

MR01

Particulars of a charge



A fee is payable with this form.
Please see 'How to pay' on the
last page.

You can use the WebFiling service to file this form online.
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✓ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument.

✗ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument. Use form MR08

For further information, please
refer to our guidance at:
www.companieshouse.gov.uk

This form **must be delivered to the Registrar for registration within 21 days** beginning with the day after the date of creation of the charge. If delivered outside of the 21 days it will be rejected unless it is accompanied by a court order extending the time for delivery.

You **must** enclose a certified copy of the instrument with this form. This must be scanned and placed on the public record.

TUESDAY



S2GLOILF

SCT

10/09/2013

#365

COMPANIES HOUSE

1 Company details

Company number S C 3 2 7 0 0 0

Company name in full BANK OF SCOTLAND PLC

For official use

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date 2 0 1 0 8 2 0 1 3

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge.

Name THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
(as Security Trustee)

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below.

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge.

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Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security.

Continuation page

Please use a continuation page if you need to enter more details.

Description

5

Fixed charge or fixed security

Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box.

☒ **Yes**

☐ **No**

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box.

☐ **Yes** Continue

☒ **No** Go to **Section 7**

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ **Yes**

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box.

☒ **Yes**

☐ **No**

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Trustee statement ①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge.

☐

① This statement may be filed after the registration of the charge (use form MR06).

9

Signature

Please sign the form here.

Signature

Signature

X

Allen & Overly LLP *4/9/2013*

X

This form must be signed by a person with an interest in the charge.

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Particulars of a charge



Presenter information

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name **Jared Tausz**

Company name
Allen & Overy LLP

Address **One Bishops Square**

Post town **London**

County/Region

Postcode **E 1 6 A D**

Country **United Kingdom**

DX **73**

Telephone **020 3088 0000**



Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have included a certified copy of the instrument with this form.
- ☐ You have entered the date on which the charge was created.
- ☐ You have shown the names of persons entitled to the charge.
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8.
- ☐ You have given a description in Section 4, if appropriate.
- ☐ You have signed the form.
- ☐ You have enclosed the correct fee.
- ☐ Please do not send the original instrument; it must be a certified copy.



Important information

Please note that all information on this form will appear on the public record.



How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'.



Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

For companies registered in England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 327000


Charge code: SC32 7000 0019

The Registrar of Companies for Scotland hereby certifies that a charge dated 20th August 2013 and created by BANK OF SCOTLAND PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 10th September 2013.

Given at Companies House, Edinburgh on 24th September 2013



Except for material redacted pursuant to section 859G of the Companies Act 2006, I certify that this is a correct copy of the original document.


JOANNE MONIQUE GIRVAN
SOLICITOR

ALLEN BOVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD

20th August 2013

**DEED RELATING TO CREDIT RATING AFFECTED MEMBERS AND STEPPED
COLLATERAL MEMBERS**

to the

CHEQUE AND CREDIT LIQUIDITY FUNDING AND COLLATERALISATION AGREEMENT
and
DEED OF CHARGE

Between

THE CHEQUE AND CREDIT CLEARING COMPANY LIMITED
as the C&C System Operator

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
as the Settlement Service Provider

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
as the Security Trustee

THE CHEQUE MEMBERS

THE CREDIT MEMBERS

THIS DEED is dated 20th August 2013 between:

- (1) THE CHEQUE AND CREDIT CLEARING COMPANY LIMITED, whose registered office is at 2 Thomas More Square, London, E1W 1YN and whose registered number is 1962903 (the "C&C System Operator");
- (2) THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND of Threadneedle Street, London EC2R 8AH in its capacity as the "Settlement Service Provider";
- (3) THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND of Threadneedle Street, London EC2R 8AH in its capacity as the "Security Trustee";
- (4) those persons identified as THE CHEQUE MEMBERS in Schedule 1; and
- (5) those persons identified as THE CREDIT MEMBERS in Schedule 1.

RECITALS:

- (A) This Deed is in relation to:
 - (i) the Cheque and Credit Liquidity Funding and Collateralisation Agreement (the "Liquidity Agreement") dated 14 June 2012 made between the C&C System Operator, the Settlement Service Provider, the Security Trustee, the Cheque Members and the Credit Members, as supplemented, amended and restated from time to time; and
 - (ii) the Deed of Charge between the Chargors and the Security Trustee dated 14 June 2012 (the "Charge") as supplemented, amended and restated from time to time.
- (B) The Board of Directors of the C&C System Operator has by written resolution adopted certain amendments to the System Rules to (i) allow a person who does not satisfy the minimum credit rating criteria (but who satisfies all other criteria), to remain a Member of the System and (ii) require a Member with a credit rating below certain thresholds to post additional collateral.
- (C) This Deed makes certain amendments to the Liquidity Agreement and the Charge in order to implement such amended System Rules referred to in Recital B.
- (D) It is intended that this document takes effect as a deed notwithstanding the fact that a party might only execute this document under hand.

IT IS AGREED AS FOLLOWS:

1. INTERPRETATION

Definitions

- (a) Terms defined in the Liquidity Agreement and the Charge have the same meaning when used in this Deed (including the Recitals) unless otherwise defined or the context otherwise requires.
- (b) "Effective Date" means the date, subject to all parties to this Deed having signed this Deed, designated as such by the C&C System Operator.

2. ADDITIONAL RULES FOR CREDIT RATING AFFECTED MEMBERS AND STEPPED COLLATERAL MEMBERS

- (a) The Board of Directors of the C&C System Operator has by resolution dated 20th August 2013 amended Rule 2.1 of the System Rules by replacing Rule 2.1(c) with a new Rule 2.1(c) and inserting new Rules 2.1(a)(xiii), 2.1(a)(xiv), 2.1(a)(xv), 2.1(a)(xvi), 2.1(a)(xvii), 2.1(a)(xviii), 2.1(e) and 2.1(f) as set out in Schedule 2.
- (b) The Members hereby agree on and from the Effective Date to be bound by the System Rules applicable to Stepped Collateral Members and Credit Rating Affected Members.
- (c) A Credit Rating Affected Member may confirm that it intends to remain a Member of the System and adhere to the System Rules that are expressed to be applicable to Credit Rating Affected Members by executing and delivering to the C&C System Operator a duly executed Credit Rating Affected Member Confirmation Letter (as defined below).

3. AMENDMENTS TO LIQUIDITY AGREEMENT AND CHARGE

- (a) The parties agree that, on and from the Effective Date, the Liquidity Agreement and the Charge shall be amended in the manner set out in Clauses 4 and 5 below.
- (b) Subject to the terms of this Deed, each of the Liquidity Agreement and the Charge shall remain in full force and effect (by reference, where applicable, to each such other agreement), in each case as each such agreement is supplemented and, as appropriate, amended by this Deed.

4. AMENDMENTS TO THE LIQUIDITY AGREEMENT

4.1 Amendments to Definitions

- (a) A new definition of "Additional Collateral" shall be inserted in the Liquidity Agreement as follows:

""Additional Collateral" means collateral securities provided by a Stepped Collateral Member or a Credit Rating Affected Member pursuant to clause 4.4(a) of this Agreement."

- (b) The definition of "Collateral" in the Liquidity Agreement shall be deleted and replaced with the following:

""Collateral" means, with respect to a Chargor, the collateral securities:

- (a) which meet the criteria specified in Schedule 3 (together with any Dividends with respect to those collateral securities);
- (b) which are subject to a Security Interest only in favour of the Security Trustee (as agent and trustee for the Beneficiaries) under a Security Document; and
- (c) if those collateral securities are Non-Asset Backed Securities, they are not issued by that Chargor or a member of that Chargor's Group,

provided that, when used in relation to Collateral posted as Additional Collateral, "Collateral" means collateral securities which satisfy (a) and (b) above and meet the additional criteria specified in Schedule 5."

- (c) The definition of "Collateral Amount" in the Liquidity Agreement shall be deleted and replaced with the following:

"**Collateral Amount**" means, in relation to a Chargor, the amount specified against its name under the column headed "Collateral Amount (£)" in Schedule 2, or deemed to be specified under clause 2.3(c), (as the same may be adjusted in accordance with this Agreement from time to time)."

- (d) A new definition of "Credit Rating Affected Member" shall be inserted in the Liquidity Agreement as follows:

"**Credit Rating Affected Member**" has the meaning given to that term in the System Rules."

