

NETTING ANALYSER LIBRARY
Legal collateral opinion – Non Situs Version

The Futures & Options Association
2nd Floor
36-38 Botolph Lane
London EC3R 8DE

1 March 2013

Dear Sirs

FOA Collateral Opinion

You have asked us to give an opinion in respect of the laws of the Republic of Croatia ("this jurisdiction") in respect of the Security Interests given under Agreements in the forms specified in Annex 1 to this opinion letter (each an "Agreement") or under an Equivalent Agreement (as defined below).

Terms used in this opinion letter and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

We understand that your fundamental requirement is for the effectiveness of the Security Interest Provisions of the Agreement to be substantiated by a written and reasoned opinion. Our opinion on the validity of the Security Interest Provisions is given in paragraph 3 of this opinion letter.

References herein to "*this opinion*" are to the opinions given in paragraph 3.

1. TERMS OF REFERENCE AND DEFINITIONS

1.1 Subject as provided at paragraph 1.2, this opinion is given in respect of

1.1.1 persons which are limited liability companies or joint stock companies incorporated under the Croatian Companies Act (in Croatian: "Zakon o trgovackim društvima", published in Croatian Official Gazette No. 111/93, as

amended; hereinafter: the “**Companies Act**”) (except Parties specifically identified below in paragraphs 1.2.1 and 1.2.5 through to and including 1.2.7, some of which may also be organised as limited liability companies or joint stock companies but to which additional regulations specifically mentioned in these subparagraphs and respective Schedules also apply) only when they enter into Agreements with (i) public sector bodies of Member States of the European Union charged with the management of public debt or which are authorised to hold business accounts or (ii) Central banks of Member States of the European Union, European Central Bank, International Monetary Fund, European Investment Bank, Bank for International Settlements (BIS), International Bank for Reconstruction and Development, International Finance Corporation, Inter-American Development Bank, Asian Development Bank, African Development Bank, Council of the European Fund for Reallocation, Nordic Investment Bank, Caribbean Development Bank, European Bank for Reconstruction and Development, European Investment Fund and Inter-American Investment Corporation (“Corporations”);

- 1.1.2 Individuals, acting as sole entrepreneurs under the Croatian Companies Act and craftsman under the Croatian Crafts Act (in Croatian: “Zakon o obrtu”, published in Croatian Official Gazette No. 49/03, as amended; hereinafter: the “**Crafts Act**”), provided they enter into Agreements exclusively with entities set out under sub-paragraphs (i) and (ii) of paragraph 1.1.1. of this opinion letter (“Individuals”);
- 1.1.3 Limited partnership (komanditno društvo) and general partnerships (javno trgovačko društvo) organised under the Croatian Companies’ Act provided they enter into Agreements exclusively with entities set out under sub-paragraphs (i) and (ii) of paragraph 1.1.1. of this opinion letter (“Partnerships”);

insofar as each may act as a counterparty (a “**Counterparty**”) providing Collateral (as defined in paragraph 1.3 to a member firm of the Futures and Options Association (each a “**Firm**”) under an Agreement.

- 1.2 However, this opinion is also given in respect of Counterparties providing Collateral to a Firm that are any of the following, subject to the terms of reference, definitions, modifications and additional assumptions and qualifications set out in the applicable Schedule:

- 1.2.1 Credit and financial institutions incorporated under the Credit Institutions Act (in Croatian: “Zakon o kreditnim institucijama”, published in Croatian Official Gazette No. 117/08, as amended, hereinafter: the “**Credit Institutions Act**”), excluding housing saving banks (Schedule 1);
- 1.2.2 Housing saving banks incorporated under the Credit Institutions Act and Housing Savings and State Incentive of the Housing Savings (Zakon o stambenoj štednji i državnom poticanju stambene štednje, published in Official Gazette Nos. 109/97, as amended, hereinafter the „Housing Savings Act” (Schedule 2);
- 1.2.3 the Republic of Croatia (Schedule 3);

- 1.2.4 Public bodies, namely the Croatian National Bank and Croatian Bank for Restructuring and Development organized respectively in accordance with the National Bank Act (in Croatian: “*Zakon o hrvatskoj narodnoj banci*”, published in Croatian Official Gazette No. 75/08, hereinafter: the “National Bank Act”) and the Croatian Bank for Reconstruction and Development Act (in Croatian: “*Zakon o hrvatskoj banci za obnovu i razvitak*”, published in Croatian Official Gazzete No. 138/06, as amended; hereinafter: the “Croatian Bank for Reconstruction and Development Act”) (Schedule 4);
- 1.2.5 Croatian Institute for Health Insurance and Croatian Institute for Pension Insurance organized respectively in accordance with the Mandatory Health Insurance Act (in Croatian: “*Zakon o obveznom zdravstvenom osiguranju*”, published in Croatian Official Gazette No. 150/08, as amended; hereinafter: the “**Mandatory Health Insurance Act**”) and the Pension Insurance Act (in Croatian: “*Zakon o mirovinskom osiguranju*”, published in Croatian Official Gazette No. 102/98, as amended; hereinafter: the “**Pension Insurance Act**”) (Schedule 5).
- 1.2.6 Insurance companies incorporated under the Insurance Act (in Croatian: “*Zakon o osiguranju*”, published in Croatian Official Gazette No. 151/05, as amended; hereinafter: the “**Insurance Act**”) (Schedule 6);
- 1.2.7 Investment Funds, organised respectively in accordance with the Investment Funds Act (in Croatian: “*Zakon o investicijskim fondovima*”, published in Croatian Official Gazette No. 150/05; hereinafter: the “**Investment Funds Act**”) (Schedule 7)
- 1.2.8 Pension Funds, organised under the Act on Mandatory and Voluntary Pension Funds (in Croatian: “*Zakon o obveznim i dobrotoljnim mirovinskim fondovima*”, published in Croatian Official Gazette No. 49/99, as amended; hereinafter: the “**Act on Mandatory and Voluntary Pension Funds**”) (Schedule 8)
- 1.2.9 Pension Insurance Companies, organised under the Act on Pension Insurance Companies and Payment of Pension Annuities based on Individual Capitalised Savings (in Croatian: “*Zakon o mirovinskim osiguravajućim društvima i isplati mirovina na temelju individualne kapitalizirane štednje*”, published in Croatian Official Gazette No. 106/99, as amended; hereinafter: the “**Act on Pension Insurance Companies and Payment of Pension Annuities based on Individual Capitalised Savings**”) (Schedule 9);
- 1.2.10 Investment firms organised under the Capital Markets Act (in Croatian: *Zakon o tržištu kapitala*”, published in Croatian Official Gazette No. 88/08, as amended; hereinafter: the “**Capital Markets Act**”) (Schedule 10).

