/Carey

FIA EUROPE - NETTING OPINIONS PROJECT

FIA Europe
2nd Floor
36-38 Botolph Lane
London EC3R 8DE

Santiago (Chile), January 20th., 2015.

Dear Sirs,

FIA Europe netting opinion issued in relation to the FOA Netting Agreement

You have asked us to give an opinion in respect of the laws of the Republic of Chile ("**this jurisdiction**") in respect of the enforceability and validity of the FOA Netting Provision contained in a FOA Netting Agreement or a Clearing Agreement.

We understand that your fundamental requirement is for the enforceability of the FOA Netting Provision to be substantiated by a written and reasoned opinion. Our opinions on the enforceability of the FOA Netting Provision are given in paragraph 3 of this opinion letter.

Further, this opinion letter covers the enforceability of the FOA Set-Off Provisions, the Clearing Module Set-Off Provision and the Title Transfer Provisions.

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 generally, Parties which are a corporation, that is, a legal entity that is organized as a company rather than a partnership and is engaged in industrial and/or commercial activities and does not fall into one of the other counterparty types treated in section 1.2 and in the applicable Schedule. This includes (i) stock corporations (*sociedades anónimas*), mainly regulated by Law No. 18,046, which names are followed by the words "*Sociedad Anónima*" or the abbreviation "S.A."; (ii) limited liability companies (*sociedades de responsabilidad limitada*), mainly regulated by Law No. 3,918, which names are followed by the word "*Limitada*" or the abbreviation "Ltda."; (iii) companies by shares (*sociedades por acciones*), mainly regulated by articles 424 et seq. of the Chilean Commerce Code, which names are followed by the abbreviation "SpA"; (iv) general partnerships (*sociedades colectivas*), regulated by articles 2,053 et seq. of the Chilean Civil Code and articles 349 et seq. of the Chilean Commerce Code, which names are followed by the word "*y compañía*"; and (v) limited partnerships (*sociedades en comandita*), regulated by articles 474 et seq. of the Chilean Commerce Code, which names are followed by the word "*y compañía*", all of the above incorporated or formed under this jurisdiction;

1.1.2 generally, in respect of Parties which are branches in this jurisdiction of foreign banks and other corporations; and

1.1.3 securities dealers or broker dealers (*corredores de bolsa* or *agentes de valores*) incorporated under Law No. 18,046 of Stock Corporations and Law No. 18,045 of Securities Market.

1.2 This opinion is also given in respect of Parties that are any of the following, subject to the terms of reference, definitions, modifications and additional assumptions and qualifications set out in the Schedule to this opinion applicable to that type of entity:

1.2.1 Banks incorporated under Decree with Force of Law No. 3 of 1997 (Schedule 1);

1.2.2 Partnerships (*asociación* or *cuentas en participación*) organised under articles 507 et seq. of the Chilean Commerce Code (Schedule 2);

1.2.3 Insurance companies incorporated under Decree with Force of Law No. 251 of 1931 (Schedule 3);

1.2.4 Individuals (Schedule 4);

1.2.5 Funds organised as investment funds and private equities, incorporated under Law No. 20,712 (Schedule 5);

1.2.6 Sovereign and public sector entities (Schedule 6); and

1.2.7 Pension entities in the form of Pensions Funds, administrated by the AFPs (*Administradoras de Fondos de Pensiones*) incorporated under Law Decree Law No. 3,500 of the Ministry of Labour of 1980 (Schedule 7).

1.3 This opinion is given in respect of the FOA Netting Agreement and the Clearing Agreement when the FOA Netting Agreement and the Clearing Agreement are expressed to be governed by English law.

1.4 This opinion covers all types of Transactions listed in Annex 2 that would qualify as "derivative" transactions under Chilean law, i.e. those mentioned in paragraphs A and E. This opinion covers all types of Transactions except the types of Transactions defined in clauses B, C, and D of Annex 2. The types of Transactions defined in clauses B, C and D of Annex 2 are not within the scope of Article 140 of the Bankruptcy Law (described in paragraph 3.3) and, consequently, it is not possible to give a positive opinion on these types of Transactions.

1.5 This opinion is given in respect of only such of those Transactions which are capable, under their governing laws, of being terminated and liquidated in accordance with the FOA Netting Provision.

1.6 The opinions set out in paragraphs 3.7 and 3.8 are given only in relation to Margin which is located outside this jurisdiction.

1.7 A person incorporated or organised in this jurisdiction may be a Party to a Clearing Agreement only in the capacity of "Client" (as defined in the FOA Clearing Module or the ISDA/FOA Clearing Addendum). Our opinion does not apply in respect of a person incorporated or organised in this jurisdiction who is Party to a Clearing Agreement as "Firm" (as defined in the FOA Clearing Module) or "Clearing Member" (as defined in the ISDA/FOA Clearing Addendum).

1.8 In this opinion, 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 risk of successful challenge. We do not opine on the availability of any judicial remedy.

1.9 A reference in this opinion to a Transaction is a reference, in relation to the FOA Netting Agreement to a Transaction (as defined therein) and, in relation to FOA Clearing Module and ISDA/FOA Clearing Addendum to a Client Transaction (as defined therein).

1.10 Definitions

Terms used in this opinion letter and not otherwise defined herein shall have the meanings ascribed to them in the FOA Netting Agreement or the Clearing Agreement, unless the context specifies otherwise. Where, in a FOA Netting Agreement or, as the case may be, a Clearing Agreement, a defined term has been changed but the changed term bears the same meaning as a term defined in a FOA Published Form Agreement or this opinion letter, this opinion letter may be read as if terms used herein were the terms as so changed.

1.10.1 "**Insolvency Proceedings**" means the procedures listed in paragraph 3.1;

1.10.2 "**Insolvency Representative**" means a liquidator, administrator, receiver or analogous or equivalent official in this jurisdiction; and

1.10.3 A reference to a "**paragraph**" is to a paragraph of this opinion letter.

1.10.4 Annex 3 contains further definitions of terms relating to the FOA Netting Agreement and the Clearing Agreement.

2. ASSUMPTIONS

We assume:

2.1 That no provision of the FOA Netting Agreement or Clearing Agreement that is necessary for the granting of our opinions and advice in this opinion letter has been altered in any material respect, including by reason of a Mandatory CCP Provision. In our view, an alteration contemplated in Part 2 (*Non-material Amendments*) of Annex 4 hereto would not constitute a material alteration for this purpose unless the alteration has been set out by us in Section 5 of Annex 5. We express no view whether an alteration not contemplated in Part 2 (*Non-material Amendments*) of Annex 4 would or would not constitute a material alteration.

2.2 That the FOA Netting Agreement or, as the case may be, the Clearing Agreement, and the Transactions or, as the case may be the Firm/CCP Transactions and CM/CCP Transactions are legal, valid, binding and enforceable against both Parties under their governing laws.

2.3 That each Party has the capacity, power and authority under all applicable law(s) to enter into the FOA Netting Agreement or, as the case may be, the Clearing Agreement, and the Transactions; to perform its obligations under the FOA Netting Agreement or, as the case may be, the Clearing Agreement, and the Transactions; and that each Party has taken all necessary steps to execute, deliver and perform the FOA Netting Agreement or, as the case may be, the Clearing Agreement.

2.4 That each Party has obtained, complied with the terms of and maintained all authorizations, approvals, licences and consents required to enable it lawfully to enter into and perform its obligations under the FOA Netting Agreement or, as the case may be, the Clearing Agreement, and the Transactions and to ensure the legality, validity, enforceability or admissibility in evidence of the FOA Netting Agreement or, as the case may be, the Clearing Agreement in this jurisdiction.

2.5 That the FOA Netting Agreement or, as the case may be, the Clearing Agreement is entered into prior to the commencement of any insolvency proceedings under the laws of any jurisdiction against either Party.

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2.6 That no provision of the FOA Netting Agreement or, as the case may be, the Clearing Agreement, or a document of which the FOA Netting Agreement or, as the case may be, the Clearing Agreement forms part, or any other arrangement between the Parties, or any Mandatory CCP Provision, constitutes an Adverse Amendment.

2.7 The FOA Netting Agreement or, as the case may be, the Clearing 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.

2.8 That the FOA Netting Agreement or, as the case may be, the Clearing Agreement accurately reflects the true intentions of each Party.

2.9 That each Party, when transferring Margin pursuant to the Title Transfer Provisions has effectively transferred all right title and interest in the Margin according to the laws of the jurisdiction where the Margin is located (please see the Section 3.7.2 below).

3. OPINION

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

3.1 Insolvency Proceedings.

The only 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 are the following:

Bankruptcy proceedings: this proceeding may be either a reorganization and/or a total-asset-liquidation oriented process, which begins with an application by either the debtor or the creditors. The bankruptcy proceedings apply to all the parties listed in paragraph 1.1 above, with the exceptions indicated in Schedules 1, 2, 3, 5, 6 and 7.

One of the procedures are is oriented to the composition of the debts of the debtor, in which case it will be protected against any acceleration, early termination, foreclosure or individual execution for up to three 30-day periods, while the other procedure is oriented to the orderly liquidation of the assets of the debtor so that it can pay its debts (or a part thereof).

We confirm that the events specified in the Insolvency Events of Default Clause adequately refer to all Insolvency Proceedings, without the need for any additions.

3.2 Recognition of choice of law

3.2.1 The choice of English law to govern the FOA Netting Agreement or, as the case may be, the Clearing Agreement will be recognised in this jurisdiction even if neither Party is incorporated or established in England.

3.2.2 An Insolvency Representative would have regard to English law, as appropriate, as the governing law of the FOA Netting Agreement or, as the case may be, of the Clearing Agreement, in determining the contractual validity of the (i) FOA Netting Provision and the FOA Set-Off Provisions or, as the case may be, of the Clearing Module Set-Off Provision, and (ii) the Title Transfer Provisions.

3.3 Enforceability of FOA Netting Provision

In relation to a FOA Netting Agreement and in relation to a Clearing Agreement where the Client is a Defaulting Party, the FOA Netting Provision will be immediately (and without fulfilment of any further conditions) enforceable in accordance with its terms so that, following an Event of Default, including as a result of the opening of any Insolvency Proceedings:

(a) the Non-Defaulting Party would be entitled immediately to exercise its rights under the FOA Netting Provision; and

(b) the Non-Defaulting Party would be entitled to receive or obliged to pay only the net sum of the positive and negative mark-to-market values of individual Transactions.