- (e) A new definition of "Credit Rating Affected Member Confirmation Letter" shall be inserted in the Liquidity Agreement as follows:

"**Credit Rating Affected Member Confirmation Letter**" means a letter in the form set out in Schedule 6, duly completed."

- (f) A new definition of "Increased Collateral Amount" shall be inserted in the Liquidity Agreement as follows:

"**Increased Collateral Amount**" has the meaning given to that term in the System Rules."

- (g) A new definition of "Increased Collateral Amount Delivery Date" shall be inserted in the Liquidity Agreement as follows:

"**Increased Collateral Amount Delivery Date**" means a date no later than:

- (a) 10 Business Days after the date on which the relevant Member becomes aware, or the C&C System Operator has notified the relevant Member, that the relevant Member has become a Credit Rating Affected Member or the relevant Member has become a Stepped Collateral Member or, where the relevant Member is already a Stepped Collateral Member, the relevant Member's Increased Collateral Amount has increased; or

- (b) with respect to each Credit Rating Affected Member who is expressed to be subject to daily monitoring of its Largest Single Debit Amount by the System Operator under the System Rules, one Liquidity Day after the date on which the relevant Member becomes aware that its Increased Collateral Amount has increased."

- (h) The definition of "Return Amount" in the Liquidity Agreement shall be deleted and replaced with the following:

"**Return Amount**"

means, in relation to a Chargor at any time, the amount by which:

- (a) the Adjusted Market Value in Sterling of Collateral delivered by that Chargor and recorded in its Securities Account at that time; exceeds
- (b) its Collateral Amount (or, if it is a Credit Rating Affected Member or Stepped Collateral Member, its Increased Collateral Amount),

if such excess is greater than or equal to the lesser of:

- (i) 10 per cent of its Collateral Amount (or, if it is a Credit Rating Affected Member or Stepped Collateral Member, its Increased Collateral Amount); and
 - (ii) £5 million."
- (i) A new definition of "Stepped Collateral Member" shall be inserted in the Liquidity Agreement as follows:
- "Stepped Collateral Member" has the meaning given to that term in the System Rules."
- (j) A new definition of "System Rules" shall be inserted in the Liquidity Agreement as follows:
- "System Rules" means the Cheque & Credit Clearing Company System Rules, as amended from time to time."

4.2 Amendments to Clause 4.1

Clause 4.1 of the Liquidity Agreement shall be deleted and replaced with the following:

"4.1 Required Collateral

- (a) Each Chargor shall, on the date of this Agreement (or on such later date as it accedes to this Agreement), enter into the Security Document specified by the Security Trustee, under which it shall, prior to the earliest Start of Processing time on each Liquidity Day following its entry into the Security Document, deliver, or ensure that there is already delivered, to the Security Trustee Collateral with an aggregate Adjusted Market Value in Sterling at least equal to its Collateral Amount or, if it is a Credit Rating Affected Member or a Stepped Collateral Member, its Increased Collateral Amount in accordance with clause 4.4.
- (b) On each of (A) the last Liquidity Day of each calendar month, (B) request by the relevant Chargor (to be made no more frequently than monthly), (C) such other dates as the Security Trustee may select and (D) on each Liquidity Day, with respect to a Credit Rating Affected Member subject to daily monitoring of its Largest Single Debit Amount by the System Operator, the Security Trustee shall determine whether:
 - (i) the collateral securities delivered by each Chargor and recorded in its Securities Account meet the criteria set out in Schedule 3 and, if applicable, Schedule 5;
 - (ii) if the Chargor is a Credit Rating Affected Member or a Stepped Collateral Member, the collateral securities delivered by that Chargor and recorded in its Securities Account include those which comply with the eligibility criteria set out in Schedule 5 and which have an aggregate Adjusted Market Value of not less than the amount by which its Increased Collateral Amount exceeds its Collateral Amount;
 - (iii) the aggregate Adjusted Market Value of the Collateral provided by each Chargor is not less than its Collateral Amount or, if it is a Credit Rating Affected Member or a Stepped Collateral Member, its Increased Collateral Amount; and

- (iv) any Chargor has a Return Amount,

provided always that the Security Trustee shall only be obliged to use its reasonable endeavours to determine whether Non-Asset Backed Securities delivered by a Chargor are not issued by that Chargor or a member of that Chargor's Group.

- (c) If the Security Trustee determines that any of paragraph (b)(i), (ii) or (iii) is not complied with, the Security Trustee shall immediately give written notice to that Chargor and the C&C System Operator identifying the relevant collateral security which does not meet those criteria or the shortfall in the aggregate Adjusted Market Value of the Collateral (as applicable).
- (d) If a Chargor receives a notice from the Security Trustee in accordance with clause 4.1(c), that Chargor shall within one Liquidity Day of receiving such notice, deliver Collateral which meets the criteria set out in Schedule 3 and/or Schedule 5 and/or which remedies the shortfall in the aggregate Adjusted Market Value of the Collateral (as applicable).
- (e) If a Chargor does not comply with its obligations under clause 4.1(d), the Security Trustee shall promptly notify the other Parties accordingly."

4.3 New Clause 4.4

A new clause 4.4 shall be inserted in the Liquidity Agreement as follows:

"4.4 Additional Collateral to be provided by Credit Rating Affected Member or Stepped Collateral Member

- (a) Each Credit Rating Affected Member and each Stepped Collateral Member shall, by no later than the Increased Collateral Amount Delivery Date, deliver to the Security Trustee additional Collateral so that:
- (i) the aggregate Adjusted Market Value of all the Collateral provided by that Credit Rating Affected Member or Stepped Collateral Member and recorded in its Securities Account at that time, including the Additional Collateral, is at least equal to the amount of the Increased Collateral Amount in respect of that Credit Rating Affected Member or Stepped Collateral Member; and
 - (ii) the Collateral provided by the Credit Rating Affected Member or Stepped Collateral Member must include collateral securities which comply with the eligibility criteria in Schedule 5 and which have an aggregate Adjusted Market Value of not less than the amount by which its Increased Collateral Amount exceeds its Collateral Amount.
- (b) Clauses 7.1 (LSDA Review) and 7.2 (Material Event) of this Agreement and the formulae set out in Schedule 4 of this Agreement shall not apply to Additional Collateral."

4.4 New Clause 7.1(e)

A new clause 7.1(e) shall be inserted in the Liquidity Agreement as follows:

- "(e) Promptly following the end of each Liquidity Day, the C&C System Operator shall, with respect to each Credit Rating Affected Member who is expressed to be subject to

daily monitoring of its Largest Single Debit Amount by the System Operator under the System Rules, determine such Credit Rating Affected Member's Largest Single Debit Amount in respect of the immediately preceding period of twelve months and notify such Credit Rating Affected Member and the Security Trustee if the Largest Single Debit Amount so determined results in a change to the Increased Collateral Amount applicable to that Credit Rating Affected Member."

4.5 Amended Clause 19.4

Clause 19.4(e) shall be amended by inserting "(save to the extent that the security is over Collateral that meets the criteria specified in Schedule 5, in which case it can be enforced at any time on or after the day on which the relevant shortfall arose)" after the words "or Non-Paying Liquidity Member Shortfall arose".

4.6 New Schedule 5

A new Schedule 5 shall be inserted in the Liquidity Agreement as follows:

"SCHEDULE 5

ADDITIONAL COLLATERAL

Sterling-denominated British Government Securities; Bank of England Sterling Bills; Sterling Treasury Bills."

4.7 New Schedule 6

A new Schedule 6 shall be inserted in the Liquidity Agreement in the form as set out in Annex 1 to this Deed.

5. AMENDMENTS TO THE CHARGE

5.1 Amendment to interpretation

A new clause 1.2(i) shall be inserted in the Charge as follows:

"(i) In this Deed, a reference to a document is a reference to that document as amended, supplement or restated from time to time."

5.2 New definition of Additional Collateral

A new definition of "Additional Collateral" shall be inserted in the Charge as follows:

"“Additional Collateral” has the meaning given to that term in the Liquidity Agreement."