insofar as each may act as a Counterparty to a Firm under an Agreement.

1.3 This opinion is given in respect of cash and account-held securities which are the subject of the Security Interest Provisions ("Collateral"). The amount and value of such Collateral may fluctuate from time to time on a day to day, and possibly intra-day basis.

1.4 In this opinion letter:

1.4.1 "**Security Interest**" means the security interest created pursuant to the Security Interest Provisions;

1.4.2 "**Equivalent Agreement**" means an agreement:

(a) which is governed by the law of England and Wales;

(b) which has broadly similar function to any of the Agreements listed in Annex 1;

(c) which contains the Core Provisions (with no amendments, or with Non-material Amendments); and

(d) which neither contains (nor is modified, amended, or superseded by) any other provision which may invalidate, adversely affect, modify, amend, supersede, conflict with, provide alternatives to, compromise or fetter the operation, implementation, enforceability and effectiveness of all or part of the Core Provisions (in each case, excepting Non-material Amendments);

References to the "**Agreement**" in this letter (other than specific cross references to clauses in such Agreement and references in the first paragraph of this letter) shall be deemed also to apply to an Equivalent Agreement;

1.4.3 A "**Non-material Amendment**" means an amendment having the effect of one of the amendments set out at Annex 3;

1.4.4 "**enforcement**" means, in the relation to the Security Interest, the act of:

(i) sale and application of proceeds of the sale of Collateral against monies owed, or

(ii) appropriation of the Collateral,

in either case in accordance with the Security Interest Provisions.

1.4.5 "**Party**" means any person identified in paragraphs 1.1 and 1.2 of this opinion when acting as a party to the Agreement;

1.4.6 in other instances other than those referred to at 1.4.4 above, references to the word "**enforceable**" and cognate terms are used to refer to the ability of a Party to exercise its contractual rights in accordance with their terms and without significant risk of successful challenge. We do not opine on the availability of any judicial remedy.

- 1.4.7 terms defined or given a particular construction in the Agreement have the same meaning in this opinion letter unless a contrary indication appears;
- 1.4.8 any reference to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been amended or re-enacted on or before the date of this opinion letter;
- 1.4.9 certain terms relating specifically to the Agreement or to the provisions thereof are set out at Annex 2;
- 1.4.10 headings in this opinion letter are for ease of reference only and shall not affect its interpretation;
- 1.4.11 References to "Core Provisions" include Core Provisions that have been modified by Non-Material Amendments (as defined herein); and
- 1.4.12 "Insolvency Proceedings". means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be, the Insolvency Act, the Companies Act, The Financial Collateral Act and the Financial Operations' and Pre-insolvency Settlement Act

2. ASSUMPTIONS

We assume the following:

- 2.1 That the Agreements are legally binding and enforceable under their governing laws against both Parties and that the rights of Parties under Collateral are protected against claims or interference of third parties, including creditors.
- 2.2 That the Security Interest Provisions are enforceable under the governing law of the Agreement to create a Security Interest.
- 2.3 That the Security Interest Provisions are effective under the law of the place where the Collateral is located to create an enforceable security interest.
- 2.4 That each Party has the capacity, power and authority under all applicable law(s) to enter into the Agreement; to perform its obligations under the Agreement; and that each Party has taken all necessary steps to execute, deliver and perform the Agreement.
- 2.5 That each Party has obtained, complied with the terms of and maintained all authorisations, approvals, licences and consents required to enable it lawfully to enter into and perform its obligations under the Agreement and Transactions and to ensure the legality, validity, enforceability or admissibility in evidence of the Agreement in this jurisdiction.
- 2.6 That the Agreement has been properly executed by both Parties.