We are of this opinion because:

One of the founding principles of the Chilean Civil Code is the Autonomy Principle, by virtue of which contracting parties can freely enter into any contract, with wide contractual freedom to determine all of its provisions, provided that they are not explicitly prohibited by law. This principle encompasses the ability of the contracting parties to enter into the FOA Netting Agreement, and, likewise, to freely determine the FOA Netting Provision as a legal and viable mechanism for the Non-Defaulting Party to exercise its rights.

The Autonomy Principle is widely recognized under Chilean law, and is tacitly established in several provisions of the Chilean Civil Code, such as articles 12, 1437, 1444 and 1450 of the Civil Code.

No Chilean law currently forbids the parties of a Derivatives Agreement from agreeing to set forth the FOA Netting Provision. Therefore, in case of any Event of Default, the FOA Netting Provision shall be enforceable.

In the case of Bankruptcy, however, Article 140 of the Bankruptcy Law establishes, as a general rule, that bankruptcy declaration prevents any netting of reciprocal obligations which has not taken place by the sole operation of law before the date of the bankruptcy declaration, between reciprocal obligations of the bankrupt and its creditors, except in the case of connected obligations ("*obligaciones conexas*"), derived from the same agreement or negotiation, regardless their different maturity dates.

The second paragraph of Article 140 of the Bankruptcy Law defines *'obligaciones conexas' as those obligations that, even being in different currencies, emanate from derivative transactions, such as futures, options, swaps, forwards or other instruments or derivative contracts entered into between the same parties, in one or more opportunities, pursuant to Chilean or foreign law, as part of a single master agreement duly recognized by the Central Bank of Chile and that includes netting provisions in case of bankruptcy or mandatory liquidation. The Central Bank of Chile may determine the terms and general conditions of the above-mentioned master agreements, to which a bank or any another institutional investor is a party, considering for these purposes master agreements generally accepted in international markets*";

The third paragraph of the same Article 140 of the Bankruptcy Law provides that "*each of the obligations arising from derivative transactions performed as aforesaid, shall be deemed due, liquid and immediately enforceable at the date of the bankruptcy declaration and its amounts shall be calculated at such date in accordance with its terms and conditions. Hence, netting that operates from the application of the above paragraph, shall be calculated and performed simultaneously on such date*". According to this provision, netting shall take place on the date of the bankruptcy declaration and such date shall be used to calculate each of the amounts owed by each of the parties. If after the netting there is a balance in favour of one of the parties to the transaction, then such party could claim such balance through the bankruptcy proceedings in Chile; the final paragraph of Article 140 of the Bankruptcy Law provides that "*in case that one of the parties is a bank organized in Chile, netting shall only operate with respect to transactions with derivative products whose terms and conditions are authorized by the Central Bank of Chile*".

In this respect, the Central Bank of Chile issued the following resolutions with respect to netting of Derivative Transactions that the Other Party should be aware of:

(i) Resolution No. 1385 dated January 17, 2008 ("**R-1385**"), whereby the Central Bank of Chile recognized as acceptable agreements for close-out netting in case of insolvency of a Chilean counterparty the "1992 ISDA Master Agreement", in its forms "Local Currency – Single Jurisdiction" and "Multicurrency-Cross Border", and the "2002 ISDA Master Agreement". Such recognition includes any amendment, substitution or supplement of any of the referred master agreements, agreed by the appropriate entities and in accordance with the legislation, regulation and the procedures that may correspond. The Central Bank of Chile's resolution specifically limited its application to corporate entities subject to the Bankruptcy Law.

(ii) Resolution No. 1427 of August 7, 2008 ("**R-1427**"), whereby the Central Bank of Chile extended the recognition of the above referred ISDA Master Agreements for netting purposes to local banks subject to mandatory liquidation procedures. Section No. 2 of R-1427 also refers to the events of early termination that would be permitted by the Central Bank for netting when one of the parties involved is a local bank or an institutional investor and limit such early termination events to: (i) mandatory liquidation or cancellation of licenses by the regulator; (ii) voluntary termination of the bank or institutional investor's operations, prior consent of the regulator, and (iii) default in payment of a material obligation under a derivative contract governed by the ISDA Master Agreement (hereinafter, jointly referred as the "**Permitted ETE**").

(iii) Finally, on January 22, 2009, the Central Bank issued Resolution No. 1457 ("**R-1457**") to supplement and clarify R-1427 as follows:

a. Parties may freely agree on any other early termination event (in addition to bankruptcy and the Permitted ETE). Nevertheless, netting as a consequence of early termination events different from bankruptcy and any Permitted ETE, <u>will be suspended</u> in case certain sanctions or actions described in R-1457, different to the revocation of its authorization of existence, are applied to certain Chilean entities.

i. Banking institutions established in Chile, when:

1. The Superintendent of Banking and Financial Institutions (the "**Superintendent**") has imposed any of the limitations or prohibitions established in art. 20 of the Ley General de Bancos (*Banks Law*), for financial instability or deficient administration.

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2. A Bank is in one of the situations described in Chapter XV of the Banks Law, different from mandatory liquidation, which refers to the measures to be employed by the Superintendent of Banks and Financial Institutions to amend the situation of banks and their forced liquidation.

ii. Institutional Investors described in art. 4 bis (e) of the Capital Market Law (*"Ley de Mercado de Capitales"*), which refers to banks, financial corporations, insurance companies, national reinsurance entities, and fund managers, as well as any other institution that qualifies as an Institutional Investor as determined by the Superintendent, whenever the Superintendent has applied to any Institutional Investor any of the following measures or sanctions, different from the revocation of its existing authorization:

1. Insurance and Reinsurance Entities established in Chile, governed by DFL N° 251, when the Superintendent has applied any measures arising out of the entities' net worth deficit, investment deficit or indebtedness deficit, or the application of any of the sanctions included in numbers 3 and 4 of article 44 of DFL N° 251.

2. Pension Funds Managers governed by DL 3,500, and other Institutional Investors, when they incur in violations of their limits of liquidity or solvency, as well as remaining within the limits of investment, diversification and indebtedness.

b. Likewise, R-1457 establishes that the exercise of the regulatory authorities of the Central Bank of Chile shall not be used as a cause to request, for netting purposes, the early termination event of the obligations of a Derivative Transaction. Please note that R-1457 specially sets on record two examples of authorities which exercise is specially included for these purposes: (a) exchange limitations and restrictions, applied by the Central Bank to banks and institutional investors, and (b) investment restrictions, applied by the Central Bank to institutional investors.

Article 140 of the Bankruptcy Law (which repeats the provision of Article 69 of the former bankruptcy law, replaced by the current Bankruptcy Law, in force as of October 10, 2014) has been understood as permitting netting between all transactions entered into under one single agreement, because they were understood to be connected obligations and this is the opinion that we have expressed and that we continue to maintain as of the date hereof. No case law exists in this respect so far.

Further, 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 exercise of such rights by the Non-Defaulting Party, other than those contained in the newly effective Bankruptcy Law and referred to in Section 3.1 above.

No amendments to the FOA Netting Provision are necessary in order for the opinions expressed in this paragraph 3.3 to apply.

3.4 Use of FOA Clearing Module or ISDA/FOA Clearing Addendum not detrimental to FOA Netting Provision

In relation to a Clearing Agreement, the opinions expressed at paragraph 3.3 above in relation to the FOA Netting Provision are not affected by the use of the FOA Clearing Module or the ISDA/FOA Clearing Addendum in conjunction with the FOA Netting Agreement. In a case where a Party, who would (but for the use of the FOA Clearing Module or the ISDA/FOA Clearing Agreement) be the Defaulting Party for the purposes of the FOA Netting Agreement, acts as Firm (as defined in the FOA Clearing Module) or Clearing Member (as defined in the ISDA/FOA Clearing Addendum), the question as to whether the FOA Netting Provision will, to the extent inconsistent with the Clearing Module Netting Provision or, as the case may be, the Addendum Netting Provision, be superseded by the Clearing Module Netting Provision or, as the case may be, the Addendum Netting Provision would be determined under the governing law of the Clearing Agreement.

3.5 Enforceability of the FOA Set-Off Provisions

3.5.1 In relation to a FOA Netting Agreement which includes the FOA Set-Off Provisions, the FOA Set-Off Provisions will be immediately (and without fulfilment of any further conditions) enforceable in accordance with their terms, so that following an Event of Default, the Non-Defaulting Party would be immediately entitled to exercise its rights under either or both of the FOA Set-Off Provisions, and in particular so that, upon the exercise of such rights:

(a) where the FOA Set-Off Provisions include the General Set-Off Clause:

(i) the value of any cash balance owed by the Non-Defaulting Party to the Defaulting Party would be set off against the Liquidation Amount (where such Liquidation Amount is owed by the Defaulting Party); or

(ii) the value of any cash balance owed by the Defaulting Party to the Non-Defaulting Party would be set off against the

Liquidation Amount (where such Liquidation Amount is owed by the Non-Defaulting Party); or

(b) where the FOA Set-Off Provisions comprise the Margin Cash Set-Off Clause only, the value of any cash margin owed by the Firm to the Client would be set-off against the Liquidation Amount (where such Liquidation Amount is owed by the Client).

We are of this opinion considering the legal basis specified in paragraph 3.3 above, which is similarly applicable.

No amendments to the General Set-Off Clause and the Margin Cash Set-Off Clause are necessary in order for the opinions expressed in this paragraph 3.5.1 to apply.

