligations.

14.8 **Payments by the Chargee to the Receiver**

The Chargee may pay over to such Receiver any moneys constituting part of the Security with the intent that the same may be applied for the purposes of this Deed by such Receiver and the Chargee may from time to time determine what funds any

Receiver shall be at liberty to keep in hand with a view to the performance of his duties as Receiver.

14.9 Sections 109(6), 109(8) LPA and Section 24(8) Conveyancing Act

Sections 109(6) and (8) of the LPA and Section 24(8) of the Conveyancing Act (relating to application of moneys received by a receiver) shall not apply in relation to a Receiver.

14.10 LPA restrictions inapplicable

None of the restrictions imposed by the LPA in relation to appointment of receivers or as to the giving of notice or otherwise shall apply to this Deed. The power of appointing a Receiver shall be in addition to all statutory and other powers of appointment of the Chargee under the LPA (as extended by this Deed) or otherwise and such powers shall remain exercisable from time to time by the Chargee in respect of any of the Security.

15. APPLICATION OF PROCEEDS

All moneys received or recovered by the Chargee or any Receiver pursuant to this Deed or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment of the costs, charges and expenses incurred and payments made by the Chargee or Receiver, the payment of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Chargee to (notwithstanding any purported appropriation by the Chargor) to discharge the Secured Obligations (and for the avoidance of doubt, if such monies are insufficient to discharge all the Secured Obligations, the Chargee shall apply such monies towards the Secured Obligations in such order as the Chargee shall determine in its sole discretion). Any costs, charges and expenses incurred by the Chargee shall only be paid pursuant to this Clause 15 to the extent that they have been properly incurred.

16. SUSPENSE ACCOUNTS

All monies received, recovered or realised by the Chargee under this Deed (including the proceeds of any conversion of currency) may in the discretion of the Chargee be credited to any interest bearing suspense or impersonal account maintained by the Chargee with itself or any bank, building society or financial institution as it considers appropriate and may be held in such account for so long as the Chargee may think fit pending their application from time to time (as the Chargee is entitled to do in its discretion) in or towards the discharge of any of the Secured Obligations and save as provided herein no party will be entitled to withdraw any amount at any time standing to the credit of any suspense or impersonal account referred to above.

17. PROTECTION OF THIRD PARTIES

17.1 Exercise of powers

No Purchaser from or other person dealing with the Chargee and/or any Receiver shall be concerned to enquire whether any of the powers which they have exercised or purported to exercise has arisen or become exercisable, or whether the Secured Obligations remain outstanding or whether any event has occurred to authorise the

Chargee and/or any Receiver to act or as to the propriety or validity of the exercise or purported exercise of any such powers and the title of such a Purchaser and the position of such other person shall not be impeachable by reference to any of those matters.

17.2 Receipt good discharge

The receipt of the Chargee or any Receiver shall be an absolute and conclusive discharge to a Purchaser or other such person as is referred to in Clause 17.1 (*Exercise of powers*) and shall relieve such Purchaser or other person of any obligation to see to the application of any moneys paid to or by the direction of the Chargee or the Receiver.

17.3 Statutory powers

The Secured Obligations shall become due for the purposes of Section 101 of the LPA and section 19 of the Conveyancing Act and the statutory powers of sale and of appointing a receiver which are conferred upon the Chargee as varied and extended by this Deed and all other powers shall in favour of any purchaser be deemed to arise and be exercisable immediately after the execution of this Deed.

18. PROTECTION OF CHARGEE AND RECEIVER

18.1 Extent of liability

18.1.1 The Chargee shall not, nor shall any Receiver appointed as aforesaid, or any attorney or agent of the Chargee, by reason of taking possession of or enforcing the Charged Assets or any part thereof, or for any other reason whatsoever and whether as mortgagee in possession or on any other basis whatsoever, be liable to account to the Chargor or any other person for anything except actual receipts or be liable to the Chargor or any other person for any loss or damage arising from the realisation of the Charged Assets or from any act, default or omission in relation to the Charged Assets or from any exercise or non-exercise by it of any power, authority or discretion conferred upon it in relation to the security constituted by or pursuant to this Deed or any part thereof or otherwise.

18.1.2 Without prejudice to any other provision of this Deed, the Chargee will not be responsible for any loss, cost, expense or liability which may be suffered as a result of any Charged Assets being uninsured or inadequately insured or being held by or to the order of the Chargee or by any person on behalf of the Chargee.

18.1.3 Without prejudice to any other provision of this Deed, the Chargee will not be responsible:

(a) for the performance of the Charged Assets;

(b) for estimating any recoveries that can be anticipated from the Charged Assets;

(c) for reviewing or investigating any report relating to the Charged Assets provided by any person;

(d) (except as otherwise provided in any Master Agreement) for making or verifying any determination or calculation in respect of the Charged Assets or any Master Agreement; or

(e) for taking any proceedings against any Chargor or obligor of any of the Charged Assets.