- 2.7 That the Agreement is entered into prior to the commencement of any Insolvency Proceedings in respect of either Party.
- 2.8 The Agreement has been entered into, and each of the transactions referred to therein is carried out, by each of the parties thereto in good faith, for the benefit of each of them respectively, on arms' length commercial terms and for the purpose of carrying on, and by way of, their respective businesses.
- 2.9 That the Agreement accurately reflects the true intentions of each Party.
- 2.10 That no provisions of the Agreement, or a document of which the Agreement forms part, or any other arrangement between the Parties, invalidate the enforceability or effectiveness of the Security Provisions or the Rehypothecation Clause under the governing law of the Agreement.
- 2.11 The Core Provisions of the Agreements are effective in accordance with their terms under their governing laws to create effects as expressed to create in paragraph 3 of this letter opinion.
- 2.12 That there is no other agreement, instrument or other arrangement between the Firm and the Counterparty which modifies or supersedes the Agreement.
- 2.13 That all acts, conditions or things required to be fulfilled, performed or effected in connection with the Agreement and the creation and perfection of the security interests thereunder pursuant to laws of any jurisdiction other than this jurisdiction have been duly fulfilled, performed and effected.
- 2.14 That there are no provisions of the laws of any jurisdiction (apart from this jurisdiction) which would be contravened by the execution or the delivery of the Agreement.
- 2.15 That any accounts and the assets expressed to be subject to a Security Interest pursuant to the Security Provisions shall at all relevant times be located outside this jurisdiction.
- 2.16 That any cash comprising the Collateral is in a currency that is freely transferable internationally under the laws of all relevant jurisdictions.
- 2.17 That any payment in cash in accordance with the Agreement and the Transactions does not refer to payment in money in physical form.
- 2.18 That the Agreements and Transactions (under their terms or under the effects conferred on them by their governing laws) do not violate the public order and the fundamental principles of the state organisation as set forth by the Constitution of Croatia and that the laws governing the Agreements and Transactions were not chosen by the Parties to avoid the laws of this jurisdiction.
- 2.19 That no provision of the Agreement that is necessary for the giving of our opinions and advice in this opinion letter has been altered in any material respect. In our view, an alteration of the Agreements to the effect contemplated in the definition of "Equivalent Agreement" above would not constitute a material alteration that is

necessary for the giving of our opinions and advice in this opinion letter. We express no view whether an alteration not contemplated in the definition of Equivalent Agreement would or would not constitute a material alteration of the Agreement.

3. OPINIONS

On the basis of the foregoing terms of reference and assumptions and subject to the qualifications set out in paragraph 4 below and any applicable schedule to this letter opinion, we are of the following opinion.

3.1 Valid Security Interest

- 3.1.1 Following the occurrence of an Event of Default, including as a result of the opening of any Insolvency Proceedings, the Non-Defaulting Party would be entitled to enforce the Security Interest in respect of the Collateral.
- 3.1.2 There is no rule of the laws of this jurisdiction which would impose a moratorium or stay which would prevent, delay or otherwise affect the right of the Non-Defaulting Party to enforce the Security Interest in respect of the Collateral.
- 3.1.3 Following exercise of the Firm's rights under the Security Interest Provisions, the ranking of the Firm's rights to the proceeds of realisation of the Collateral in relation to the interests of the Counterparty and any other person would be a matter to be determined under the law of the place where the Collateral is situated.

3.2 Further acts

No further acts, conditions or things would be required by the law of this jurisdiction to be done, fulfilled or performed under the laws of this jurisdiction in order to enable the Non-Defaulting Party to enforce the Security Interest in respect of the Collateral.

4. QUALIFICATIONS

The opinions in this opinion letter are subject to the following qualifications:

- 4.1 Insolvency Proceedings cannot be initiated against the Republic of Croatia (Sovereign), funds that are financed from the state budget, pension funds, funds for disabled, Croatian Health Institute and municipalities. In addition, some entities such as leasing companies (incorporated under the Croatian Leasing Act) cannot be subject to pre-insolvency settlement under the Financial Operations' and Pre-insolvency Settlement Act.
- 4.2 In case of Insolvency Proceedings, irrespective of the choice of English law or the laws of the State of New York, as the law governing the Agreement and the Transaction, the Croatian Bankruptcy Act is mandatory and applicable to the bankruptcy of any debtor having principal place of business in Croatia. This rule

applies regardless whether the assets of the bankruptcy debtor are located in Croatia or abroad (always subject to the conflict of law rules of the jurisdiction where assets may be located). According to the Article 5 and 301 of the Insolvency Act the courts of Croatia have exclusive jurisdiction for the bankruptcy of Croatian entities.