3.5.2 In relation to a Clearing Agreement which includes the FOA Set-Off Provisions and the Clearing Module Set-Off Provision and/or the Addendum Set-Off Provision (and in which the FOA Set-Off Provisions are not Disapplied Set-Off Provisions), the FOA Set-Off Provisions will be immediately (and without fulfilment of any further conditions) enforceable in accordance with their terms, so that following an Event of Default in respect of the Client, the Firm or, as the case may be, the Clearing Member would (to the extent that set-off is not already covered by the Clearing Module Set-Off Provision and/or the Addendum Set-Off Provision) be immediately entitled to exercise its rights under either or both of the FOA Set-Off Provisions, and in particular so that, upon the exercise of such rights:

(a) where the FOA Set-Off Provisions includes the General Set-Off Clause:

(i) the value of any cash balance owed by the Firm or, as the case may be, the Clearing Member to the Client would be set off against the Liquidation Amount (where such Liquidation Amount is owed by the Client); or

(ii) the value of any cash balance owed by the Client to the Firm or, as the case may be, the Clearing Member would be set off against the Liquidation Amount (where such Liquidation Amount is owed by the Firm or, as the case may be, the Clearing Member); or

(b) where the FOA Set-Off Provisions comprise the Margin Cash Set-Off Clause only, the value of any cash margin owed by the Firm or,

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as the case may be, the Clearing Member to the Client would be set-off against the Liquidation Amount (where such Liquidation Amount is owed by the Client).

We are of this opinion considering the legal basis specified in paragraph 3.3 above, which is similarly applicable.

No amendments to the General Set-Off Clause and the Margin Cash Set-Off Clause are necessary in order for the opinions expressed in this paragraph 3.5.2 to apply.

3.6 Set-Off under a Clearing Agreement with a Clearing Module Set-Off Provision

In relation to a Clearing Agreement which includes the Clearing Module Set-Off Provision (whether or not the FOA Set-Off Provisions are Disapplied Set-Off Provisions, insofar as constituting part of the Clearing Agreement), the Clearing Module Set-Off Provision will be immediately (and without fulfilment of any further conditions) enforceable in accordance with its terms so that the Firm would be immediately entitled to exercise its rights under the Clearing Module Set-Off Provision, and in particular, if there has been an Event of Default in respect of the Client or a CCP Default, so that the value of any cash balance owed by one Party to the other would be set off against any Available Termination Amount owed by the Party entitled to receive the cash balance, insofar as not already brought into account as part of the Relevant Collateral Value.

We are of this opinion considering the legal basis specified in paragraph 3.3 above, which is similarly applicable.

No amendments to the Clearing Module Set-Off Provision are necessary in order for the opinions expressed in this paragraph 3.6 to apply.

3.7 Enforceability of the Title Transfer Provisions

3.7.1 In relation to a FOA Netting Agreement (with Title Transfer Provisions) and in relation to a Clearing Agreement which includes the Title Transfer Provisions where the Client is a Defaulting Party, following the specification or deemed occurrence of a Liquidation Date, the Non-Defaulting Party would be immediately (and without fulfilment of any further condition) entitled to exercise its rights under the Title Transfer Provisions, so that the Default Margin Amount (as calculated pursuant to the terms of the Title Transfer Provisions) would be taken into account for the purposes of calculating the Liquidation Amount pursuant to the FOA Netting Provision.

3.7.2 The questions in relation to the FOA Netting Agreement (with Title Transfer Provisions) or a Clearing Agreement which includes the Title Transfer Provisions, (x) whether Transfers of Margin would be characterised as outright transfers of title or creating a security or other interest, and (y) whether Margin Transferred may be used without restriction, would, under the conflicts of laws rules of this jurisdiction, be determined by reference to the governing law of the FOA Netting Agreement (with Title Transfer Provisions) and a Clearing Agreement which includes the Title Transfer Provisions, and/or by reference to the governing law of the place where the Margin is located.

We are of this opinion considering the legal basis specified in the previous sections.

No amendments to the Title Transfer Provisions are necessary in order for the opinions expressed in this paragraph 3.7 to apply.

3.8 Use of security interest margin not detrimental to Title Transfer Provisions

In relation:

3.8.1 to a FOA Netting Agreement (with Title Transfer Provisions) and to a Clearing Agreement which includes the Title Transfer Provisions and the Non-Cash Security Interest Provisions (used with or without the Rehypothecation Clause) and/or the Client Money Additional Security Clause - whether the Default Margin Amount (as calculated pursuant to the terms of the Title Transfer Provisions) would be taken into account for the purposes of calculating the Liquidation Amount pursuant to the FOA Netting Provision; and

3.8.2 to the Clearing Agreement which includes the Title Transfer Provisions - whether the value of the Transferred Margin would be taken into account as part of the Relevant Collateral Value,

would be determined by reference to the governing law of the FOA Netting Agreement (with Title Transfer Provisions) and a Clearing Agreement which includes the Title Transfer Provisions, or by reference to the governing law of the place where the collateral is located. Further, our opinion at paragraph 3.7 remains true in relation to such a FOA Netting Agreement or Clearing Agreement.

3.9 Single Agreement

Under the laws of this jurisdiction it is not necessary that the Transactions and the FOA Netting Agreement or, as the case may be, the Clearing Agreement are part of a single agreement in order for the termination and liquidation under the FOA Netting Provision to be enforceable. For these purposes, it is only necessary that they are considered as "connected". In our view, the FOA Netting Agreement or, as the case may be, the Clearing Agreement, and Transactions are part of a single agreement.

3.10 Automatic Termination

It is desirable for the Parties to agree to an automatic, rather than an optional, termination and liquidation under the FOA Netting Provision to ensure the effectiveness of netting under the FOA Netting Agreement in the event of liquidation, or other similar circumstances. However, it is not necessary to have it for the event of bankruptcy, since the enacted article 140 of the newly effective Bankruptcy Law, will cause all of derivative transactions (including Transactions) entered into under the same master agreement (including the Agreement), be due at the time of liquidation.

According to Article 134 of the Bankruptcy Law, "The bankruptcy declaration resolution irrevocably sets down the rights of all creditors as in effect on the day of such decision, notwithstanding the cases specially stipulated by law". Pursuant to this provision, after the bankruptcy declaration the creditors of the insolvent party are not allowed to obtain an advantage from the insolvent party in order to improve their position to the detriment of the other creditors, since it will impair the rights of the other creditors already determined as of the bankruptcy declaration date. In this respect, Article 140 of the Bankruptcy Law represents one of the exceptions established by law to the general rule of Article 134. Therefore, Chilean courts could interpret Article 140 of the Bankruptcy Law in a restricted way and, consequently, sustain that such article only permits the netting or reciprocal obligations that are due and payable as of the date of the bankruptcy declaration. In this respect, it could be considered that only an Automatic Termination meets the requirements set forth in such Article 140 in order to set off the Transactions. Under this restricted interpretation of Article 140 of the Bankruptcy Law, the netting pursuant to the FOA Netting Provision made after the bankruptcy declaration date would represent a payment and disposition of property of the insolvent party made to the detriment of the other creditors and, therefore, it could be rejected by the courts. Accordingly, in case the netting notice sent after the bankruptcy date were not acceptable by Chilean courts, the Non-defaulting Party that terminates the Transactions after the bankruptcy declaration date will only be entitled to claim in the bankruptcy procedure the whole amounts owed by the debtor under the Transactions.

Furthermore, we expect it may be controversial under Chilean law if the Non-defaulting Party were to have an option to early termination the outstanding

Transactions in case of bankruptcy of its Chilean counterparty depending on the potential advantages or disadvantages of exercising such option for the Non-defaulting Party, exercising the right to early terminate the Transactions when the close-out amount is positive or deciding to continue with the Transactions when the close-out amount is negative. Chilean courts may interpret such option as being contrary to Article 134 of the Bankruptcy Law and, therefore, the termination of the Transactions that takes place after the date of the bankruptcy would not permit a set-off of reciprocal obligations.

3.11 Multibranch Parties

We do not consider that the use of the FOA Netting Agreement or, as the case may be, the Clearing Agreement by a Party with branches in a number of different jurisdictions, including some where netting may not be enforceable, would jeopardise the enforceability of the FOA Netting Provision, the FOA Set-Off Provisions, the Clearing Module Set-Off Provision or the Title Transfer Provisions insofar as the laws of this jurisdiction are concerned. In particular, there is no danger that an Insolvency Representative of a Defaulting Party could treat the obligations in respect of Transactions entered into in this jurisdiction separately from other obligations arising under the Agreement or other Transactions.

3.12 Insolvency of Foreign Parties

Where the Defaulting Party is incorporated or formed under the laws of another jurisdiction (a "**foreign Defaulting Party**") the foreign Defaulting Party can be subject to Insolvency Proceedings in this jurisdiction.

3.13 Special legal provisions for market contracts

There are special provisions of law which would affect the opinions given in this paragraph 3 which would apply to a Transaction between two Parties as a result of the fact that such Transaction was entered into on, or is back-to-back with a Transaction entered into on an exchange (in this or another jurisdiction), or is cleared at, or is back-to-back with a transaction to be cleared by a central counterparty.

4. QUALIFICATIONS

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

4.1 General qualifications

4.1.1 Upon the bankruptcy of a Chilean counterparty, the entry into Transactions during the relevant *suspect period* may be deemed ineffective *per se* under

Article 287 of the Bankruptcy Law when the insolvent party has granted a unilateral benefit or preference to its counterparty without any reasonable consideration, (a way which was not at arm's-length), such as any voluntary prepayment, payment of existing obligations in a form not contemplated or permitted in the original agreement, or granting collateral over the debtor's assets to secure previously unsecured obligations (the "*Ineffective Per Se Transactions*"). Transactions which are deemed ineffective for being entered into during the relevant suspect period will not affect other Transactions entered into by the parties prior to the beginning of the relevant suspect period. The transfer of Margin during the suspect period will only be considered *Ineffective Per Se* if the insolvent party has granted a unilateral benefit or preference to its counterparty without any reasonable consideration, such as any voluntary prepayment, payment of existing obligations in a form not contemplated or permitted in the original agreement, or granting collateral over the insolvent party's assets to secure previously unsecured obligations.

In these cases, the *suspect period* is one year counting back from the initiation of the reorganization or liquidation procedures, as the case may be, but such *suspect period* shall be extended to two years from the initiation of the reorganization or liquidation procedures when the relevant act or contract has been entered into without any consideration (*a título gratuito*) or with a related party to the debtor.