5.3 Amendment to definition of Collateral

The definition of "Collateral" in the Charge shall be deleted and replaced with the following:

"“Collateral” means, with respect to a Chargor, the collateral securities:

(a) which meet the criteria specified in Schedule 3 (together with any Dividends with respect to those collateral securities) of the Liquidity Agreement; and

- (b) if those collateral securities are Non-Asset Backed Securities, they are not issued by that Chargor or a member of that Chargor's Group,

provided that, when used in relation to Collateral posted as Additional Collateral, "Collateral" means collateral securities which satisfy (a) and (b) above and meet the additional criteria specified in Schedule 5 of the Liquidity Agreement."

5.4 Amendment to references to Collateral Securities

All references to "Collateral Securities" in the Charge shall be replaced with references to "Collateral".

5.5 Amendment to Clause 5.5

Clause 5.5(b)(i) (Substitution of Collateral) of the Charge shall be deleted and replaced with the following:

"the Security Trustee determines (in its sole and absolute discretion) that on the Substitution Day and after delivery of the Returning Collateral and Substitution Collateral, that each of clause 4.1(b)(i), (ii) or (iii) of the Liquidity Agreement and, where applicable to that Chargor, clause 4.4 of the Liquidity Agreement is and would be complied with, that Substituting Chargor would not breach its obligations, covenants and undertakings under clause 4.1(a) and (d) of the Liquidity Agreement and, where applicable to that Chargor, clause 4.4 of the Liquidity Agreement and does not result in the circumstances described in clause 4.2(a) of the Liquidity Agreement being present; and".

5.6 Amendment to Clause 6.1

Clause 6.1 (Enforceable) of the Charge shall be amended by deleting the full stop at the end of clause 6.1(ii) and adding the words: ". save that the provisos in (i) and (ii) shall not apply in respect of Collateral that is provided as Additional Collateral in relation to that Chargor".

6. COUNTERPARTS

This Deed may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

7. JURISDICTION

7.1 Jurisdiction

The Parties agree that the courts of England shall have exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed (including, without limitation, any disputes arising out of or in connection with any non-contractual obligations) and the Parties accordingly submit to the exclusive jurisdiction of the English courts.

7.2 Binding Forum

The Parties:

- (a) waive objection to the English courts on grounds of inconvenient forum or otherwise as regards proceedings arising out of or in connection with this Deed; and

- (b) agree that a judgment or order of an English court in connection with this Deed is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

8. GOVERNING LAW

This Deed and all rights and obligations (including, without limitation, any non-contractual obligations) arising under or in connection with this Deed are governed by English law.

This Deed has been entered into as a deed on the date stated at the beginning of this Deed.

SCHEDULE 1

MEMBERS

Member	System
The Governor and Company of the Bank of England	Cheque Member, Credit Member.
Bank of Scotland plc	Cheque Member, Credit Member.
Barclays Bank PLC	Cheque Member, Credit Member.
Clydesdale Bank PLC	Cheque Member, Credit Member.
HSBC Bank plc	Cheque Member, Credit Member.
Lloyds TSB Bank plc	Cheque Member, Credit Member.
National Westminster Bank Plc	Cheque Member, Credit Member.
Nationwide Building Society	Cheque Member, Credit Member.
Santander UK plc	Cheque Member, Credit Member.
The Co-operative Bank p.l.c.	Cheque Member, Credit Member.
The Royal Bank of Scotland plc	Cheque Member, Credit Member.

SCHEDULE 2

ADDITIONAL RULES FOR CREDIT RATING AFFECTED MEMBERS AND STEPPED COLLATERAL MEMBERS

The Board of Directors of the C&C System Operator has by resolution dated 20th August 2013 amended Rule 2.1 of the System Rules by:

- (1) deleting Rule 2.1(c) and replacing it with the following new Rule 2.1(c):

“(c) Where a Member has failed to meet the Eligibility Criterion specified in Rule 2.1(a)(viii), it shall immediately notify the System Operator. Upon receiving this notification or upon the System Operator becoming aware that the Member has failed to meet the Eligibility Criterion specified in Rule 2.1(a)(viii) (whichever is the earlier), the System Operator shall notify the Member that it has suspended the effect of that Member's exclusion from the System for a period of nine consecutive months after the date that the Member failed to meet the Eligibility Criterion specified in Rule 2.1(a)(viii) (the **Minimum Credit Rating Suspension Period**). Subject to Rule 2.1(d) and Rule 2.1(a)(xiii): at the end of the Minimum Credit Rating Suspension Period, the relevant Member shall be excluded from the System with immediate effect. At all times during the Minimum Credit Rating Suspension Period, the Member must comply with Rule 2.1(a)(xvii).”

- (2) inserting a new Rule 2.1(a)(xiii) as follows:

“(xiii) despite Rule 2.1(a)(viii) a Member who does not have the Minimum Credit Rating but who satisfies all other eligibility criteria specified in this Rule 2.1(a) shall not be excluded from the System provided that: (i) such Member has signed a Credit Rating Affected Member Confirmation Letter within 10 Business Days of the System Operator becoming aware of, or having been notified that, the Member has failed to meet the Eligibility Criterion specified in Rule 2.1(a)(viii) (whichever is the earlier); (ii) the System Operator has agreed to that Credit Rating Affected Member Confirmation Letter; and (iii) such Member complies with the Rules that are expressed to be applicable to a Credit Rating Affected Member at all times until such Member ceases to be a Credit Rating Affected Member (by regaining the Minimum Credit Rating and maintaining the Minimum Credit Rating continuously for a period of three consecutive months).”

- (3) inserting a new Rule 2.1(a)(xiv) as follows:

“(xiv) A Credit Rating Affected Member shall comply with all terms of the Liquidity Agreement and Charge that are expressed to apply to Credit Rating Affected Members.”

- (4) inserting a new Rule 2.1(a)(xv) as follows:

“(xv) For the purpose of these Rules :

“Charge” has the meaning given to that term in the Liquidity Agreement.

“Credit Rating Affected Member” means, at any time, a Member who does not have the Minimum Credit Rating or who has not had the Minimum Credit Rating continuously during the previous three consecutive months.

"Credit Rating Affected Member Confirmation Letter" has the meaning given to that term in the Liquidity Agreement.

"Liquidity Agreement" means the Liquidity Funding and Collateralisation Agreement dated 14 June 2012 made between, amongst others, the System Operator and the Members, as supplemented, amended and restated from time to time.

- (5) inserting a new Rule 2.1(a)(xvi) as follows:

"(xvi) A Stepped Collateral Member shall deliver additional collateral securities to the Security Trustee to be subject to the Charge in accordance with the Liquidity Agreement in order to ensure that the total collateral provided by the Stepped Collateral Member is not less than the Increased Collateral Amount."

- (6) inserting a new Rule 2.1(a)(xvii) as follows:

"(xvii) A Credit Rating Affected Member shall deliver additional collateral securities to the Security Trustee to be subject to the Charge in accordance with the Liquidity Agreement in order to ensure that the total collateral provided by the Credit Rating Affected Member is not less than the Increased Collateral Amount applicable to that Credit Rating Affected Member."

- (7) inserting a new Rule 2.1(a)(xviii) as follows:

"(xviii) For the purpose of these Rules:

"Collateral Amount" has the meaning given to it in the Liquidity Agreement.

"Increased Collateral Amount" means, in respect of a date and a Credit Rating Affected Member or a Stepped Collateral Member, an amount equal to the Collateral Amount applicable to that Member plus an additional amount equal to:

- (a) 10% where that Member's lowest long term credit rating during the three month period ending on that date was Baa1 from Moody's, BBB+ from S&P or BBB+ from Fitch;
- (b) 30% where that Member's lowest long term credit rating during the three month period ending on that date was Baa2 from Moody's, BBB from S&P or BBB from Fitch;
- (c) 50% where that Member's lowest long term credit rating during the three month period ending on that date was Baa3 from Moody's, BBB- from S&P or BBB- from Fitch;
- (d) 100% where that Member's lowest long-term credit rating during the three month period ending on that date was Ba1 from Moody's, BB+ from S&P or BB+ from Fitch;
- (e) 125% where that Member's lowest long term credit rating during the three month period ending on that date was lower than Baa1 from Moody's, BB+ from S&P, or BB+ from Fitch,

of that Member's Largest Single Debit Amount, where the period of calculation is the 12 months prior to such date."

"**Largest Single Debit Amount**" has the meaning given to it in the Liquidity Agreement.