- 4.3 The commercial court of this jurisdiction will have exclusive jurisdiction in bankruptcy of the Party that has registered seat outside this jurisdiction while the principal place of business in this jurisdiction.
- 4.4 Where a specific financial obligation has arisen or financial instruments or cash have been delivered or acquired on the day of commencement of the Insolvency Proceedings, but after the moment of adoption of the relevant decision on commencement of such proceedings, that obligation i.e. the Agreement shall be legally enforceable and binding if the financial collateral taker can prove that he was not aware, nor should have been aware, of the initiation or commencement of the Insolvency Proceedings.
- 4.5 The opinions expressed herein are based on our understanding that it is sufficient under the governing law that no action regarding the enforcement of the Security Interest be taken in Croatia.
- 4.6 This opinion is based on understanding that the law of the place where the Collateral is situated (in case of dematerialised securities) shall be the place where the register, i.e., the account held with authorised institution, on which such securities are registered.
- 4.7 Notwithstanding the opinions expressed in paragraph 3 hereto, pursuant to Article 12 of the Croatian Financial Collateral Act in cases where financial instruments appear in form of dematerialised securities, the financial collateral agreements in relation to such financial instruments with respect to legal nature and proprietary effects, procedural requirements and forms for entry into and realisation of financial collateral agreements as well as with regard to rights of third parties to such financial instruments, shall be governed exclusively by the law of the place where the register, i.e., the account with authorised institution on which such securities are registered, is located. Consequently, Croatian law would not require any further acts, conditions or things in order to enable the Non-Defaulting Party to enforce the Security Interest in respect of the Collateral as opined in section 3.3 above. However in the described case we cannot exclude the application of general rules of the Insolvency Act which requires that parties in the bankruptcy of Croatian entities, including also creditors, must take part in certain actions before the bankruptcy administrator or court.
- 4.8 The opinions expressed herein are based on the Agreements and Transactions being characterised as financial collateral arrangements, as well as on the Security Interest being characterised as financial collateral, under their respective governing laws, within the meaning which Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements conveys on these terms. This qualification is made because the Croatian Financial Collateral Act (based on that directive) provides for protection of financial collateral in case of bankruptcy, while similar protection is not provided to other instruments. As a consequence, if the Agreements and Transactions cannot be characterised as financial collateral arrangements and/or any of the Security Interest Provisions

cannot be characterised as financial collateral, general provisions of Croatian Insolvency Act may apply, in which case the Opinions are subject to general rules on bankruptcy in the Republic of Croatia, which afford more limited protection to the Parties. In particular, under Article 111 of the Croatian Insolvency Act if a term or a deadline was stipulated for financial services that have a market or an exchange value, and such term or deadline occurs after institution of bankruptcy proceeding, then counterparty would not have the right to request fulfilment of the transaction but only a claim for non-performance. The claim for non-performance shall be determined by the difference between the agreed price and that market or exchange price which on the second business day after the institution of bankruptcy proceedings applies at the place of performance for contracts entered into with the stipulated time of fulfilment. The other party may assert such claim only as a creditor in bankruptcy proceedings.

- 4.9 Opinions expressed herein are based on our interpretation of general provisions of Croatian legislation, which provisions are not always on point or which provisions do not always regulate with sufficient certainty the issue which are subject of this opinion. For that reason, and in particular bearing in mind the principle of judicial autonomy in interpreting and applying laws, different interpretation and application of laws can never be completely excluded.
- 4.10 All the Transactions under the Agreements listed in Annex 2 hereto will be carried out outside Croatia, in particular all the securities and cash used in Transactions shall be located on accounts, registers or otherwise, outside Croatia.
- 4.11 Opinions expressed herein do not apply to any case in which the Agreements and/or the Transactions (entered into before opening of the insolvency proceedings) constitute legal acts or omissions which:
 - Hinder proportional satisfaction of insolvency creditors;
 - Put one of the insolvency creditors in a more favourable position;

and which actions or omissions were undertaken in circumstances in which provisions of Croatian Insolvency Act allow for avoidance of such Agreements and/or Transactions.

- 4.12 Nothing in this opinion letter must be taken as indicating that rights, obligations or authorities of any Party to the individual Agreement or Transaction would be specifically enforceable in this jurisdiction and any enforcement in Croatia of rights, obligations or authorities of such Party, including also against any Croatian person, would be subject to applicable procedural rules, legal remedies (including *ex parte* injunctions) and interpretation of applicable laws and regulations by competent Croatian authorities at relevant times. While we are of the view that the extent to which Croatian legislation should apply to financial collateral arrangements over foreign instruments is likely to be very limited, given that the Croatian Financial Collateral Act is a novel instrument rather unfamiliar to Croatian judges and authorities and, in addition, drafted as a rather imperfect implementation of EU financial collateral legislation, it cannot be excluded that Croatian insolvency representatives and courts may, in case of doubt as to the governing law and applicable legislation, seek to expand application of Croatian legislation (including

Insolvency Act) to Security Interest Provisions and Agreements and Transactions therefore granting more limited protection to the Parties then what would be available under the financial collateral regime. In that regard, please note the following rules that would apply should Croatian Financial Collateral Act be found applicable:

- 4.12.1 For out-of-court sale of collateral, Croatian Financial Collateral Act requires that the parties agree on the valuation method not only in case of appropriation but also in case of extrajudicial sale;
- 4.12.2 The evaluation and realisation of financial collaterals, i.e. determination of the appropriate financial obligations under Croatian Financial Collateral Act, must be carried out with higher attention, according to the rules and uses of the profession (due professional care), taking into account the financial market situation.

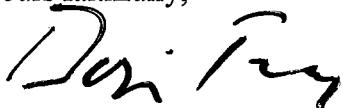
4.13 We express no opinion with respect to any law other than the laws of Croatia. In particular we express no opinion on English law and/or New York law with respect to the Agreements and Transactions.

4.14 This opinion reflects the Croatian laws relevant to the Agreements and Transactions and to the Parties thereto at the date of its issue. We express no opinion and take no responsibility for any subsequent changes of the laws or court or administrative practices in Croatia that could in any way affect the Agreements and Transactions or the respective rights and obligations of the Parties under them.

There are no other material issues relevant to the issues addressed in this opinion letter which we draw to your attention.