18.2 **No liability as mortgagee in possession**

Without prejudice to the generality of Clause 13.1 (*Extent of liability*), entry into possession of the Charged Assets or any part thereof shall not render the Chargee or any Receiver liable to account as mortgagee in possession or liable for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable; and if and whenever the Chargee or the Receiver enters into possession of the Charged Assets, it shall be entitled at any time at its discretion to go out of such possession.

18.3 **Insurance**

Neither the Chargee nor any Receiver shall be under any obligation to insure any of the Charged Assets or any certificate, note, bond or other evidence in respect thereof, or to require any other person to maintain any such insurance.

18.4 **No responsibility for other parties**

Neither the Chargee nor any Receiver shall be responsible for any loss occasioned to the Charged Assets, however caused, by any other person (including any bank, broker, depositary, warehouseman or other intermediary or by any clearing system or the operator thereof), or otherwise.

18.5 **Tax**

Neither the Chargee nor any Receiver shall have any responsibility whatsoever as regards any deficiency which might arise because the Chargee or the Receiver is subject to any tax in respect of the Charged Assets or any part thereof or any income therefrom or any proceeds thereof.

19. **OTHER SECURITY**

19.1 **Security additional**

The Security is in addition to, and shall neither be merged in, nor in any way exclude or prejudice or be affected by, any other Security Interest, right or recourse or other right whatsoever which the Chargee may now or at any time hereafter hold or have (or would apart from the provisions of this Deed hold or have) as regards the Chargor or any other person in respect of the Secured Obligations.

19.2 **Section 93 LPA and Section 17 Conveyancing Act**

Section 93 of the LPA and Section 17 of the Conveyancing Act (relating to restriction on consolidation of mortgages) shall not apply in relation to any of the charges contained in the Security.

20. VARIATIONS

No variation of this Deed shall be effective unless it is in writing and executed as a deed by (or by some person duly authorised by) the Chargee and the Chargor. The Chargor shall notify each of the other parties hereto of any amendments pursuant to this Clause 20.

21. POWER OF ATTORNEY

21.1 Appointment

The Chargor hereby by way of security and in order more fully to secure the performance of its obligations hereunder until the release of the security pursuant to Clause 6 (*Release of Security*) irrevocably appoints the Chargee and every Receiver of the Charged Assets or any part thereof appointed hereunder to be its attorney acting severally, and on its behalf and in its name or otherwise on or after the Security becomes enforceable to do all such assurances, acts and things which the Chargor ought to do under the covenants and provisions contained in this Deed, any Master Agreement (including, without limitation, to make any demand upon or to give any notice or receipt to any person owing moneys to the Chargor in respect of the Charged Assets and to execute and deliver any charges, legal mortgages, assignments or other security and any transfers of securities) and generally in its name and on its behalf to exercise all or any of the trusts, powers, authorities, duties and discretions conferred by or pursuant to this Deed, any Master Agreement or by statute on the Chargee or any such Receiver and (without prejudice to the generality of the foregoing) to seal and deliver and otherwise perfect any deed, assurance, agreement, instrument or act which it or he may reasonably deem proper in or for the purpose of exercising any of such powers, authorities and discretions.

21.2 Ratification

The Chargor hereby ratifies and confirms and agrees to ratify and confirm whatever any such properly appointed attorney as is mentioned in Clause 21.1 (*Appointment*) shall do or purport to do in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in such clause.

22. RETENTION OF AGREEMENT AND SECURITY

The Chargee may retain this Deed, the Security constituted by or pursuant to this Agreement and all documents relating to or evidencing ownership of all or any part of the Charged Assets for a period of twelve months after any discharge in full of the Secured Obligations, *provided that*, if at any time during that twelve month period a petition or application is presented for an order for the winding-up of, or the making of an administration order in respect of, the Chargor or any person who is entitled to do so gives written notice of its intention to appoint an administrator of the Chargor or files such a notice with the court or the Chargor commences to be wound-up voluntarily or any analogous proceedings are commenced in respect of it, the Chargee may continue to retain such Security and such documents for such further period as the Chargee may determine and the Security and such documents shall be deemed to have continued to be held as security for the Secured Obligations.

23. CHANGES TO THE PARTIES

23.1 Assignments and transfers by the Chargor

The Chargor hereby agrees that it will not assign any of its rights or transfer any of its rights or obligations under this Deed.

23.2 Assignments and transfers by the Chargee

23.2.1 If, pursuant to Part 5(l) of the Schedule to any Master Agreement, the Chargee transfers or novates its rights and obligations under that Master Agreement to an Affiliate of the Chargee, the Chargor undertakes to enter into:

(a) a security deed with the relevant transferee on substantially the same terms as this Deed in respect of the Master Agreements so transferred or novated; and

(b) a custody agreement with the relevant transferee and the Custodian on substantially the same terms as this Deed in respect of the Master Agreements so transferred or novated.