"**Stepped Collateral Member**" means, on any date, a Member whose lowest long term credit rating during that three month period ending on that date:

- (a) was Baa1 from Moody's, BBB+ from S&P or BBB+ from Fitch;
- (b) was Baa2 from Moody's, BBB from S&P or BBB from Fitch; and
- (c) was Baa3 from Moody's, BBB- from S&P, or BBB- from Fitch."

(8) inserting a new Rule 2.1(e) as follows:

"(e) Where a Member becomes a Stepped Collateral Member or a Credit Rating Affected Member or where the Increased Collateral Amount applicable to such Stepped Collateral Member or a Credit Rating Affected Member changes in accordance with the definition of Increased Collateral Amount, such Member shall immediately notify the System Operator and comply with Rules 2.1(a)(xvi) and (xvii) and all terms of the Liquidity Agreement and Charge that are expressed to apply to Stepped Collateral Members or Credit Rating Affected Members as applicable."

(9) inserting a new Rule 2.1(f) as follows:

"(f) Where a Credit Rating Affected Member becomes subject to the Increased Collateral Amount specified in paragraph (e) of the definition of Increased Collateral Amount, such Credit Rating Affected Member shall be subject to daily monitoring of its Largest Single Debit Amount by the System Operator."

ANNEX 1

FORM OF CREDIT RATING AFFECTED MEMBER CONFIRMATION LETTER

CREDIT RATING AFFECTED MEMBER CONFIRMATION LETTER

To: CHEQUE AND CREDIT CLEARING COMPANY LIMITED, whose registered office is at 2 Thomas More Square, London, E1W 1YN and whose registered number is 1962903 for itself and each of the other parties to the Liquidity Agreement (as defined below).

From: [AFFECTED MEMBER]

THIS LETTER is made on [●] by [●] (the Credit Rating Affected Member) in relation to the Liquidity Funding and Collateralisation Agreement dated 14 June 2012 between the Cheque and Credit Clearing Company Limited, the Governor and Company of the Bank Of England, the Cheque Members and the Credit Members (the Liquidity Agreement).

Terms defined in the Liquidity Agreement shall, unless otherwise defined in this Letter, bear the same meanings when used in this Letter.

In consideration of the Credit Rating Affected Member being permitted to be or remain a Member, the Credit Rating Affected Member confirms that, with effect from the date of delivery of this duly executed Letter to the C&C System Operator until such time as the Credit Rating Affected Member ceases to be a Credit Rating Affected Member (by regaining the Minimum Credit Rating and maintaining the Minimum Credit Rating continuously for a period of three consecutive months), the Credit Rating Affected Member shall be bound by, and shall comply with the System Rules and all provisions of the Liquidity Agreement that are expressed to be applicable to Credit Rating Affected Members (as amended from time to time).

This Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

THIS LETTER has been entered into on the date stated above.

SIGNED BY

[AFFECTED MEMBER]

ACCEPTED BY

CHEQUE AND CREDIT CLEARING
COMPANY LIMITED

By:

Title:

Date:

By:

Title:

Date:



SIGNATORIES TO DEED RELATING TO CREDIT RATING AFFECTED MEMBERS AND
STEPPED COLLATERAL MEMBERS

EXECUTED AS A DEED)
BANK OF SCOTLAND plc)
acting by its attorney)
MARK FISHER) Mark Fisher)
in the presence of) Director, Group Operations)
LAURA CHAFFE) 25 Gresham Street, London EC2V 7HN)

Attorney

Witness

~~EXECUTED as a deed by~~)
~~BANK OF SCOTLAND plc acting by~~)
~~..... and~~)
~~.....~~)

signature of

signature of

~~director~~

~~director/secretary~~

~~THE COMMON SEAL of~~)
~~BANK OF SCOTLAND plc~~)
~~was affixed to this deed in~~)
~~the presence of:~~)

~~Common Seal~~

Signature of authorised person

.....
Director

Signature of authorised person

.....
~~Director/Secretary~~

EXECUTED AS A DEED by)
BARCLAYS BANK PLC)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by BARCLAYS)
BANK PLC acting by)
.....)
and)

signature of

.....
director

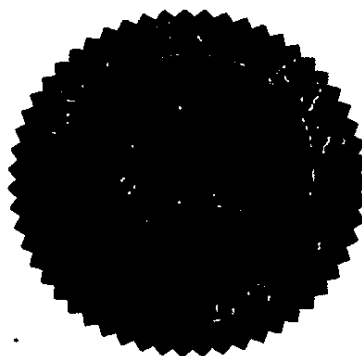
signature of

.....
director/secretary

THE COMMON SEAL OF BARCLAYS)
BANK PLC)
was hereunto affixed in the Execution of this)
Deed in the presence of:-)
.....)



.....
Assistant Secretary
Authorised Sealing Officer



EXECUTED AS A DEED by)

CLYDESDALE BANK PLC)

acting by its attorney)

.....)

in the presence of)

.....)

.....
Attorney

.....
Witness

EXECUTED as a deed by)

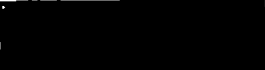
CLYDESDALE BANK PLC)

acting by two authorised)

and signatories)

.....)

signature of



~~director~~ Authorised Signatory

signature of



~~director/secretary~~ Authorised Signatory

THE COMMON SEAL of CLYDESDALE)

BANK PLC)

was affixed to this deed in)

the presence of:)

Common Seal

Signature of authorised person

.....
Director

Signature of authorised person

.....
Director/Secretary

EXECUTED AS A DEED by)
HSBC BANK plc)
acting by its attorney)
.....)
in the presence of)
.....)

Attorney
.....

Witness

EXECUTED as a deed by)
HSBC BANK plc acting by)
..... and)
.....)

signature of

.....
director

signature of

.....
director/secretary

THE COMMON SEAL of)
HSBC BANK plc)
was affixed to this deed in)
the presence of:)

Common Seal

Signature of authorised person

.....
Director AUTHORIZED SIGNATORY

Signature of authorised person

.....
Director/Secretary AUTHORIZED
COUNTERSIGNATORY

030571

EXECUTED AS A DEED by)
LLOYDS TSB BANK plc)
acting by its attorney **Mark Fisher**)
~~Mark Fisher~~ Director, Group Operations)
in the presence of 25 Gresham Street, London EC2V 7HN)
LAURA CHAFFE)

Attorney

Witness

~~EXECUTED as a deed by~~)
~~LLOYDS TSB BANK plc acting by~~)
~~..... and~~)
~~.....~~)

signature of

signature of

director

director/secretary

~~THE COMMON SEAL of~~)
~~LLOYDS TSB BANK plc~~)
~~was affixed to this deed in~~)
~~the presence of:~~)

~~Common Seal~~

Signature of authorised person

Director

Signature of authorised person

Director/Secretary

EXECUTED AS A DEED by)
NATIONAL WESTMINSTER BANK plc)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
NATIONAL WESTMINSTER BANK plc)
acting by and)
.....)
.....)

signature of

.....
director

signature of

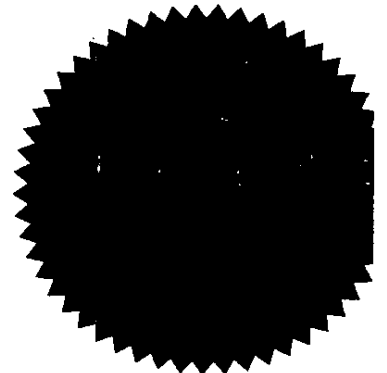
.....
director/secretary

THE COMMON SEAL of)
NATIONAL WESTMINSTER BANK plc)
was affixed to this deed in)
the presence of:)

Common Seal

Signature of authorised person

.....
.....
Authorised Sealing Officer



EXECUTED AS A DEED by)
NATIONWIDE BUILDING SOCIETY)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
NATIONWIDE BUILDING SOCIETY)
acting by and)
.....)
.....)

signature of

.....
director

signature of

.....
director/secretary

THE COMMON SEAL of)
NATIONWIDE BUILDING SOCIETY)
was hereunto affixed in the presence of)
.....)
Authorised Signatory