This opinion is given for the sole benefit of the Futures and Options Association and may not be relied upon by any other person unless we otherwise specifically agree with that person in writing, although we consent to its being shown to members of the Futures and Options Association and their affiliates (being members of such persons' groups, as defined by the UK Financial Services and Markets Act 2000) and to the UK Financial Services Authority (and its successor organisations) in connection with the compliance of such members and such affiliates with their obligations under prudential regulation.

Yours faithfully,



Bojan Fras

SCHEDEULE 1 **Credit institutions**

Subject to the modifications and additions set out in this Schedule 1(Credit Institutions), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Credit Institutions. For the purposes of this Schedule 1 (Credit Institutions), "**Credit Institutions**" means legal entities which business activity includes deposit keeping and keeping of exchangeable means of natural and legal entities and issuance of loans subject to the Credit Institutions Act.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted and replaced with the following:

"Insolvency Proceedings" means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be:

The Credit Institutions Act
The Insolvency Act
The Companies Act
The Financial Collateral Act
Settlement Finality in Payment and Financial Instruments Settlement Systems Act
"

SCHEDULE 2 **Housing saving banks**

Subject to the modifications and additions set out in this Schedule 2 (Housing saving banks), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Housing Savings Banks. For the purposes of this Schedule 2 (Housing saving banks), "Housing Saving Banks" means legal entities which business activity includes organised collection of deposits for solving housing needs of the depositors by extending loans granted with financial support of the State on the territory of the Republic of Croatia in accordance with Housing Savings Act and Credit Institutions Act.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted and replaced with the following:

Insolvency Proceedings".means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be:

The Credit Institutions Act
The Insolvency Act
The Companies Act
The Financial Collateral Act
Settlement Finality in Payment and Financial Instruments Settlement Systems Act
Housing Savings Act

2 ADDITIONAL QUALIFICATION

The opinions expressed in this opinion letter are subject to the following additional qualifications.

- 2.1 Housing saving banks may make transactions with derivative instruments for the purposes of managing their balance sheet and for protection of assets and obligations of the housing saving banks.
- 2.2 Housing Savings Banks may invest its "non-spent" assets to financial markets investment (provided that the investment is secured with a bank guarantee) and repo transactions. This provision of the Housing Savings Law is entirely unclear as it is unclear what the "non-spent" assets are; however, it seems to aim at putting some limitations on the saving banks' capacity to invest into repo deals.

SCHEDULE 3

Sovereign

Subject to the modifications and additions set out in this Schedule 3 (Sovereign), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Party which is the Republic of Croatia. For the purposes of this Schedule 3 (Sovereign), "Sovereign" means the Republic of Croatia.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted

1 ADDITIONAL ASSUMPTIONS

We assume the following:

- 2.1 The Agreement and the Transactions are within the limits of the allowed indebtedness determined by the Law on Execution of the State Budget for the relevant year.

2 ADDITIONAL QUALIFICATION

The opinions expressed in this opinion letter are subject to the following additional qualifications.

- 3.1 Under the Croatian law all assets owned by the Republic of Croatia ("State") are available for attachment or enforcement of any judgment or order rendered against the State, except for certain assets of the State which are immune from enforcement pursuant to the Croatian Law on Enforcement and the Vienna Convention on Diplomatic Relations. Namely, the enforcement against the State is not permitted in relation to property which is used solely for the performance of specific activities of the Republic of Croatia (the office buildings in the Republic of Croatia being excluded from such exemption), ambassadorial and consular buildings and the contents thereof as per the Vienna Convention on Diplomatic Relations, or any bank accounts of the embassies or consulates, in each case necessary for the proper, official, ambassadorial or consular functioning, assets necessary for the proper functioning of the State as a sovereign entity e.g. building, arms and equipment for national defence, claims for collection of taxes and other fees and charges and on *res extra commercium*.

SCHEDULE 4

Croatian National Bank and Croatian Bank for Reconstruction and Development

Subject to the modifications and additions set out in this Schedule 4 (Croatian National Bank and the Croatian Bank for Reconstruction and Development), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are the Croatian National Bank and the Croatian Bank for Reconstruction and Development. For the purposes of this Schedule 4 (Croatian National Bank and the Croatian Bank for Reconstruction and Development), the "**Croatian National Bank**" means the central bank of Croatia organised in accordance with the Croatian National Bank Act and the "**Croatian Bank for Reconstruction and Development**" means the development and export bank of the Republic of Croatia, organised in accordance with the Croatian Bank for Reconstruction and Development Act.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted

2 ADDITIONAL QUALIFICATION

- 2.1 Even though that is not expressly provided by the Croatian National Bank Act, in our view the Croatian National Bank may not be subject to bankruptcy, liquidation composition, rehabilitation or other insolvency or reorganisation procedures. This is opined because the Republic of Croatia guarantees for liabilities of the Croatian National Bank and the Croatian Bank for Reconstruction and Development pursuant to the statutory guarantee provided by the Croatian National Bank Act and the Croatian Bank for Reconstruction and Development Act.