23.2.2 The Chargee may assign any of its rights under this Deed at any time provided that it:

(a) transfers all its rights and obligations under any Master Agreement; and

(b) provides written confirmation to the Chargor of any assignment.

24. NOTICES

Any communication in connection with this Deed must be given in accordance with the Master Agreements.

25. MISCELLANEOUS

25.1 Remedies and waivers

No failure on the part of the Chargee to exercise, or any delay on its part in exercising, any right relating to the Security shall operate as a waiver thereof, nor shall any single or partial exercise of such right preclude any further or other exercise of that or any other right relating to the Security. Any waiver or any consent by the Chargee under this Deed must be in writing and may be given subject to any conditions thought fit by the Chargee. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

25.2 Partial invalidity

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, neither the legality, validity or enforceability of the remaining provisions of this Deed nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the security intended to be created by or pursuant to this Deed is invalid,

unenforceable or ineffective for any reason, that shall not affect or impair any other part of the Security.

25.3 **Counterparts**

This Deed may be executed in separate counterparts and by each party separately on a separate counterpart, and each such counterpart, when so executed, shall be an original. Such counterparts shall together constitute one and the same instrument.

25.4 **Contract (Rights of Third Parties) Act 1999**

A person who is not a party to this Deed has no rights under the Contract (Rights of Third Parties) Act 1999 (the "**Act**") to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

26. GOVERNING LAW AND JURISDICTION

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by English law and the English courts shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or the consequences of its nullity or any non-contractual obligation arising out of or in connection with this Deed).

IN WITNESS WHEREOF this Deed has been executed as a deed by the Chargee and the Chargor and is intended to be and is hereby delivered by both parties as a deed on the date specified above.

The Chargee

EXECUTED as a **DEED**	)	[redacted]
by	)	.....
for and on behalf of	)	Authorised Signatory
BANK OF SCOTLAND PLC	)	
in the presence of:	)	

[redacted]
.....
Witness
Name: CHRISTOPHER OSBORNE
Address: 10 GRESHAM STREET, LONDON, EC2V 7AE
Occupation: BANKER

The Chargor

EXECUTED as a **DEED**	)	[redacted]
by	)	
for and on behalf of	)	STUART NICHOLSON
SCOTTISH WIDOWS LIMITED	)	Authorised Signatory
in the presence of:	)	

[redacted]

Witness

Name: STUART LEVETON

Address: 155 BISHOPSGATE, LONDON EC2

Occupation: CONSULTANT

SCHEDULE 1
MASTER AGREEMENTS

1. 1992 ISDA Master Agreement, including the Schedule and Credit Support Annex thereto, dated as of 3 November 2016 between Bank of Scotland plc and Scottish Widows Limited which governs a transaction relating to an interest rate swap transaction bearing reference number 437065TS (as specified in the Schedule thereto).

2. 1992 ISDA Master Agreement, including the Schedule and Credit Support Annex thereto, dated as of 3 November 2016 between Bank of Scotland plc and Scottish Widows Limited which governs a transaction relating to an interest rate swap transaction bearing reference number 390622TS (as specified in the Schedule thereto).

3. 1992 ISDA Master Agreement, including the Schedule and Credit Support Annex thereto, dated as of 3 November 2016 between Bank of Scotland plc and Scottish Widows Limited which governs certain transactions relating to interest rate swap transactions bearing reference numbers 102217TS and 875474TS (as specified in the Schedule thereto).

4. 1992 ISDA Master Agreement, including the Schedule and Credit Support Annex thereto, dated as of 15 June 2017 between Bank of Scotland plc and Scottish Widows Limited which governs a transaction relating to the ISDA Master Agreement dated 7 May 2002 between Bank of Scotland plc or an affiliate of Bank of Scotland plc and Cheshire SPV Limited.

SCHEDULE 2
ELIGIBLE COLLATERAL

Valuation Percentage	Securities		
	GB-TBILL	GB-GILT	GB-INDEXGILT
Residual maturity of not more than 1 year	99%	99%	99%
Residual maturity of more than 1 year but not more than 5 years	N/A	97%	97%
Residual maturity of more than 5 years but not more than 10 years	N/A	95%	95%
Residual maturity of more than 10 years but not more than 30 years	N/A	93%	93%
Residual maturity of more than 30 years but not more than 50 years	N/A	91%	91%
Residual maturity of more than 50 years	N/A	89%	89%

Term used in this Schedule 2 have the meanings given to them in the Collateral Assets Definitions – First Edition – June 2003, as published by the International Swaps and Derivatives Association, Inc.