Signature of authorised person



~~Director~~ Jason Lindsey Authorised officer

5903

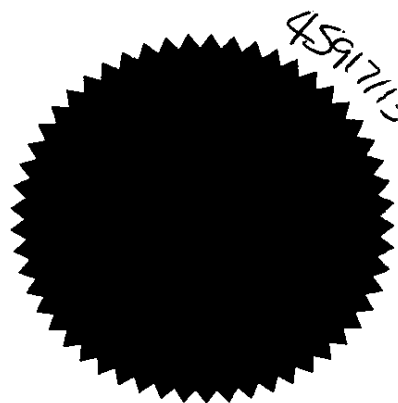
Signature of authorised person


~~.....~~
~~Director/Secretary~~

THE COMMON SEAL of
SANTANDER UK plc
was affixed to this deed in
the presence of:

)
)
)
)

Common Seal



.....
Duly Authorised Sealing Officer

EXECUTED AS A DEED by)
THE CO-OPERATIVE BANK PLC)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
THE CO-OPERATIVE BANK PLC)
acting by)
and)

signature of

.....
director

signature of

.....
director/secretary

THE COMMON SEAL of)
THE CO-OPERATIVE BANK PLC)
was affixed to this deed in)
the presence of:)

Common Seal

Signature of authorised person

.....
Director

Signature of authorised person

K. Arnold
..... Authorised Sealing Officer
Director/Secretary **TCB 2957**



EXECUTED AS A DEED by)
THE ROYAL BANK OF SCOTLAND PLC)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
THE ROYAL BANK OF SCOTLAND PLC)
acting by)
and)
.....)

signature of

.....
director

signature of

.....
director/secretary

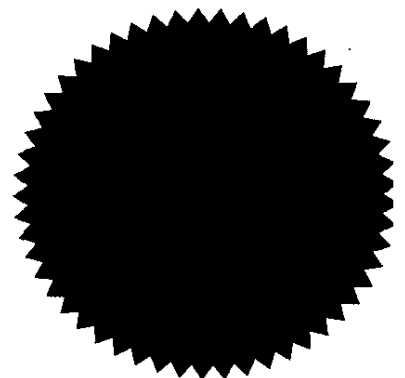
THE COMMON SEAL of)
THE ROYAL BANK OF SCOTLAND PLC)
was affixed to this deed in)
the presence of:)

Common Seal

.....
.....

Signature of authorised person
.....
.....

Authorised Sealing Officer



THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
in its capacity as Settlement Service Provider

By: 

Title: HEAD OF MARKET SERVICES DIVISION

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
in its capacity as Security Trustee

By: 

Title: HEAD OF MARKET SERVICES DIVISION

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
in its capacity as a Cheque and Credit Member

By: 

Title: HEAD OF CUSTOMER BANKING DIVISION.

THE CHEQUE AND CREDIT CLEARING COMPANY LIMITED

By:

Title:

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THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
in its capacity as Settlement Service Provider

By:

Title:

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
in its capacity as Security Trustee

By:

Title:

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
in its capacity as a Cheque and Credit Member

By:

Title:


THE CHEQUE AND CREDIT CLEARING COMPANY LIMITED

By:

Title:

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Except for material redacted pursuant to section 859G of the Companies Act 2006, I certify that this is a correct copy of the original document.


JOANNE MINIQUE GIRVAN
SOLICITOR

DEED OF CHARGE

ALLEN & OVERY LLP
ONE BISHOPS SQUARE
LONDON E1 6AD

DATED 14th June, 2012

BETWEEN

THE CHARGORS

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
as the Security Trustee

ENTERED INTO IN CONNECTION WITH THE CHEQUE AND CREDIT LIQUIDITY FUNDING
AND COLLATERALISATION AGREEMENT DATED ON OR ABOUT THE DATE OF THIS
AGREEMENT

ALLEN & OVERY

Allen & Overy LLP

London

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THIS DEED is dated 14th June, 2012 between:

- (1) **THE CHARGORS** as set out in Schedule 1, as amended from time to time (each a "Chargor"); and
- (2) **THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND** of Threadneedle Street, London, EC2R 8AH (the "Security Trustee") as security trustee for the Security Beneficiaries.

BACKGROUND:

- (A) Each Chargor enters into this Deed in connection with the Liquidity Agreement (as defined below).
- (B) It is intended that this document takes effect as a deed notwithstanding the fact that a party might only execute this document under hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Deed:

"Act"

means the Law of Property Act 1925.

"Beneficiary"

means, in relation to a Chargor which is a Non-Paying Member or a Non-Paying Liquidity Member, a Member that has made liquidity funds (whether or not equal to its Proportionate Share of the applicable Non-Paying Member Shortfall or Non-Paying Liquidity Member Shortfall) available to the Settlement Service Provider under clause 2.1(b) or clause 2.2(c) of the Liquidity Agreement in connection with that Chargor, and those liquidity funds have been applied under clause 3.2 of the Liquidity Agreement and have not been repaid in full.

"Collateral"

means, Collateral Securities.

"Collateral Securities"

means, with respect to a Chargor, (i) collateral securities which meet the criteria specified in Schedule 3 of the Liquidity Agreement and (ii) if those collateral securities are Non-Asset Backed Securities, they are not issued by that Chargor or a member of that Chargor's Group.

"Dividends"

has the meaning given to that term in clause 2.2.

"Exclusion Event"

has the meaning given to that term in each of the Cheque Settlement Agreement and the Credit Settlement Agreement.

"Liquidity Agreement"

means the Cheque and Credit Liquidity Funding and Collateralisation Agreement dated on or about the date of this Deed between (among others) the Chargors and the Security Trustee.

"Party"

means a party to this Deed.

"Secured Liabilities"

means, with respect to a Chargor, all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) (together, the "**Liabilities**") of that Chargor to:

- (a) any Beneficiary in relation to that Chargor under (i) clause 5.1(a), 5.1(c), 5.2(a) and/or 5.2(c) of the Liquidity Agreement and (ii) under clause 5.1(b) and/or 5.2(b) of the Liquidity Agreement, but excluding (in each case) Liabilities arising from a Beneficiary making liquidity funds available in accordance with clause 2.4 of the Liquidity Agreement; and
- (b) the Security Trustee and/or the Settlement Service Provider under this Deed, the Liquidity Agreement and any other Security Document.

"Securities Account"

has the meaning given to that term in clause 5.2.

"Security Assets"

means, with respect to a Chargor, all assets of that Chargor the subject of any security created by this Deed.

"Security Beneficiaries"

means each Beneficiary, the Settlement Service Provider and, if different, the Security Trustee.

"Security Period"

means, with respect to a Chargor:

- (a) the period beginning on (i) the date of this Deed or (ii) if the Chargor is an Acceding Member, its Accession Date; and
- (b) ending on the date on which all of its Secured Liabilities have been unconditionally and irrevocably paid and discharged in full by that Chargor.

"Securities Settlement System"

means each of CREST, the settlement system of Clearstream Banking, société anonyme, Luxembourg, Euroclear Bank SA/NV as operator of the Euroclear system (or any successor thereto), The Depository Trust Company and any other securities settlement system as may be specified by the Security Trustee.

"Specified Account"

means an account in the name of a Chargor (or in such other name designated by a Chargor as the Security Trustee may agree) in a Securities Settlement System for the recording of securities balances and of which that Chargor has provided details to the Security Trustee.

"SSS Account"

has the meaning given to that term in clause 5.1.

"Substituting Chargor"

means a Chargor which satisfies each of the criteria below:

- (a) no Exclusion Event has occurred and is continuing with respect to that Chargor; and
- (b) that Chargor is not in breach of its obligations, covenants or undertakings under the Liquidity Agreement and each Security Document to which it is a party and all of its representations made or repeated by it in accordance with the Liquidity Agreement and each Security Document to which it is a party are true.

1.2 Construction

- (a) Capitalised terms defined in the Liquidity Agreement have, unless expressly defined in this Deed, the same meaning in this Deed.
- (b) The provisions of clause 1.2 (Construction) of the Liquidity Agreement apply to this Deed as though they were set out in full in this Deed, except that references to the Liquidity Agreement will be construed as references to this Deed. The provisions of clause 14 (Limitation of Liability), 18 (Security) and 19 (Security Trustee) of the Liquidity Agreement apply to this Deed as though they were set out in full in this Deed.
- (c) The term "**this Security**" means any security created by this Deed.
- (d) Any covenant of a Chargor under this Deed (other than a payment obligation) remains in force during the Security Period.
- (e) If the Security Trustee considers that an amount paid to a Security Beneficiary under the Liquidity Agreement or any Security Document is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (f) Unless the context otherwise requires, a reference to a Security Asset includes the proceeds of sale of that Security Asset.