Likewise, for the purposes of this opinion, we assumed that the Non-defaulting Party is acting in good faith and, as of the date when the parties entered into each Transaction. Pursuant to Article 288 of the Bankruptcy Law, the creditors of a qualified debtor (or its trustee in bankruptcy) may request the court to declare ineffective acts or contracts which are not *Ineffective Per Se Transactions* when (i) the Non-defaulting Party had knowledge of the poor state of the business affairs of the debtor, and (ii) such acts or contracts were detrimental to the interest of the other creditors or alters the *pari passu* among the creditors. For the purposes of (ii) above, acts or contracts shall be deemed detrimental to the interest of the other creditors or alters the *pari passu* among the creditors when their terms and conditions differ from arm's-length conditions prevailing in the market for similar operations at the time of entering into such Derivative Transaction, or at the time that netting or set-off of such Derivative Transaction. The statute of limitations for this action is 2 years counting back from the initiation of the reorganization or liquidation procedures, as the case may be.

In addition, Article 2,468 of the Chilean Civil Code also grants the creditors of an insolvent debtor the right to request the nullity of acts and contracts entered into by such debtor prior to its declaration of bankruptcy or insolvency (*acción pauliana*) provided that (i) the act or contract causes damages to the creditors; and (ii) the debtor was aware of its poor state of the business affairs of the debtor at the time of entering into such act or contract and, in case of an onerous act or contract, the counterparty of the debtor was also aware of the poor business condition of the debtor. The statute of limitation for the *acción pauliana* is one year from the date of the corresponding act or contract. Based on the above, if the requirements for the *acción pauliana* are met, the Transactions revoked by a Chilean court could be excluded from the Transactions considered for the determination of the Close-Out Amount.

According to Chilean jurisprudence, in order to declare ineffective or to revoke acts or contracts pursuant to Article 288 of the Bankruptcy Law or Article 2,468 of the Chilean Civil Code, as corresponding, the counterparty of the debtor shall be fully aware of the poor state of the business affairs of the debtor. Such actual knowledge is a matter to be analyzed in a case by case basis and it must be proved by the party that claims the ineffectiveness or the revocation of the act or contract. Please note that Chilean Procedural Law rules the evidence which is admissible in a judicial proceeding and the weight and value to be given by the Courts to such evidence. On this respect, in absence of conclusive evidence by other means, a Court may only presume that the counterparty to a debtor had full and actual knowledge of the poor state of the business affairs of the debtor when the evidence presented by the plaintiff is serious, clear and unequivocal.[1]

The enforceability of netting does not result affected or become ineffective by sole the filing of an *acción pauliana*, or of a claim under Article 288 of the Bankruptcy Law, against Transactions entered by an insolvent debtor. Notwithstanding, if the legal requirements for the nullity of a Derivative Transaction upon such a claim are met and confirmed by a Chilean court after netting has been carried out, then a Chilean court may deem that the Derivative Transactions challenged by the other creditors (or the trustee) upon the bankruptcy or insolvency of the debtor should not have been considered in the determination of the Close-out Amount and, if applicable, demand the Non-defaulting Party to reimburse any excess payment received from the debtor as a consequence thereof.

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[1] Decision of the Supreme Court dated October 12, 2006, *"Nabor Urzúa Becerra síndico de quiebras con Jorge Hernán Trombert Sepúlveda y otros"*, Rol N° 2331- 2006; Decision of the Santiago Appellate Court dated January 21, 2008, *"Acasil S.A. con Banco Security"*, Rol N° 6134- 2006; Decision of the Santiago Appellate Court dated June 24, 1992; Decision of the Santiago Appellate Court dated September 10, 1991, *"Banco del Estado con Carlos Ayub Uauy y otros"* Rol N° 6933- 1990.

4.1.2 Notwithstanding as indicated in the above paragraphs, netting operated as from the "date of cessation of payments" (which may not precede by more than two years the date of the resolution declaring the composition or the liquidation) until the bankruptcy declaration may be annulled if made in respect of credits acquired against the bankrupt party by assignment or endorsement, to the extent the assignee was aware of the cessation of payments at the time of the assignment or endorsement (Title I of Chapter VI of the Bankruptcy Law).

Likewise, in the case the Chilean party is declared bankrupt, it may be requested that the prior payment made by the Chilean bankrupt party to the Non-Defaulting Party of the net amount resulting after set-off against any other amounts payable to it by the Non-Defaulting Party be deemed ineffective for constituting a payment made during the Suspect Period and that, as a consequence thereof, the funds representing such payment be restored to the bankrupt estate. As explained in 4.1., there are certain cases where payments are deemed ineffective per se, and other cases where payments may be rescinded. In our opinion, payments made at any time before the bankruptcy declaration, and which are not ineffective per se, should not be rescinded by the bankruptcy court, provided such payments were made in good faith.

4.1.3 Where an obligation has been entered into (including under a Transaction or a transfer of Margin under the Title Transfer Provisions) after the commencement of Insolvency Proceedings in relation to a Party, any amount which is due in respect of such an obligation may not be capable of inclusion in the netting under the FOA Netting Provision, the Clearing Module Netting Provision, the Addendum Netting Provision, or a set-off under the FOA Set-Off Provisions, the Clearing Module Set-Off Provision or the Addendum Set-Off Provision, but this would not impair the effectiveness of the netting under the FOA Netting Provision, the Clearing Module Netting Provision, the Addendum Netting Provision, or a set-off under the FOA Set-Off Provisions, the Clearing Module Set-Off Provision or the Addendum Set-Off Provision in respect of amounts due in respect of Transactions entered into before the commencement of such Insolvency Proceedings.

4.1.4 If the obligations under the FOA Netting Agreement or, as the case may be, the Clearing Agreement are not "connected" ("*conexas*") between the Parties they may not be eligible for inclusion in a netting or set-off pursuant to the FOA Netting Provision, the FOA Set-Off Provisions or the Clearing Module Set-Off Provision. For these purposes, under the laws of this jurisdiction, obligations would be regarded as "connected" (please see the

Section 3.3 above). However, the inclusion of amounts in respect of obligations which are not "connected" would not impair the effectiveness of the netting under the FOA Netting Provision or a set-off under the FOA Set-Off Provisions or the Clearing Module Set-Off Provision in respect of amounts due in respect of Transactions which are "connected".

4.1.5 In considering our opinion regarding the insolvency of foreign parties (3.12 above), please note that the Bankruptcy Law does not provide for a specific solution regarding this matter nor is there neither sufficient nor recent jurisprudence of our courts with regards thereto. Having that in mind, our opinion is as follows:

For purposes of Chilean law, a Chilean branch of a foreign company and the foreign parent company would be deemed as the same legal entity. Therefore, a foreign court's resolution that declares the bankruptcy of the foreign company should be recognised by Chilean courts, provided an "exequatur" in respect thereof is granted by the Supreme Court of Chile.

If the foreign parent company has not been declared bankrupt in its home jurisdiction, there would be no impediment for declaring it in bankruptcy in Chile, provided the requirements of the Bankruptcy Law are met. In this case, pursuant to the Bankruptcy Law, the effects of the bankruptcy declared in Chile would extend to all assets and to all creditors, whether Chilean or foreigners, both of the Chilean branch and of the foreign parent company.

If the foreign parent company has been declared bankrupt in its home jurisdiction, such bankruptcy declaration would have effect in Chile pursuant to the provisions of the International Private Law Convention (the "Convention" or "*Código de Bustamante*"), since in general it has been accepted that the rules of the Convention constitute general principles of Chilean international private law. For such purposes, it would be necessary to obtain the prior "exequatur" of the Supreme Court of Chile with respect to the bankruptcy declaration. (Such "exequatur" will be necessary for most of the effects of the bankruptcy, save for some minor ones, such as proving the authority of the foreign insolvency official to act on behalf of the bankrupt party). In this case, the bankruptcy of the foreign parent company will extend to its Chilean branch, since they are considered as the same legal entity. Regarding the Insolvency Proceedings to be conducted in Chile, we are not aware of precedents or opinions of doctrine regulating the matter. For this reason, we believe that the procedures to be followed would depend on the nature and characteristics of each specific case. Notwithstanding the foregoing, we think it might be possible that, once the "exequatur" is granted, a *sui generis* bankruptcy proceeding is initiated in Chile in which, without requesting the declaration of bankruptcy (since bankruptcy has already been declared abroad), it is requested that the procedural rules and principles of the Chilean bankruptcy proceedings be applied. However, it might also be possible that it is not necessary to initiate bankruptcy proceedings in Chile and that the use of the ordinary proceedings for exercising rights in the bankruptcy declared abroad is permitted.

Finally, regarding the possibility of declaring in Chile the bankruptcy of a Chilean branch of a foreign parent company that has been declared bankrupt abroad, we are not in a position to give a final answer. In principle, since under Chilean law the foreign parent company and the branch are the same legal entity, we believe it could be claimed that it is not possible and that such argument could be accepted by Chilean courts. However, it could also be possible that a Chilean court declares the bankruptcy based either on a legal or a pragmatic argument. The legal argument could be the provisions of Article 415 of the International Private Law Convention that exceptionally permit that in the case of a company that has economically separate commercial undertakings in different jurisdictions it is possible to have separate insolvency or bankruptcy proceedings in each of such jurisdictions. As commented before, such provision could be considered as a general principle of Chilean international private law, provided it does not conflict with Chilean public policy (which is doubtful). Likewise, a Chilean court could be inclined to declare the bankruptcy if it feels that it solves a practical problem, as would be the case if it is the Chilean branch and not the foreign parent company that holds most of the assets and owes money to the creditors. In any event, in case the bankruptcy of the Chilean branch (of a foreign parent company already declared bankrupt abroad) is declared in Chile, both in substantive and procedural matters, the rules of the Bankruptcy Law will apply.

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

This opinion is given for the sole benefit of FIA Europe and members of FIA Europe (other than associate members) and their affiliates which have subscribed to FIA Europe's opinions library and whose terms of subscription give them access to this opinion (as evidenced by the records maintained by FIA Europe and each a "**subscribing member**").