SCHEDULE 5
Croatian Health Insurance and Croatian Pension Insurance

Subject to the modifications and additions set out in this Schedule 5 (Croatian Health Insurance and Croatian Pension Insurance), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Party which is the Croatian Institute for Health Insurance and Croatian Institute for Pension Insurance. For the purposes of this Schedule 5 (Croatian Health Insurance and Croatian Pension Insurance), the "**Croatian Health Insurance**" means the Croatian Institute for Health Insurance which is the public institution for provision of mandatory health insurance in accordance with the Mandatory Health Insurance Act and the "**Croatian Institute for Pension Insurance**" means the Croatian Institute for Pension Insurance which is a public institution for pension insurance organised in accordance with the Pension Insurance Act.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted

SCHEDULE 6 Insurance companies

Subject to the modifications and additions set out in this Schedule 6 (Insurance Companies), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Insurance Companies. For the purposes of this Schedule 6 (Insurance Companies), "**Insurance Companies**" means legal entities incorporated for purposes of providing insurance activities which include insurance of life and non-life insurance and reinsurance activities and have obtained approval from competent regulator for performance of such activities in accordance with the Insurance Act.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted and replaced with the following:

"Insolvency Proceedings" means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be the:

The Insurance Act
The Insolvency Act
The Companies Act
The Financial Collateral Act

2 ADDITIONAL QUALIFICATIONS

The opinions expressed in this opinion letter are subject to the following additional qualifications.

- 2.1 The Insurance Act prescribes the obligation of the Insurance companies to abide by the rules on limitations on investment for purposes of covering their technical and mathematical reserves. In case of investment by the Insurance companies for purposes of their technical and mathematical reserves, the Insurance companies may enter only into the Transactions regarding the securities, bonds, loans, deposits and similar categories of investment of the Croatian entities or traded on Croatian exchange and up to the certain percentage of technical and mathematical reserve Insurance companies wish to obtain. For any other investment the Insurance companies have to obtain the approval of the regulatory body.
- 2.2 The applicable legislation provides that Insurance companies may invest certain part of their assets in future/forward contracts or option contracts exclusively for the purposes of protection of their assets/liabilities.

SCHEDULE 7 **Investment Funds**

Subject to the modifications and additions set out in this Schedule 7 (Investment Funds), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Investment Funds. For the purposes of this Schedule 7 (Investment Funds) "**Investment Fund**" means any of the closed-ended investment fund with a public offering, open-ended investment fund with a public offering, open-ended investment fund with a private offering and open-ended venture capital investment fund with a private offering, all of these set up in accordance with Croatian Investment Funds Act.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted and replaced with the following:

"Insolvency Proceedings" means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be,

The Investment Funds Act
The Insolvency Act
The Companies Act
The Financial Collateral Act

2 ADDITIONAL QUALIFICATIONS

The opinions expressed in this opinion letter are subject to the following additional qualifications.

- 2.1 Investment funds are subject to statutory limitations in this jurisdiction regarding investment in specific types of investment as prescribed by the Investment Funds Act. Subject to such limitations the Transactions do not include types of investment which are exceeding the statutory limitations or which (subject to applicable laws of this jurisdiction) are prohibited for Investment Funds, or subject to additional approval of regulatory body.

SCHEDULE 8 **Pension Funds**

Subject to the modifications and additions set out in this Schedule 8 (Pension Funds), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Pension Funds. For the purposes of this Schedule 8 (Pension Funds) "**Pension Fund**" means legal entity organised as a voluntary pension fund or mandatory pension fund in accordance with the Act on Mandatory and Voluntary Pension Funds.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted and replaced with the following:

"Insolvency Proceedings" means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be,

The Act on Mandatory and Voluntary Pension Funds
The Insolvency Act
The Companies Act
The Financial Collateral Act

2 ADDITIONAL QUALIFICATIONS

The opinions expressed in this opinion letter are subject to the following additional qualifications.

- 2.1 Pension funds are subject to statutory limitations in this jurisdiction regarding investment in specific types of investment as prescribed by the Act on Mandatory and Voluntary Pension Funds. Subject to such limitations the Transactions do not include types of investment which are exceeding the statutory limitations or which (subject to applicable laws of this jurisdiction) are prohibited for Pension funds, or subject to additional approval of regulatory body.

SCHEDULE 9

Pension Insurance Companies

Subject to the modifications and additions set out in this Schedule 9 (Pension Insurance Companies), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Pension Insurance Companies. For the purposes of this Schedule 9 (Pension Insurance Companies), "**Pension Insurance Company**" means a legal entity established for operation as pension insurance company, paying out pension annuities under the mandatory pension insurance system based on individual capitalised savings, as well as pension annuities under the voluntary pension insurance system based on individual capitalised savings set up under the Act on Pension Insurance Companies and Payment of Pension Annuities based on Individual Capitalised Savings.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted and replaced with the following:

"Insolvency Proceedings" means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be,

The Act on Pension Insurance Companies and Payment of Pension Annuities based on Individual Capitalised Savings

The Insolvency Act

The Companies Act

The Financial Collateral Act

2 ADDITIONAL QUALIFICATIONS

The opinions expressed in this opinion letter are subject to the following additional qualifications.

- 2.1 Pension insurance companies are subject to statutory limitations in this jurisdiction regarding investment in specific types of investment as prescribed by the Act on Pension Insurance Companies and Payment of Pension Annuities based on Individual Capitalised Savings. Subject to such limitations the Transactions do not include types of investment which are exceeding the statutory limitations or which (subject to applicable laws of this jurisdiction) are prohibited for Pension Insurance Companies, or subject to additional approval of regulatory body.

SCHEDULE 10 Investment Companies

Subject to the modifications and additions set out in this Schedule 10 (Investment Companies), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Investment Companies. For the purposes of this Schedule 10 (Investment Companies) "**Investment Company**" means a legal entity that performs as its regular activity one or more investment services to third parties or investment activities on professional basis incorporated in accordance with the Capital Markets Act.