- (g) Notwithstanding any other provision of the Liquidity Agreement, any Security Document or this Deed any discretion of the Security Trustee shall be exercised by it in good faith and in a commercially reasonable manner.
- (h) The provisions of this Deed (other than those contained in this clause 1.2(h)) shall not have effect until this Deed has been dated and this Deed shall be dated on the day specified in a notice issued by UK Payments Administration Ltd ("UK Payments") or any other person designated by UK Payments.

2. CREATION OF SECURITY

2.1 General

- (a) All the security created under this Deed:
 - (i) is created in favour of the Security Trustee;
 - (ii) is created over present and future assets of each Chargor;
 - (iii) is security for the payment of all the Secured Liabilities; and
 - (iv) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
- (b) If the rights of a Chargor under a document (which expression includes any other interest, asset or entitlement of that Chargor which would otherwise form part of the Security Assets of that Chargor) cannot be secured without the consent of a party to that document:
 - (i) that Chargor must notify the Security Trustee promptly;
 - (ii) this Security will secure all amounts which that Chargor may receive, or has received, under that document but exclude the document itself; and
 - (iii) unless the Security Trustee otherwise requires, that Chargor must use reasonable endeavours to obtain the consent of the relevant party to that document being secured under this Deed.
- (c) The Security Trustee holds the benefit of each Security Interest created by a Chargor under this Deed on trust for the Security Beneficiaries from time to time in relation to that Chargor.

2.2 Charge

- (a) Each Chargor charges by way of a first fixed charge all of its rights and interest in respect of:
 - (i) all securities and amounts standing to the credit of its Securities Account with the Security Trustee, and the entitlements or debts represented by those credits; and
 - (ii) its Securities Account.

- (b) A reference in this Deed to a charge of any security includes any coupon, dividend or interest ("**Dividends**") paid or payable in relation to it and any right, money or property accruing or offered at any time in relation to it by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise.

3. REPRESENTATIONS

3.1 Representations

Each Chargor makes the following representations to each other Chargor and the Security Trustee on each Liquidity Day and on each other date during the Security Period, by reference to the circumstances then prevailing.

3.2 Power and authority

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

3.3 Legal Validity

This Deed constitutes its legal, valid and binding obligation enforceable in accordance with its terms and creates the Security Interest it purports to create and is not liable to be avoided or otherwise set aside on the liquidation or administration of the Chargor or otherwise.

3.4 Authorisations

All authorisations required or advisable in connection with the entry into, performance, validity and enforceability of this Deed and the transactions contemplated by this Deed have been obtained or effected and are in full force and effect.

3.5 Non-conflict

The entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not:

- (a) conflict with any law or regulation or judicial or official order; or
- (b) conflict with its constitutional documents; or
- (c) conflict with any document which is binding upon it or any of its assets.

3.6 Securities Account

- (a) It is the sole beneficial owner of all securities and amounts standing to the credit of its Securities Account with the Security Trustee and of the entitlements and debts represented by it.
- (b) All securities and amounts standing to the credit of its Securities Account with the Security Trustee, the entitlements and debts represented by it and its Securities Account are free from:
 - (i) any Security Interest (other than any Security Interest created by the Chargor under this Deed); and

- (ii) any interests or claims of third parties.
- (c) All Collateral provided from time to time by the Chargor in accordance with the Liquidity Agreement and this Deed, held in an SSS Account and recorded in that Chargor's Securities Account is transferred by that Chargor to that SSS Account with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

4. RESTRICTIONS ON DEALINGS

4.1 Negative Pledge etc

No Chargor may:

- (a) create or permit to subsist any Security Interest on any Security Asset; or
- (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset; or
- (c) withdraw any security credited to its Securities Account,

except as permitted or contemplated under this Deed or the Liquidity Agreement.

4.2 Dividends

- (a) Notwithstanding the security created over the Dividends by this Deed but subject to clause 4.2(b), the Security Trustee shall use its best endeavours to pay to the relevant Chargor an amount equal to any Dividends paid to the Security Trustee in connection with Security Assets (in each case subject to any deduction or withholding on account of any taxes made by the payer of the Dividend or required by law to be made by the Security Trustee) within five Liquidity Days of the Security Trustee receiving those Dividends and, in any event, shall pay that amount within 10 Liquidity Days of the Security Trustee receiving those Dividends. For the avoidance of doubt, such amount paid shall not be subject to the security created by this Deed.
- (b) Clause 4.2(a) shall not apply if the relevant Chargor is a Non-Paying Member or a Non-Paying Liquidity Member or if a notice has been given in respect of it under clause 6.1 of a Settlement Agreement.

5. ACCOUNTS

5.1 SSS Accounts

The Security Trustee shall open for the purposes of this Deed accounts for the recording of securities balances in the Securities Settlement Systems (each a "SSS Account"). Each SSS Account shall be held in the name of the Security Trustee or other agent or nominee to the order of the Security Trustee and securities held in a SSS Account may be held on a fungible basis with other securities for the Security Trustee, the relevant Chargor and other third parties.

5.2 Securities Accounts

The Security Trustee shall, with respect to each Chargor (and referable to the Collateral Securities transferred by such Chargor, or on its behalf, to the SSS Accounts), create and maintain within its records dedicated accounts, sub-accounts or other entries in the name of, or otherwise sufficient to identify, such Chargor (each a **"Securities Account"**). Each Securities Account and the relevant Chargor's entitlement to Collateral Securities represented by the credits to such account, shall be governed by, and construed in accordance with, English law.

5.3 Provision of Collateral

Each Chargor shall, in accordance with the Liquidity Agreement, transfer from its Specified Account or Specified Accounts into the appropriate SSS Account or SSS Accounts such Collateral Securities as it may select.

5.4 Return of Collateral

If, pursuant to clause 4.3 of the Liquidity Agreement or clause 5.5 of this Deed, the Security Trustee delivers Collateral from a SSS Account to a Chargor's Specified Account, that Collateral shall thereby be released from the fixed charge created by this Deed, but the release will not prejudice the continuance of the fixed charge created by this Deed in respect of all other Collateral of that Chargor which remains recorded in its Securities Account.

5.5 Substitution of Collateral

- (a) On any Liquidity Day, a Substituting Chargor may give a written instruction (the **"Substitution Instruction"**) to the Security Trustee which shall specify:
 - (i) its Collateral Securities (the **"Returning Collateral"**) which it wishes the Security Trustee to deliver to it and the Specified Account to which such Collateral shall be delivered;
 - (ii) the Collateral Securities (the **"Substitution Collateral"**) which it shall deliver to the Security Trustee; and
 - (iii) the Liquidity Day (the **"Substitution Day"**) on which the deliveries set out in paragraphs (i) and (ii) above shall take place on the customary day for delivery of Collateral Securities of that type in accordance with the rules, operating procedures or market practice of the relevant Securities Settlement System where such Collateral Securities are held.
- (b) If:
 - (i) the Security Trustee determines (in its sole and absolute discretion) that on the Substitution Day and after delivery of the Returning Collateral and Substitution Collateral, that each of Clause 4.1(b)(i), (ii) or (iii) of the Liquidity Agreement is and would be complied with, that Substituting Chargor would not breach its obligations, covenants and undertakings under clause 4.1(a) and (d) of the Liquidity Agreement and does not result in the circumstances described in clause 4.2(a) of the Liquidity Agreement being present; and

- (ii) the Security Trustee has not received notice that an Exclusion Event has occurred and is continuing with respect to such Substituting Chargor,

the Security Trustee shall, after it has received from the Substituting Chargor all of the Substitution Collateral by 9am on the Substitution Day, deliver the Returning Collateral on that Substitution Day to the Specified Account of that Substituting Chargor. If the Security Trustee does not receive all of the Substitution Collateral by 9am on the Substitution Day, the Security Trustee shall have no obligation to deliver the Returning Collateral to that Substituting Chargor.