This opinion may not, without our prior written consent, be relied upon for any other purpose or be disclosed to or relied upon by any other person save that it may be disclosed without such consent to:

a) any person to whom disclosure is required to be made by applicable law or court order or pursuant to the rules or regulations of any supervisory or regulatory body or in connection with any judicial proceedings;

b) the officers, employees, auditors and professional advisers of any addressee or any subscribing member; and

c) any competent authority supervising a subscribing member in connection with their compliance with their obligations under prudential regulation

on the basis that (i) such disclosure is made solely to enable any such person to be informed that an opinion has been given and to be made aware of its terms but not for the purposes of reliance, and (ii) we do not assume any duty or liability to any person to whom such disclosure is made and in preparing this opinion we have not had regard to the interests of any such person.

We accept responsibility to FIA Europe and the subscribing members in relation to the matters opined on in this opinion. However, the provision of this opinion is not to be taken as implying that we assume any other duty or liability to the subscribing members. The provision of this opinion does not create or give rise to any client relationship between this firm and the subscribing members.

Yours faithfully,

Diego Peralta V.
Carey y Cía.

SCHEDULE 1
BANKS AND FINANCIAL INSTITUTIONS.

Subject to the modifications and additions set out in this Schedule 1 (*Banks and Financial Institutions*), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of parties which are banks and financial institutions.

For the purposes of this Schedule 1 (*Banks and Financial Institutions*), "**Banks and Financial Institutions**" is every special stock corporation that, authorized in the manner provided for in the Chilean Banking Law (as defined below) and subject to its provisions, engages in the business of receiving in a customary manner money or funds from the general public, in order to use it to grant loans, discount documents, make investments and effect financial intermediation, obtain a rent out of this money and, generally, perform any other transaction permitted by the laws. As a matter of fact, there have been no Financial Institutions operating in Chile and the applicable section in the Chilean Banking Law was abrogated.

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.**

1.1 Modifications to terms or reference:

Paragraph 1.10.1 is deemed deleted and replaced with the following:

""**Insolvency Proceedings**" means the procedures listed in section 3.1 of Schedule 1."

1.2 Additional definitions:

As used in this Schedule, the following terms have the meanings set forth below:

"**SBIF or Superintendence of Banks**" means the Chilean Banks and Financial Institutions Commission; and

"**Chilean Banking Law**" means the Decree with Force of Law No. 3, as amended.

2. **ADDITIONAL ASSUMPTIONS.**

None.

3. **MODIFICATIONS TO OPINIONS.**

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On the basis of the terms of reference and assumptions and subject to the qualifications (in each case set out in this opinion letter as modified, or added to, by this Schedule), we are of the following opinion.

3.1 <u>Insolvency Proceedings</u>: Banking Entities.

The composition, rehabilitation or other insolvency or reorganisation procedures to which a party that is a banking entity could be subject under the laws of this jurisdiction, and which are relevant for the purposes of this opinion letter, are as follows:

3.1.1. Under the Banking Law, if a bank fails to pay any of its debts as they become due, the manager of the bank will be required immediately provide notice thereof to the SBIF, who shall determine if the solvency of the bank continues and, should the contrary be the case (i.e., the bank is insolvent), adopt the measures that must be applied according to the laws, as indicated below. Besides the right of any unpaid creditor of the bank that may also notify the SBIF for the same purposes.

Please note that banks are required to inform to the public, as a "material fact", all the facts or acts that may produce material changes in its financial condition and other situations specified in the SBIF's regulations.

3.1.2. The SBIF may determine that a bank should be liquidated for the benefit of its depositors or other creditors when (i) the bank does not have the necessary solvency to continue its operations; or (ii) it is required in order to protect its depositors or other creditor; or (iii) the financial composition to avoid a liquidation has been rejected (please note that this rejection is not required in cases (i) and (ii) above). In these scenarios the SBIF may revoke the authorization of existence (bank's license) of the affected Chilean bank and order its mandatory liquidation. This resolution needs the prior approval and consent of the board of the Central Bank of Chile. The resolution of the SBIF must state the reasons for ordering the liquidation and it must appoint a liquidator, unless the SBIF itself assumes this role.

If the SBIF orders the liquidation of a bank, the assets of the bank (or the proceeds of sale thereof) will be distributed, first to holders of demand obligations of the bank, second to "preferred creditors" (being secured creditors and certain classes of creditors which are mandatorily preferred by law), third to holders of all senior unsubordinated unsecured obligations of the bank (i.e., obligations under transactions of a master agreement) and fourth to holders of subordinated unsecured obligations of the bank, including holders of subordinated notes.

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According to article 136 of the Banking Law, the resolution that orders the liquidation of a bank produces the immediate acceleration of all credits existing against the relevant Chilean Bank, independently to the special rules set forth for mortgage funding notes. Thus, in case of a mandatory liquidation of a bank, if a creditor is at the same time debtor of the bank, netting will follow the general rule described in section 3.3. and 3.4 of the opinion letter to which this Schedule 1 refers to.

3.1.3. If a bank has solvency problems that jeopardize the timely payment of its obligations and the SBIF does not order the liquidation of the bank, the bank's board of directors must submit a plan of reorganization (financial composition) to all of its creditors. The plan of reorganization shall not affect the rights of the holders of demand obligations and secured creditors ("**Excluded Creditors**"). There are no restrictions on netting if a plan of reorganisation is submitted. After the SBIF has reviewed the proposed plan, the creditors (other than Excluded Creditors) will be entitled to vote on the plan. Each creditor will be entitled to such proportion of the total votes which the indebtedness (including principal and interest) owed to such creditor (regardless of ranking) bears to the total indebtedness of the bank (including principal, interest and any premium payable thereon, but excluding indebtedness owed to preferred creditors) on the date the reorganization plan is proposed. The plan will require a majority of the total votes to be approved.

If a bank submits a plan of reorganization, it shall be notified by means of a publication in the Official Gazette and in a national newspaper. For information purposes, foreign creditors shall be also notified by telex, cable or any other equivalent means to the address registered with the bank.

As from the date the plan of reorganization is submitted and while a decision of the creditors with respect to the same is pending, repayments of deposits and obligations other than on demand deposits and obligations shall not be enforced against the bank.

The creditors shall have the right to vote on the financial composition proposals within the period of fifteen days counted from the date of the publication in the Chilean Official Gazette referred to above, to which purpose they shall indicate their option in the offices of the bank expressly indicated to that effect. The vote shall be witnessed and the scrutiny effected by a notary public or another minister of faith.

The financial composition shall be considered accepted if approved by of creditors representing the absolute majority of the total voting liabilities.

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If the financial composition is rejected, the bank's board of directors must propose a further plan containing a proposal to reduce the bank's indebtedness (including deposits) by converting a part or all of the indebtedness of the bank into shares (as described below). If the revised plan is not approved by a majority of the votes, the bank will be required to be liquidated, as described above.

If the revised reorganization plan is approved by the creditors, the claims of demand depositors must first be satisfied to the extent demanded, followed by preferred creditors. All claims of holders of senior unsecured and unsubordinated unsecured obligations will be subsequently satisfied in accordance with the reorganization plan. Subordinated unsecured obligations of the bank will be mandatorily converted into new shares of the bank (**"New Shares"**) to the extent required to ensure that the net worth of the bank is equivalent to 12% or more of its risk-weighted assets.

The New Shares are required to be distributed to holders of subordinated unsecured obligations on a *pro rata* basis in proportion to the capitalized amounts due (including principal and interest) to such holders. If the net worth of the bank is positive on the date the reorganization plan is proposed, the number of New Shares to be issued in exchange for subordinated unsecured obligations will be such that the value of each New Share is equivalent to the bank's net worth on such date divided by the number of shares of the bank outstanding on such date. If the net worth of the bank on such date is negative, the shares of the bank outstanding on such date will be extinguished upon the issue of the New Shares. If the net worth of the bank is positive on the date the reorganization plan is proposed, the holders of the New Shares may, within 90 days following each shareholders' meeting of the bank at which the balance sheet of the bank for the previous fiscal year is approved, tender the New Shares to the bank and the bank will be obliged to purchase such New Shares at their book value (determined as of 31 December of the fiscal year of the approved balance sheet) out of the net profits of the bank, to the extent available.

To the extent that New Shares remain outstanding, net profits of the bank will be mandatorily allocated first to declared dividends on the New Shares, second to payment of the purchase price of the New Shares tendered to the bank, and third to declared dividends on the other shares of the bank. To the extent that New Shares are tendered to the bank and net profits are unavailable to purchase all tendered New Shares, the bank will be required to purchase New Shares on a *pro rata* basis in proportion to the total number of New Shares tendered. The tendered New Shares that are not purchased will remain outstanding and the holders of such New Shares may tender such New Shares to the bank in subsequent years. New Shares purchased by the bank pursuant to the right of holders of New Shares to tender their New Shares will be distributed to those individuals which were shareholders of the bank immediately prior to the approval of the plan on a *pro rata* basis in proportion to the number of shares held on the date of such approval and such holders will not have the right to tender such shares nor the right to receive dividends prior to the payment of the purchase price for any tendered New Shares.

3.1.4 Please note that article 120 of the Chilean Banking Act rules the **voluntary liquidation** of a Chilean Bank: The liquidation will be done according to the rules settled for Chilean stock corporations and will be carried out by a special commission or panel ("*Comisión Liquidadora*") which is formed by three members (unless agreed otherwise) which shall remain in their duties for three years. The "*Comisión Liquidadora*" represents the corresponding corporation with ample powers but only towards liquidating purposes.

According to Title IX, section 3 of Circular number 2495-866 issued on November 6, 1989 by the SBIF; the resolution approving the dissolution of a Chilean Bank, (a prior step before agreeing the liquidation of the Chilean Bank) will also revoke its authorization of existence, so it could not be able to perform banking activities any more. The entity will no longer be a Bank, and if bankruptcy is requested, it will be declared against the stock corporation in liquidation. Under these circumstances, the Board of Directors of the Chilean Bank, which is a stock corporation, will have to summon to a Shareholders Meeting (that will approve the liquidation).

3.2 Multibranch-Parties: Banking Entities.

Article 81 of the Banking Law, which regulates foreign branches of local banks, provides that "*for the purposes of operations between a foreign branch and its head office, both shall be considered as independent entities*". This rule prevents a local bank and its foreign branch from being considered as a single entity for the purposes of the FOA Netting Provision contained in a FOA Netting Agreement or a Clearing Agreement.