Except where the context otherwise requires, references in this Schedule to "*paragraph*" are to paragraphs in the opinion letter (but not to its Annexes or Schedules) and references to "*sections*" are to sections of this Schedule.

1 MODIFICATIONS TO TERMS OF REFERENCE AND DEFINITIONS

Paragraph 1.14.12 is deemed deleted and replaced with the following:

"Insolvency Proceedings" means bankruptcy, composition, rehabilitation (e.g. liquidation, administration, receivership or voluntary arrangement) or other insolvency laws and procedures to which a Party would be subject in this jurisdiction under, as the case may be,

The Capital Markets Act

The Insolvency Act

The Companies Act

The Financial Collateral Act

Settlement Finality in Payment and Financial Instruments Settlement Systems Act

ANNEX 1
FORM OF FOA AGREEMENTS

1. Professional Client Agreement (2007 Version), including Module G (*Margin and Collateral*) (the "**Professional Client Agreement 2007**")
2. Professional Client Agreement (2009 Version), including Module G (*Margin and Collateral*) (the "**Professional Client Agreement 2009**")
3. Professional Client Agreement (2011 Version) including Module G (*Margin and Collateral*) (the "**Professional Client Agreement 2011**")
4. Retail Client Agreement (2007 Version) including Module G (*Margin and Collateral*) (the "**Retail Client Agreement 2007**")
5. Retail Client Agreement (2009 Version) including Module G (*Margin and Collateral*) (the "**Retail Client Agreement 2009**")
6. Retail Client Agreement (2011 Version) including Module G (*Margin and Collateral*) (the "**Retail Client Agreement 2011**")
7. Eligible Counterparty Agreement (2007 Version) including Module G (*Margin*) (the "**Eligible Counterparty Agreement 2007**")
8. Eligible Counterparty Agreement (2009 Version) including Module G (*Margin*) (the "**Eligible Counterparty Agreement 2009**")
9. Eligible Counterparty Agreement (2011 Version) including Module G (*Margin*) (the "**Eligible Counterparty Agreement 2011**")

For the avoidance of doubt none of the forms of the Agreements listed at this Annex 1 include or incorporate the Title Transfer Securities and Physical Collateral Annex to the Netting Modules published by the Futures and Options Association.

Where the form of any Agreement listed in this Annex 1 (as published by the Futures and Options Association) (the "**FOA Published Form Agreement**") expressly contemplates the election of certain variables and alternatives, the Agreements listed above shall be deemed to include any such document in respect of which the parties have made such expressly contemplated elections (and have made any deletions required by such elections, where such deletions are expressly contemplated in the event of such election by the applicable FOA Published Form Agreement).

Each of the Agreements listed in this Annex 1 may be deemed to include Agreements identical to the relevant FOA Published Form Agreement, save for the substitution of Two Way Clauses in place of the equivalent terms in the FOA Published Form Agreement.

ANNEX 2
DEFINED TERMS RELATING TO THE AGREEMENTS

1. The "**Eligible Counterparty Agreements**" means each of the Eligible Counterparty Agreement 2007, the Eligible Counterparty Agreement 2009 and the Eligible Counterparty Agreement 2011 (each as listed and defined at Annex 1).
2. The "**Professional Client Agreements**" means each of the Professional Client Agreement 2007, the Professional Client Agreement 2009 and the Professional Client Agreement 2011 (each as listed and defined at Annex 1).
3. The "**Retail Client Agreements**" means each of the Retail Client Agreement 2007, the Retail Client Agreement 2009 and the Retail Client Agreement 2011 (each as listed and defined at Annex 1).
4. An "**Equivalent 2011 Agreement without Core Rehypothecation Clause**" means an Equivalent Agreement in the form of the Eligible Counterparty Agreement 2011, Retail Client Agreement 2011 or Professional Client Agreement 2011 but which does not contain the Rehypothecation Clause.
5. "**Core Provisions**" means:
 - (a) with respect to all Equivalent Agreements, the Security Interest Provisions; and
 - (b) with respect to Equivalent Agreements that are in the form of the Eligible Counterparty Agreement 2011, Retail Client Agreement 2011 or Professional Client Agreement 2011 (but not with respect to an Equivalent 2011 Agreement without Core Rehypothecation Clause), the Rehypothecation Clause.
6. "**Rehypothecation Clause**" means:
 - (i) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.13 (**Rehypothecation**);
 - (ii) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.15 (**Rehypothecation**);
 - (iii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.13 (**Rehypothecation**); and
 - (iv) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (iii) of this definition (except insofar as variations may be required for internal cross-referencing purposes);
7. "**Security Interest Provisions**" means:
 - (a) the "**Security Interest Clause**", being:

- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.6 (***Security interest***);
- (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.6 (***Security interest***);
- (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.7 (***Security interest***);
- (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.8 (***Security interest***);
- (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.8 (***Security interest***);
- (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.9 (***Security interest***);
- (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.6 (***Security interest***);
- (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.6 (***Security interest***);
- (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.7 (***Security interest***); and
- (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes);

(b) the "**Power to Charge Clause**", being:

- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.10 (***Power to charge***);
- (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.10 (***Power to charge***);
- (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.10 (***Power to charge***);
- (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.12 (***Power to charge***);
- (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.12 (***Power to charge***);
- (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.12 (***Power to charge***);

- (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.10 (***Power to charge***);
- (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.10 (***Power to charge***);
- (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.10 (***Power to charge***); and
- (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes);

(c) the "**Power of Sale Clause**", being:

- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.11 (***Power of sale***);
- (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.11 (***Power of sale***);
- (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.11 (***Power of sale***);
- (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.13 (***Power of sale***);
- (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.13 (***Power of sale***);
- (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.13 (***Power of sale***);
- (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.11 (***Power of sale***);
- (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.11 (***Power of sale***);
- (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.11 (***Power of sale***); and
- (x) in relation to an Equivalent Agreement, a clause that is identically the same in form and language as the clauses referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes);

(d) the "**Power of Appropriation Clause**", being:

- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.12 (***Power of appropriation***);

- (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.12 (***Power of appropriation***);
- (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.12 (***Power of appropriation***);
- (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.14 (***Power of appropriation***);
- (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.14 (***Power of appropriation***);
- (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.14 (***Power of appropriation***);
- (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.13 (***Power of appropriation***);
- (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.13 (***Power of appropriation***);
- (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.12 (***Power of appropriation***); and
- (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes);

(e) the "**Lien Clause**", being:

- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.13 (***General lien***);
- (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.13 (***General lien***);
- (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.14 (***General lien***);
- (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.15 (***General lien***);
- (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.15 (***General lien***);
- (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.16 (***General lien***);
- (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.12 (***General lien***);

- (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.12 (***General lien***);
- (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.14 (***General lien***); and
- (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes); and

(f) the "Client Money Additional Security Clause", being:

- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 7.8 (***Additional security***) at module F Option 4 (where incorporated into such Agreement);
- (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 7.9 (***Additional security***) at module F Option 1 (where incorporated into such Agreement);
- (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 7.9 (***Additional security***) at module F Option 1 (where incorporated into such Agreement);
- (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 7.8 (***Additional security***) at module F Option 4 (where incorporated into such Agreement);
- (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 7.9 (***Additional security***) at module F Option 1 (where incorporated into such Agreement);
- (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 7.9 (***Additional security***) at module F Option 1 (where incorporated into such Agreement);
- (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 6.8 (***Additional security***) at module F Option 4 (where incorporated into such Agreement);
- (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 6.9 (***Additional security***) at module F Option 1 (where incorporated into such Agreement);
- (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 6.9 (***Additional security***) at module F Option 1 (where incorporated into such Agreement); and
- (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as the clauses referred to in any of the

foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes).

8. **"Two Way Clauses"** means each of the Futures and Options Association's Short-Form Two-Way Clauses 2007, the Short-Form Two-Way Clauses 2009, the Short-Form Two-Way Clauses 2011, the Long-Form Two-Way Clauses 2007, the Long-Form Two-Way Clauses 2009 and the Long-Form Two-Way Clauses 2011.

ANNEX 3
NON-MATERIAL AMENDMENTS

1. Any change to the numbering or order of a provision or provisions or the drafting style thereof (e.g., addressing the other party as “you”, “Counterparty”, “Party A/Party B”) provided in each case that the plain English sense and legal effect both of each such provision and of the Agreement as a whole (including the integrity of any cross references and usage of defined terms) remains unchanged.
2. Any change to a provision or provisions by defining certain key terms (e.g., party, exchange, currency, defaulting party or non-defaulting party) and using these terms in large caps throughout the Agreement provided in each case that the plain English sense and legal effect both of each such provision and of the Agreement as a whole (including the integrity of any cross references and usage of defined terms) remains unchanged.
3. An addition to the list of events that constitute an Event of Default (e.g. without limitation, the failure to deliver securities or other assets, a force majeure, cross default or downgrading event the death or incapacity of a Party or its general partner any default under a specified transaction or a specified master agreement), such change may or may not be coupled with a grace period or the serving of a written notice on the Defaulting Party by the Non-Defaulting Party, such change may be expressed to apply to one only of the Parties.
4. Any change to an Insolvency Event of Default (i) introducing a grace period for the filing of a petition for bankruptcy proceedings (of e.g. 15 or 30 days), (ii) modifying or deleting any such grace period, (iii) requiring that the filing of the petition is not frivolous, vexatious or otherwise unwarranted or (iv) that the non-defaulting party has reasonable grounds to conclude that the performance by the defaulting party of its obligations under the Agreement, Transactions, or both, is endangered.
5. Any change to an Insolvency Event of Default more particularly describing (i) the relevant procedures that would or would not constitute such event of default or termination event (ii) the relevant officers the appointment of which would or would not constitute such Insolvency Event of Default.
6. Any change to an Insolvency Event of Default extending its scope to events occurring with respect to the credit support provider, an affiliate, a custodian or trustee of a Party.
7. Any change to an Insolvency Event of Default replacing such event of default with a provision aligned to Section 5(a) (vii) of the 1992 or 2002 ISDA Master Agreement (or relevant part thereof).
8. Any change to the Agreement requiring the Non-defaulting Party when exercising its rights under the Security Interest Provisions (or other provisions) or making determinations to act in good faith and/or a commercially reasonable manner.
9. Any change clarifying that the Non-defaulting Party must, or may not, notify the other party of its exercise of rights under the Security Interest Provisions or other provision.