6. WHEN SECURITY BECOMES ENFORCEABLE

6.1 Enforceable

The security granted under this Deed by each Chargor will become immediately enforceable with respect to that Chargor if:

- (a) a demand has been made in accordance with clause 5.1 or clause 5.2 of the Liquidity Agreement arising from a Non-Paying Member Shortfall or Non-Paying Liquidity Member Shortfall with respect to a System or Systems; and

- (b) the Security Trustee has received instructions that such a demand has been made,

provided that:

- (i) only that part of the security allocated to the relevant System(s) (as determined in accordance with formulae 5a and 5b of Schedule 4 to the Liquidity Agreement) shall be enforceable; and
- (ii) subject to paragraph (i) above, the aggregate amount recoverable in respect of the Security Assets of that Chargor on enforcement by the Security Trustee shall not exceed that Chargor's Collateral Amount.

6.2 Discretion

After the security granted under this Deed by a Chargor has become enforceable, the Security Trustee shall enforce, subject to the provisos to clause 6.1, all or any part of the Security given by that Chargor in accordance with the Liquidity Agreement and in any manner the Security Trustee sees fit (including, without limitation, by the sale or appropriation of any Security Asset to itself or a Beneficiary) or as all the relevant Beneficiaries in respect of that Chargor may direct in an instruction.

6.3 Power of sale

The power of sale and other powers conferred by Section 101 of the Act, as amended by this Deed, will be immediately exercisable at any time after this Security has become enforceable.

6.4 Appropriation

Subject to the provisos to clause 6.1:

- (a) the Chargors authorise the Security Trustee, after this Security has become enforceable in relation to a Chargor, to appropriate any Security Asset in respect of that Chargor (including, without limitation, to appropriate any Security Assets to

itself or to a Beneficiary) and to apply it in or towards discharge of the Secured Liabilities of that Chargor in such manner as the Security Trustee may determine (after consultation with the relevant Beneficiaries);

- (b) the value of any Security Asset appropriated under clause 6.4(a) shall be the sale price for that Security Asset at the time of appropriation, as determined by the Security Trustee on the basis of the sale price(s) obtained from an applicable generally recognised source specified in the Operating Manual (converted, where necessary, into Sterling on the basis set out in the Operating Manual);
- (c) the Security Trustee (as agent and trustee for the relevant Security Beneficiaries) shall account to the relevant Chargor for any amount by which the value of the appropriated Security Assets exceeds that Chargor's Collateral Amount, and the relevant Chargor shall account to the Security Trustee (as agent and trustee for the relevant Security Beneficiaries) for any amount by which the value of the appropriated Security Assets is less than that Chargor's Collateral Amount; and
- (d) the Parties agree that the method of valuing a Security Asset under clause 6.4(b) is commercially reasonable.

7. ENFORCEMENT OF SECURITY

7.1 General

- (a) For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the Act (restricting the power of sale) and Section 93 of the Act (restricting the right of consolidation) do not apply to any security created by this Deed.

7.2 Privileges

The Security Trustee is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers duly appointed under the Act, except that Section 103 of the Act does not apply.

7.3 Protection of third parties

No person (including a purchaser) dealing with the Security Trustee or its or his agents will be concerned to enquire:

- (a) whether the Secured Liabilities have become payable;
- (b) whether any power which the Security Trustee is purporting to exercise has become exercisable or is being properly exercised;
- (c) whether any money remains due under the Liquidity Agreement; or
- (d) how any money paid to the Security Trustee is to be applied.

7.4 Redemption of prior mortgages

- (a) At any time after this Deed has become enforceable in respect of a Chargor, the Security Trustee may:

- (i) redeem any prior Security Interest against any Security Asset of that Chargor; and/or
 - (ii) procure the transfer of that Security Interest to itself; and/or
 - (iii) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; any accounts so settled and passed will be, in the absence of manifest error, conclusive and binding on that Chargor.
- (b) The relevant Chargor must pay to the Security Trustee, immediately on demand, the costs and expenses incurred by the Security Trustee in connection with any such redemption and/or transfer, including the payment of any principal or interest.

7.5 Appointment of Agents

The Security Trustee may appoint any one or more persons as its agent with respect to the sale of Collateral after the security granted by this Deed has become enforceable on such terms (including as to reasonable limitations of liability) as the Security Trustee considers, in its discretion, are reasonable.

8. APPLICATION OF PROCEEDS

Any moneys received by the Security Trustee after this Deed has become enforceable with respect to a Chargor must be applied in the following order of priority:

- (a) in or towards payment of or provision for all costs and expenses incurred by the Settlement Service Provider and Security Trustee under or in connection with this Deed;
- (b) in or towards pro rata payment of or provision for that Chargor's Secured Liabilities to each Beneficiary but subject to clauses 8(a)); and
- (c) in payment of the surplus (if any) to that Chargor or other person entitled to it.

This clause is subject to the payment of any claims having priority over this Security. This clause does not prejudice, without limitation, the right of any Beneficiary to recover any shortfall from the Chargor or any Beneficiary's rights against a Chargor for breach of clause 3.6.

9. EXPENSES AND INDEMNITY

9.1 Expenses

Each Chargor must:

- (a) immediately on demand pay all costs and expenses (including legal fees) incurred in connection with this Deed by any of the relevant Security Beneficiaries or by any attorney, manager, agent or other person appointed by the Security Trustee under this Deed, including any arising from any actual or alleged breach by any person of any law or regulation, whether relating to the environment or otherwise; and
- (b) keep each of them indemnified against any failure or delay in paying those costs or expenses.

9.2 SSS Accounts

- (a) Subject to paragraph (b) below, each Chargor shall, on demand by the Security Trustee, reimburse the Security Trustee for all reasonable charges (including commission charged on transfers of Collateral Securities) and expenses incurred by the Security Trustee and directly attributable to that Chargor in connection with the opening, maintenance and operation of a SSS Account.
- (b) Where the charges and expenses set out in paragraph (a) above have been incurred in respect of an SSS Account which is to be used by more than one person, the Security Trustee shall allocate such charges and expenses on the basis set out in the Tariff Letter, and each relevant Chargor shall reimburse the Security Trustee for their allocated share of such charges and expenses.

10. FURTHER ASSURANCES

Each Chargor must, at its own expense, take whatever action the Security Trustee may require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed; or
- (b) facilitating the realisation of any Security Asset, or the exercise of any right, power or discretion exercisable, by the Security Trustee or any of its delegates or sub-delegates in respect of any Security Asset.

This includes:

- (i) the execution of any transfer, conveyance, assignment or assurance of any property, whether to the Security Trustee or to its nominee; or
- (ii) the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Security Trustee may think expedient.

11. POWER OF ATTORNEY

Each Chargor, by way of security, irrevocably and severally appoints the Security Trustee to be its attorney to take any action which that Chargor is obliged to take under this Deed. Each Chargor ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause 11.

12. MISCELLANEOUS

12.1 Covenant to pay

Each Chargor must pay or discharge the Secured Liabilities in the manner provided for in the Liquidity Agreement.

12.2 Tacking

Each Beneficiary must perform its obligations under the Liquidity Agreement (including any obligation to make available further liquidity funds).

13. ACCESSION

- (a) Each Acceding Member shall thereby automatically become a Chargor for all purposes of this Deed with effect from its Accession Date (as determined in accordance with that Settlement Agreement).
- (b) The Acceding Member agrees to be bound by the terms of this Agreement and undertakes to perform its obligations as a Chargor under this Deed with effect from that Accession Date.

14. RELEASE

At the end of the Security Period, the Security Trustee and the other Parties must, at the request and cost of a Chargor, take whatever action is necessary to release its Security Assets from the security created by this Deed.

15. GOVERNING LAW

This Deed and all rights and obligations (including, without limitation, any non-contractual obligations) arising under or in connection with this Deed are governed by English law.

16. JURISDICTION

16.1 Jurisdiction

The Parties agree that the courts of England shall have exclusive jurisdiction to settle any disputes arising out of or in connection with this Deed (including, without limitation, any non-contractual obligations) and the Parties accordingly submit to the exclusive jurisdiction of the English courts.

16.2 Binding Forum

The Parties:

- (a) waive objection to the English courts on grounds of inconvenient forum or otherwise as regards proceedings arising out of or in connection with this Deed; and
- (b) agree that a judgment or order of an English court in connection with this Deed is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

17. COUNTERPARTS

This Deed may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

This Deed has been entered into as a deed on the date stated at the beginning of this Deed.