Article 69 of the Banking Law, which defines which specific operations local banks are allowed to carry out, does not provide for the ability of local banks to guarantee or assume obligations of affiliate entities. Thus, it is important to have this under consideration, as Transactions where one of the parties is a foreign bank acting through its Chilean branch could be construed as a third party guarantee by the local bank regarding obligations of its foreign branch. Chapter 8-10 of the SBIF's Updated Rule Compendium, as well as Chapter III.I.1 of the Central Bank's

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Compendium of Financial regulations, both prohibit local banks from guaranteeing obligations of other Chilean banks, or of foreign banks or financial institutions which have ownership ties to another bank located in Chile.

In addition, article 136 of the Banking Law, which regulates the netting of Transactions with local banks, only permits netting of bilateral obligations between two parties who are reciprocally debtors and creditors of each other. In accordance to the terms of said article, netting of Transactions occurs only "*when a debtor is at the same time a creditor of the bank*". Pursuant to such provision, and those contained in Article 81 of the Banking Law, netting of Transactions cannot take place simultaneously between a local bank, its foreign branch and a third party, since the obligations of the local bank and those of the foreign branch cannot be considered as the same obligation in terms of recourse.

4. ADDITIONAL QUALIFICATIONS.

If a reorganization plan is submitted and as long as the decision of the creditors about the plan is pending, the enforcement of net amounts will not be enforceable and only on demand deposits and on demand obligations may be sought against the bank.

5. MODIFICATIONS TO QUALIFICATIONS.

None.

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SCHEDULE 2
PARTNERSHIPS (*ASOCIACIÓN* OR *CUENTAS EN PARTICIPACIÓN*).

Subject to the modifications and additions set out in this Schedule 2 (*Partnerships*), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of parties which are partnerships.

For the purposes of this Schedule 2 (*Partnerships*), "**Partnership**" means the participation in an agreement by which two or more merchants have interest in one or more commercial operations, instantaneous or successive, that shall be performed by one of the merchants at its sole name and under its own personal credit, being accountable to its partners and obliged to split the earnings or losses in the agreed proportion.

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.

1.1 Modifications to terms or reference:

Paragraph 1.10.1 is deemed deleted and replaced with the following:

""**Insolvency Proceedings**" means the procedures listed in section 3.1 of Schedule 2."**2. ADDITIONAL ASSUMPTIONS.**

None.

3. MODIFICATIONS TO OPINIONS.

3.1. Insolvency Proceedings: Partnerships.

The bankruptcy, composition, rehabilitation or other insolvency or reorganisation procedures to which a party which is a partnership could be subject under the laws of this jurisdiction, and which are relevant for the purposes of this opinion letter, are as follows:

Partnerships are not legal entities (*personas juridicas*) and, hence, they cannot become subject to bankruptcy, reorganization or other insolvency proceedings. The manager of the partnership (*gestor*) is considered as the sole owner of the common estate and thus, if the manager is declared bankrupt, the common assets will be subject to the bankruptcy proceeding.

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3.2 All the other opinions set out in the opinion letter apply to partnerships, as the manager is considered as the owner of the common estate.

4. ADDITIONAL QUALIFICATIONS.

None.

5. MODIFICATIONS TO QUALIFICATIONS.

None.

SCHEDULE 3
INSURANCES COMPANIES.

Subject to the modifications and additions set out in this Schedule 3 (*Insurances Companies*), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of parties which are insurances companies.

For the purposes of this Schedule 3 (*Insurances Companies*), "**Insurance Company**" means a legal entity organised as a special stock corporation that is licensed by the SVS, as defined below, to carry on insurance business. Neither the FOA Netting Agreement nor the Clearing Agreement are considered to be a part of the insurance business.

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.

1.1 Modifications to terms of reference:

Paragraph 1.10.1 is deemed deleted and replaced with the following:

""**Insolvency Proceedings**" means the procedures listed in section 3.1 of Schedule 3."

1.2 Additional definitions:

As used in this Schedule, the following terms have the meanings set forth below:

"**DFL 251**": means the Decree with Force of Law No. 251 of 1931; and

"**SVS**": means the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros*).

2. ADDITIONAL ASSUMPTIONS.

None.

3. MODIFICATIONS TO OPINIONS.

On the basis of the terms of reference and assumptions and subject to the qualifications (in each case set out in this opinion letter as modified, or added to, by this Schedule), we are of the following opinion:

3.1 Insolvency Proceedings: Insurances Companies.

The bankruptcy, composition, rehabilitation or other insolvency or reorganisation procedures to which a party which is an insurance company could be subject under the laws of this jurisdiction, and which are relevant for the purposes of this opinion letter, are as follows:

Title IV of DFL 251 refers to the regularization and bankruptcy of insurance companies, establishing specific rules to prevent or cure financial shortfalls that these entities could encounter.

Regarding regularization, these rules contemplate three different situations: (i) capital shortfall; (ii) investment shortfall or excess indebtedness; and (iii) capital and investment shortfalls combined.

In case of a capital shortfall, which occurs when capital decreases to less than the statutory minimum of UF 90,000, the insurance company is required to report this circumstance to the SVS and to recover it within 80 business days, whereupon a Special Shareholders' Meeting must be convened to approve the relevant capital increase. If the capital increase is agreed upon, it must be paid up within 80 business days from the date of the resolution. Otherwise, or if the shareholders do not approve the capital increase, the SVS shall revoke the authorization or charter of the company (articles 65 to 67 of DFL 251).

If there is a shortfall in the investments representing technical reserves and risk equity or if the insurance company evidences indebtedness above the permitted maximum, this must be reported to the SVS within 2 business days, together with an explanation of the reasons why it took place. Within 6 business days, the insurance company shall submit details of the measures adopted or to be adopted to correct this situation. If the problems persist for more than 40 business days, the insurance company must submit, to the consideration and approval of the SVS, an adjustment plan allowing it to comply in full with the breached rules within 80 business days from the date of its approval. If the situation is not cured within this term, the SVS may require the company to adopt measures allowing it to overcome the problem within 20 business days. If these anomalies persist upon expiration of this new term, the SVS may take over the management of the company for a period not to exceed 40 business days, renewable for one time only, during which it may adopt all the measures required to allow for full compliance with current regulations, exercising all the authority that the law grants to the directors and managers of a corporation. A claim may be filed with the Santiago Court of Appeals from any resolution issued by the SVS providing for the takeover of management of the company (articles 68 to 71 of DFL 251).

When there is a simultaneous or combined shortfall of capital together with an investment shortfall or excess indebtedness, the terms and measures related to the shortfall of capital shall apply first. If upon completion of the regularization process a company is unable to overcome the shortfall of capital, its charter is revoked (articles 72 and 73 of DFL 251).

Furthermore, according with the article 73 bis of the DFL 251, the SVS will have the authority to impose certain sanctions or the proceeding detailed above, in case the insurance company has (i) a deficit of investments representing technical reserves and risk equity equal to or in excess of 10% of the legal requirements, or (ii) indebtedness in excess of 40% of the limits set forth by the DFL 251.

The liquidation of an insurance company, when applicable, must be conducted by the Superintendent or by the person to whom it delegates this authority, as indicated above. Nevertheless, the SVS may authorize a company, whenever it deems it is adequate, to conduct its own liquidation.

Financial composition and bankruptcy of insurance companies.

The law requires that financial composition made by an insurance company shall be submitted to the SVS for their prior approval.

In relation to bankruptcy, article 79 of DFL 251 provides that if the creditor of an insurance company files a petition to request the declaration of bankruptcy, the court of competent jurisdiction must notify the Superintendent in order that he should investigate the solvency of the company. If the insurance company is proven able to pay its obligations, the Superintendent will propose the measures conducive for the continuation of its business operations; if he deems said continuation is impracticable, he will advise accordingly.

If at the time the petition of bankruptcy is filed, any of the regularization procedures described above is being implemented, the SVS shall so advise the court, in which case it will reject the petition of bankruptcy.

Additionally, during the term between the bankruptcy request and the issuance of the resolution by the corresponding Superintendent, creditors and third parties will not be able to file enforcement actions, which must be asserted with the relevant defense within the legal terms prescribed therefore. If the defendant company lets this time pass without defending itself, it will have forfeited the opportunity and the right to question enforcement.

Once financial composition has been approved or the bankruptcy has been declared, the Superintendent or his appointee will act as administrator or trustee, with all the resulting authority (article 80 of DFL 251).

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Additionally, in the bankruptcy of an insurance company, the bankruptcy is presumed negligent if the technical reserves and risk equity are not established in accordance with the law and the instructions issued by the SVS or in case that, if the investments representing those reserves do exist, they have not been valued in accordance with the provisions of the SVS, provided that as a result of this it is established that the company would have been unable to comply with the obligations arising under the insurance contracts (article 81 of DFL 251).

Once a company is declared bankrupt, the trustee is authorized to transfer all or part of the business portfolio to other insurance companies without first consulting with the insureds (article 82 of DFL 251). Likewise, when a life insurance company or second-group insurance company is declared bankrupt, the trustee must settle all the insurance contracts that generate mathematical reserves or loss claims, with the merit that said settlement must be represented as a credit in the bankruptcy, and for this purpose only will he assume the representation of the respective insureds (article 85 of DFL 251). We are of the opinion that this provision allows the trustee to transfer the insurance businesses but not other assets, as the FOA Netting Agreement or Clearing Agreement, as applicable, contain third party rights provisions which restrict their transfer.

Finally, the insureds' credits arising from insurance contracts enjoy the privilege set forth in article 2,472(5) of the Chilean Civil Code. Furthermore, the credits for insureds' loss claims have a very particular privilege in the sense that they come before any others brought against the insured, notwithstanding the fact that they contribute toward the administrative expenses of the bankrupt estate. Both privileges are established in article 84 of DFL 251.

4. ADDITIONAL QUALIFICATIONS.

None.

5. MODIFICATIONS TO QUALIFICATIONS.

None.

SCHEDULE 4
INDIVIDUALS

Subject to the modifications and additions set out in this Schedule 4 (*Individuals*), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of parties which are individuals.