SCHEDULE 1

BARCLAYS BANK PLC, whose registered office is at 1 Churchill Place, Canary Wharf, London E14 5HP and whose registered number is 1026167;

CLYDESDALE BANK PLC whose registered office is at 30 St. Vincent Place, Glasgow G1 2HL and whose registered number is SC001111;

BANK OF SCOTLAND plc whose Head Office is at The Mound, Edinburgh EH1 1YZ and whose registered number is SC327000;

HSBC BANK plc whose registered office is at 8 Canada Square, London E14 5HQ and whose registered number is 14259;

LLOYDS TSB BANK plc whose registered office is at 25 Gresham Street, London EC2V 7HN and whose registered number is 2065;

NATIONAL WESTMINSTER BANK Plc whose registered office is at 135 Bishopsgate, London EC2M 3UR and whose registered number is 929027;

NATIONWIDE BUILDING SOCIETY whose principal office is at Pipers Way, Swindon SN38 1NW;

THE CO-OPERATIVE BANK p.l.c. whose registered office is at PO Box 101, 1 Balloon Street, Manchester M60 4EP and whose registered number is 990937;


THE ROYAL BANK OF SCOTLAND plc whose registered office is at 36 St Andrew Square, Edinburgh EH2 2YB and whose registered number is SC90312; and

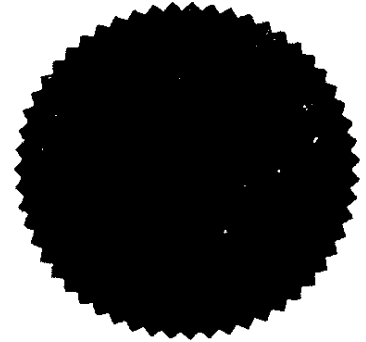
SANTANDER UK plc (formerly Abbey National plc) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN and whose registered number is 02294747.

SIGNATORIES

Chargors

THE COMMON SEAL OF
BARCLAYS BANK PLC
was hereunto affixed in Execution of this Deed
in the presence of:-


Assistant Secretary
Authorised Sealing Officer



EXECUTED AS A DEED by
CLYDESDALE BANK PLC
acting by its attorney

.....
in the presence of
.....
.....

Attorney
.....
.....

Witness

EXECUTED as a deed by
CLYDESDALE BANK PLC
acting by
and

signature of
.....
director

signature of
.....
director/secretary

EXECUTED AS A DEED by
~~THE COMMON SEAL of~~ CLYDESDALE
BANK PLC
was affixed to this deed in
the presence of:
acting by ;

~~Common Seal~~

Signature of authorised person
.....

~~Director~~ SOLICITOR / AUTHORIZED SIGNATORY

Signature of authorised person
.....

Director/Secretary ~~AS A DEED~~ AUTHORIZED SIGNATORY

EXECUTED AS A DEED BANK OF SCOTLAND plc)
acting by its attorney)

.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
BANK OF SCOTLAND plc acting by)
..... and)
.....)

signature of 

.....
director **AUTHORISED SIGNATORY**

signature of 

.....
director/secretary **AUTHORISED SIGNATORY**

THE COMMON SEAL of)
BANK OF SCOTLAND plc)
was affixed to this deed in)
the presence of:)

Common Seal

Signature of authorised person

.....
Director

Signature of authorised person

.....
Director/Secretary

EXECUTED AS A DEED by)
HSBC BANK plc)
acting by its attorney)
.....)
in the presence of)
.....)

Attorney
.....

Witness

EXECUTED as a deed by)
HSBC BANK plc acting by)
..... and)
.....)

signature of
.....

director

signature of
.....

director/secretary

THE COMMON SEAL of)
HSBC BANK plc)
was affixed to this deed in)
the presence of:)

Common Seal

Signature of authorised person



Director AUTHORIZED SIGNATORY

Signature of authorised person



Director/Secretary

AUTHORIZED COUNTER SIGNATORY

029786

EXECUTED AS A DEED by)
LLOYDS TSB BANK plc)
acting by its attorney)
.....)
in the presence of)
.....)
.....)
.....)
Attorney
.....
Witness

EXECUTED as a deed by)
LLOYDS TSB BANK plc acting by)
..... and)
.....)

signature of

director

signature of

director/secretary

THE COMMON SEAL of)
LLOYDS TSB BANK plc)
was affixed to this deed in)
the presence of:)

Common Seal

Signature of authorised person

Director

Signature of authorised person

Director/Secretary

EXECUTED AS A DEED by)
NATIONAL WESTMINSTER BANK Plc)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
NATIONAL WESTMINSTER BANK Plc)
acting by and)
.....)
.....)

signature of

.....
director

signature of

.....
director/secretary

THE COMMON SEAL of)
NATIONAL WESTMINSTER BANK Plc)
was affixed to this deed in)
the presence of:)

Common Seal

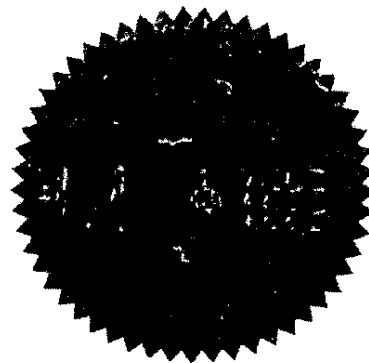
Signature of authorised person

.....
Director

AUTHORISED SEALING
OFFICER

Signature of authorised person

.....
Director/Secretary



THE COMMON SEAL of)
NATIONWIDE BUILDING SOCIETY)
was hereunto affixed in the presence of)
.....)
Authorised Signatory
JASON LINDSEY



5460

EXECUTED AS A DEED by)
THE CO-OPERATIVE BANK PLC)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
THE CO-OPERATIVE BANK PLC)
acting by)
and)

signature of

.....
director

signature of

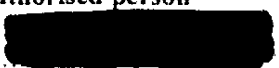
.....
director/secretary

THE COMMON SEAL of)
THE CO-OPERATIVE BANK PLC)
was affixed to this deed in)
the presence of:)

Common Seal

Signature of authorised person

.....
Director


Roger Groarke
Authorised Sealing Officer

TCB 2258

Signature of authorised person

.....
Director/Secretary

EXECUTED AS A DEED by)
THE ROYAL BANK OF SCOTLAND plc)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney

.....
Witness

EXECUTED as a deed by)
THE ROYAL BANK OF SCOTLAND plc)
acting by)
and)
.....)

signature of

.....
director

signature of

.....
director/secretary

THE COMMON SEAL of)
THE ROYAL BANK OF SCOTLAND plc)
was affixed to this deed in)
the presence of:)

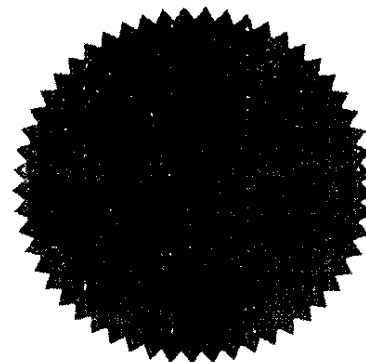
Common Seal

Signature of authorised person

.....
~~Director~~ AUTHORIZED SETTLING OFFICER

Signature of authorised person

.....
Director/Secretary



EXECUTED AS A DEED by)
SANTANDER UK PLC)
acting by its attorney)
.....)
in the presence of)
.....)

.....
Attorney
.....

Witness

EXECUTED as a deed by)
SANTANDER UK PLC acting by)
..... and)
.....)

signature of

.....
director

signature of

.....
director/secretary

THE COMMON SEAL of)
SANTANDER UK PLC)
was affixed to this deed in)
the presence of:)


Common Seal

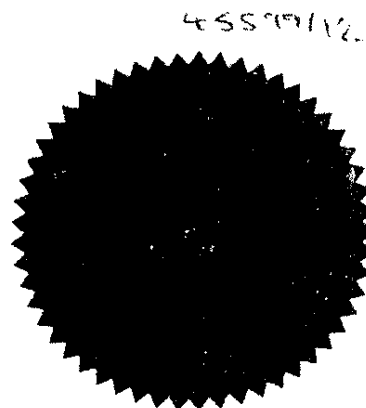
~~Signature of authorised person~~

.....
Director

Signature of authorised person

.....
Director/Secretary


Duly authorised
Securing Officer



Security Trustee

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

By: 

Title: *Financial Markets / Operations Division*

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