For the purposes of this Schedule 4 (*Individuals*), "**Individual**" means any single and private person who is domiciled or resident in Chile.

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.

As used in this Schedule, the following terms have the meanings set forth below:

1.1 "**domicile**" or "**civil domicile**" has the meaning given by article 59 of the Chilean Civil Code, that is, the residence accompanied by the real or deemed intention of remaining in said place. Domicile is thus composed of two elements: (i) a material element, the residence, that is, "the continued presence of a person in a given place", and (ii) an intellectual element, "the real or deemed intention to stay in said place".

1.2 "**residence**" is not defined in the civil or commercial Chilean legislation. Therefore, according to article 20 of the Chilean Civil Code, it should be understood in its natural and obvious meaning. In accordance with the dictionary of the Spanish Royal Academy (*Real Academia Española*), residence is "the fact of residing in a place", and to reside is "to live in a place".

2. ADDITIONAL ASSUMPTIONS.

None.

3. MODIFICATIONS TO OPINIONS.

Insolvency Proceedings: The same are now applicable to individuals as well as to companies.

4. ADDITIONAL QUALIFICATIONS.

None.

5. MODIFICATIONS TO QUALIFICATIONS.

None.

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SCHEDULE 5
FUNDS ORGANISED AS INVESTMENT FUNDS AND/OR PRIVATE EQUITIES.

Subject to the modifications and additions set out in this Schedule 5 (*Funds organised as Investment Funds and/or Private Equities*), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of parties which are funds organised as investment funds and/or private equities.

For the purposes of this Schedule 5 (*Funds organised as Investment Funds and/or Private Equities*), "**Investment Funds and Private Equity Funds**" means a arrangement without legal personality (for example, a common law trust) composed by contributions provided exclusively for their investment in securities and properties allowed under Chilean law, and managed by a corporation.. It may be regulated ("**Investment Funds**") or unregulated ("**Private Equity Funds**").

Investment Funds are managed by a special stock corporation and both, the Investment Fund and the administrator, are audited by the SVS, as defined below. Private Equity Funds may be managed by a stock corporation registered in the Register of the Reporting Entities (*Registro de Entidades* Informantes) managed by the SVS or by a special stock corporation.

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.

As used in this Schedule, the following terms have the meanings set forth below:

"**SVS**": means the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros*).

Furthermore, Paragraph 1.10.1 is deemed deleted and replaced with the following:

""**Insolvency Proceedings**" means the procedures listed in section 3.1 of Schedule 5."

2. ADDITIONAL ASSUMPTIONS.

None.

3. MODIFICATIONS TO OPINIONS.

On the basis of the terms of reference and assumptions and subject to the qualifications (in each case set out in this opinion letter as modified, or added to, by this Schedule), we are of the following opinion.

3.1. Insolvency Proceedings: Funds organised as Investment Funds and/or Private Equities.

The bankruptcy, composition, rehabilitation or other insolvency or reorganisation procedures to which a party which is a fund organised as investment fund and/or private equity could be subject under the laws of this jurisdiction, and which are relevant for the purposes of this opinion letter, are as follows:

Investment funds and/or private equities may not be declared bankrupt nor insolvent; therefore we do not give an opinion on the enforceability of close-out netting provisions of the FOA Netting Agreement or, as the case may be, the Clearing Agreement in a bankruptcy scenario.

Investments funds and/or private equities administrators are subject to the laws applicable to stock corporations and therefore the rules described in paragraph 3.3 of the opinion letter shall apply.

4. ADDITIONAL QUALIFICATIONS.

None.

5. MODIFICATIONS TO QUALIFICATIONS.

None.

SCHEDULE 6
SOVEREIGN AND PUBLIC SECTOR ENTITIES.

Subject to the modifications and additions set out in this Schedule 6 (*Sovereign and Public Sector Entities*), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are Sovereign and Public Sector Entities.

For the purposes of this Schedule 6 (*Sovereign and Public Sector Entities*), "**Sovereign and Public Sector Entities**" comprises the Republic of Chile, its services and institutions, but excludes State-owned companies and entities or companies where the Republic of Chile owns 50% or more of the equity (as provided in Article 2 of Decree Law No. 1,263 of 1975 on Financial Administration of the Republic and in Article 11 of Law No. 18,196 of 1982).

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.

None.

2. ADDITIONAL ASSUMPTIONS.

None.

3. MODIFICATIONS TO OPINIONS.

On the basis of the terms of reference and assumptions and subject to the qualifications (in each case set out in this opinion letter as modified or added to, by this Schedule), we are of the following opinion:

3.1. The Public Sector Entities are not subject to an insolvency or bankruptcy scenario. However, please note that the insolvency and bankruptcy of the Chilean Central Bank is not regulated expressly on the Chilean banking legislation.

4. ADDITIONAL QUALIFICATIONS.

None.

5. MODIFICATIONS TO QUALIFICATIONS.

None.

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SCHEDULE 7
PENSION FUNDS

Subject to the modifications and additions set out in this Schedule 7 (*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 7 (*Pension Funds*), "**Pension Funds**" means the legal entity or arrangement without legal personality (for example, a common law trust) established to provide pension benefits to a specific class of beneficiaries, normally sponsored by an employer or group of employers. These funds are managed by an AFP (as defined below), a special stock corporation ("**AFP**") who has various rights and obligations governed by the pensions legislation.

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.

1.1 Modifications to terms of reference:

Paragraph 1.10.1 is deemed deleted and replaced with the following:

""**Insolvency Proceedings**" means the procedures listed in section 3.1 of Schedule 7."

1.2 Additional definitions:

As used in this Schedule, the following term has the meaning set forth below:

"**AFP**": special stock corporations authorized by law to manage the pension funds (*Administradoras de Fondos de Pensiones*).

2. ADDITIONAL ASSUMPTIONS.

None.

3. MODIFICATIONS TO OPINIONS.

On the basis of the terms of reference and assumptions and subject to the qualifications (in each case set out in this opinion letter as modified, or added to, by this Schedule), we are of the following opinion.

3.1. Insolvency Proceedings: Pension Funds.

The bankruptcy, composition, rehabilitation or other insolvency or reorganisation procedures to which a party which is a pension fund could be subject under the laws of this jurisdiction, and which are relevant for the purposes of this opinion letter, are as follows:

Pension funds may not be declared bankrupt nor insolvent, therefore we do not give an opinion on the enforceability of close-out netting provisions of the FOA Netting Agreement or, as the case may be, the Clearing Agreement in a bankruptcy scenario.

AFPs may be declared bankrupt. The bankruptcy of an AFP will trigger the liquidation of the pension funds that it manages. Within 90 days as from the declaration of bankruptcy of an AFP, its contributors shall transfer their funds into funds managed by another AFP. Should the contributors not do so, the liquidator of the AFP shall transfer the balance of their accounts to an AFP to be determined in accordance to the law.

4. ADDITIONAL QUALIFICATIONS.

None.

5. MODIFICATIONS TO QUALIFICATIONS.

None.

/Carey

ANNEX I
FORMS OF FOA NETTING AGREEMENTS

1. Master Netting Agreement - One-Way (1997 version) (the "**One-Way Master Netting Agreement 1997**")

2. Master Netting Agreement - Two-Way (1997 version) (the "**Two-Way Master Netting Agreement 1997**")

3. Default, Netting and Termination Module (One-Way Netting) (2007 version) (the "**Long-Form One-Way Clauses 2007**")

4. Short Form Default, Netting and Termination Module (One-Way Netting) (2007 version) (the "**Short-Form One-Way Clauses 2007**")

5. Short Form Default, Netting and Termination Module (One-Way Netting) (2009 version) (the "**Short-Form One-Way Clauses 2009**")

6. Short Form Default, Netting and Termination Module (One-Way Netting) (2011 version) (the "**Short-Form One-Way Clauses 2011**")

7. Default, Netting and Termination Module (Two-Way Netting) (2007 version) (the "**Long-Form Two-Way Clauses 2007**")

8. Default, Netting and Termination Module (Two-Way Netting) (2009 version) (the "**Long-Form Two-Way Clauses 2009**")

9. Default, Netting and Termination Module (Two-Way Netting) (2011 version) (the "**Long-Form Two-Way Clauses 2011**")

10. Short Form Default, Netting and Termination Module (Two-Way Netting) (2007 version) (the "**Short-Form Two-Way Clauses 2007**")

11. Short Form Default, Netting and Termination Module (Two-Way Netting) (2009 version) (the "**Short-Form Two-Way Clauses 2009**")

12. Short Form Default, Netting and Termination Module (Two-Way Netting) (2011 version) (the "**Short-Form Two-Way Clauses 2011**")

13. Professional Client Agreement (2007 Version), including Module G (Margin and Collateral) (the "**Professional Client (with Security Provisions) Agreement 2007**")

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14. Professional Client Agreement (2009 Version), including Module G (Margin and Collateral) (the "**Professional Client (with Security Provisions) Agreement 2009**")

15. Professional Client Agreement (2011 Version) including Module G (Margin and Collateral) (the "**Professional Client (with Security Provisions) Agreement 2011**")

16. Professional Client Agreement (2007 Version), excluding Module G (***Margin and Collateral***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "**Professional Client (with Title Transfer Provisions) Agreement 2007**")

17. Professional Client Agreement (2009 Version), excluding Module G (***Margin and Collateral***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "**Professional Client (with Title Transfer Provisions) Agreement 2009**")

18. Professional Client Agreement (2011 Version), excluding Module G (***Margin and Collateral***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "**Professional Client (with Title Transfer Provisions) Agreement 2011**")

19. Retail Client Agreement (2007 Version) including Module G (Margin and Collateral) (the "**Retail Client (with Security Provisions) Agreement 2007**")

20. Retail Client Agreement (2009 Version) including Module G (Margin and Collateral) (the "**Retail Client (with Security Provisions) Agreement 2009**")

21. Retail Client Agreement (2011 Version) including Module G (Margin and Collateral) (the "**Retail Client (with Security Provisions) Agreement 2011**")

22. Retail Client Agreement (2007 Version), excluding Module G (***Margin and Collateral***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "**Retail Client (with Title Transfer Provisions) Agreement 2007**")

23. Retail Client Agreement (2009 Version), excluding Module G (***Margin and Collateral***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "Retail Client (with Title Transfer Provisions) Agreement 2009")

24. Retail Client Agreement (2011 Version), excluding Module G (***Margin and Collateral***) but incorporating the Title Transfer Securities and Physical Collateral

Annex to the Netting Module (2007 or 2011 Version) (the "**Retail Client (with Title Transfer Provisions) Agreement 2011**")

25. Eligible Counterparty Agreement (2007 Version) including Module G (***Margin***) (the "**Eligible Counterparty (with Security Provisions) Agreement 2007**")

26. Eligible Counterparty Agreement (2009 Version) including Module G (***Margin***) (the "**Eligible Counterparty (with Security Provisions) Agreement 2009**")

27. Eligible Counterparty Agreement (2011 Version) including Module G (***Margin***) (the "**Eligible Counterparty (with Security Provisions) Agreement 2011**")

28. Eligible Counterparty Agreement (2007 Version) excluding Module G (***Margin***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "**Eligible Counterparty (with Title Transfer Provisions) Agreement 2007**")

29. Eligible Counterparty Agreement (2009 Version) excluding Module G (***Margin***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "**Eligible Counterparty (with Title Transfer Provisions) Agreement 2009**")

30. Eligible Counterparty Agreement (2011 Version) excluding Module G (***Margin***) but incorporating the Title Transfer Securities and Physical Collateral Annex to the Netting Module (2007 or 2011 Version) (the "**Eligible Counterparty (with Title Transfer Provisions) Agreement 2011**")

Where a 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), provided that any election made does not constitute an Adverse Amendment.

Each of the Agreements listed at items 13 to 30 of this Annex 1 may be deemed to include FOA Netting 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, in which case references to the Insolvency Events of Default and FOA Netting Provision in respect of such FOA Netting Agreements shall mean the Insolvency Events of Default and FOA Netting Provision in relation to the Two Way Clauses.

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ANNEX 2
LIST OF TRANSACTIONS

The following groups of Transactions may be entered into under the FOA Netting Agreements or Clearing Agreements:

(A) (Futures and options and other transactions) Transactions as defined in the FOA Netting Agreements or Clearing Agreements:

(i) a contract made on an exchange or pursuant to the rules of an exchange;

(ii) a contract subject to the rules of an exchange; or

(iii) a contract which would (but in terms of maturity only) be a contract made on, or subject to the rules of, an exchange and which, at the appropriate time, is to be submitted for clearing as a contract made on, or subject to the rules of, an exchange,

in any of cases (i), (ii) and (iii) being a future, option, contract for difference, spot or forward contract of any kind in relation to any commodity, metal, financial instrument (including any security), currency, interest rate, index or any combination thereof; or

(iv) a transaction which is back-to-back with any transaction within paragraph (i), (ii) or (iii) of this definition, or

(v) any other Transaction which the parties agree to be a Transaction;

(B) (fixed income securities) Transactions relating to a fixed income security or under which delivery of a fixed income security is contemplated upon its formation;

(C) (equities) Transactions relating to an equity or under which delivery of an equity is contemplated upon its formation;

(D) (commodities) Transactions relating to, or under the terms of which delivery is contemplated, of any base metal, precious metal or agricultural product.

(E) (OTC derivatives) Transactions which fall within paragraphs (4) to (10) of Section C of Annex 1 to Directive 2004/39/EC[2] , including (but not limited to) interest rate swaps, credit default swaps, derivatives on foreign exchange, and equity derivatives, provided that, where the Transaction is subject to the Terms of a

[2] Non-EU counsel should discuss with Clifford Chance if clarification is needed.

Clearing Agreement, the Transaction (or a transaction which is back-to-back with the Transaction) is eligible to be cleared by a central counterparty.

ANNEX 3
DEFINITIONS RELATING TO THE AGREEMENTS

"**Addendum Netting Provision**" means (subject to any selections or amendments required or permitted to be made on the face of the ISDA/FOA Clearing Addendum):

(a) Clause 8(b) (Clearing Member Events), 8(c) (CCP Default) and 8(d) (*Hierarchy of Events*) of the ISDA/FOA Clearing Addendum; or

(b) any modified version of such clauses provided that it includes at least those parts of paragraph 6 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow,

together with the defined terms required properly to construe such Clauses.

"**Addendum Set-Off Provision**" means (subject to any selections or amendments required or permitted to be made on the face of the ISDA/FOA Clearing Addendum):

(a) Clause 8(e) (*Set-Off*) of the ISDA/FOA Clearing Addendum, where constituted as part of a Clearing Agreement; or

(b) any modified version of such clause provided that it includes at least those parts of paragraph 8 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow,

together with the defined terms required properly to construe such Clause.

"**Adverse Amendments**" means (a) any amendment to a Core Provision and/or (b) any other provision in an agreement that may invalidate, adversely affect, modify, amend, supersede, conflict or be inconsistent with, provide an alternative to, override, compromise or fetter the operation, implementation, enforceability or effectiveness of a Core Provision (in each case in (a) and (b) above, excepting any Non-material Amendment).

"**Clearing Agreement**" means an agreement:

(a) on the terms of the FOA Netting Agreement when used (i) in conjunction with the FOA Clearing Module and/or the ISDA/FOA Clearing Addendum, or (ii) in conjunction with a Clearing Module Netting Provision and/or an Addendum Netting Provision and with or without a Clearing Module Set-Off Provision and/or an Addendum Set-Off Provision;

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

(e) which contains an Addendum Inconsistency Provision, a Clearing Module Inconsistency Provision, or another provision with equivalent effect to either of them.

"**Clearing Module Netting Provision**" means (subject to any selections or amendments required or permitted to be made on the face of the FOA Clearing Module):

(a) Clause 5.2 (*Firm Events*), 5.3 (*CCP Default*) and 5.4 (*Hierarchy of Events*) of the FOA Clearing Module; or

(b) any modified version of such clauses provided that it includes at least those parts of paragraph 6 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow,

together with the defined terms required properly to construe such Clauses.

"**Clearing Module Set-Off Provision**" means (subject to any selections or amendments required or permitted to be made on the face of the FOA Clearing Module):

(a) Clause 5.5 (*Set-Off*) of the FOA Clearing Module; or

(b) any modified version of such clause provided that it includes at least those parts of paragraph 7 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow,

together with the defined terms required properly to construe such Clause.

"**Client**" means, in relation to a FOA Netting Agreement or a Clearing Agreement, the Firm's or, as the case may be, Clearing Member's counterparty under the relevant FOA Netting Agreement or Clearing Agreement.

"**Client Money Additional Security Clause**" means:

(a) 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);

(b) 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);

(c) 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);

(d) 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);

(e) 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);

(f) 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);

(g) 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);

(h) 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);

(i) 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); or

(j) any modified version of such clauses provided that it includes at least those parts of paragraph 3 of Part 3 (*Security Interest Provisions*) of Annex 4 which are highlighted in yellow.

"**Core Provision**" means those parts of the clauses or provisions specified below in relation to a paragraph of this opinion letter (and/or any equivalent paragraph in any Schedule to this opinion letter), which are highlighted in Annex 4:

(a) for the purposes of paragraph 3.3 (*Enforceability of FOA Netting Provision*) and 3.4 (*Use of FOA Clearing Module or ISDA/FOA Clearing Addendum not detrimental to FOA Netting Provision*), the Insolvency Events of Default Clause and the FOA Netting Provision;

(b) for the purposes of paragraph 3.5 (*Enforceability of the FOA Set-Off Provisions*), the Insolvency Events of Default Clause, the FOA Netting Provision and either or both of the General Set-off Clause and the Margin Cash Set-off Clause;

(c) for the purposes of paragraph 3.6 (*Set-Off under a Clearing Agreement with a Clearing Module Set-Off Provision*), the Clearing Module Netting Provision together with the defined terms "Aggregate Transaction Value", "Available

Termination Amount", "Disapplied Set-Off Provisions", "Firm/CCP Transaction Value" and "Relevant Collateral Value", the Clearing Module Set-Off Provision and the FOA Set-Off Provisions; and

(d) for the purposes of paragraph 3.7.1, (i) in relation to a FOA Netting Agreement, the Insolvency Events of Default Clause, the FOA Netting Provision and the Title Transfer Provisions; and (ii) in relation to a Clearing Agreement, the Clearing Module Netting Provision together with the defined terms "Aggregate Transaction Value", "Firm/CCP Transaction Value" and "Relevant Collateral Value" or, as the case may be, the Addendum Netting Provision together with the defined terms "Aggregate Transaction Value", "CM/CCP Transaction Value" and "Relevant Collateral Value", and the Title Transfer Provisions;

in each case, incorporated into a FOA Netting Agreement or a Clearing Agreement together with any defined terms required properly to construe such provisions, in such a way as to preserve the essential sense and effect of the highlighted parts.

References to "**Core Provisions**" include Core Provisions that have been modified by Non material Amendments and necessary amendments set out in Section 1 of Annex 5.

"**Defaulting Party**" includes, in relation to the One-Way Versions, the Party in respect of which an Event of Default entitles the Non-Defaulting Party to exercise rights under the FOA Netting Provision.

"**Eligible Counterparty Agreements**" means each of the Eligible Counterparty (with Security Provisions) Agreement 2007, the Eligible Counterparty (with Title Transfer Provisions) Agreement 2007, the Eligible Counterparty (with Security Provisions) Agreement 2009, the Eligible Counterparty (with Title Transfer Provisions) Agreement 2009, the Eligible Counterparty (with Security Provisions) Agreement 2011 or the Eligible Counterparty (with Title Transfer Provisions) Agreement 2011 (each as listed and defined at Annex 1).

"**Firm**" means, in relation to a FOA Netting Agreement or a Clearing Agreement which includes a FOA Clearing Module, the Party providing the services under the relevant FOA Netting Agreement or Clearing Agreement which includes a FOA Clearing Module.

"**FOA Clearing Module**" means the FOA Client Cleared Derivatives Module as first published on 9 October 2013 or any subsequent published version up to the date of this opinion letter.

"**FOA Netting Agreement**" means an agreement:

(a) on the terms of the forms specified in Annex 1 to this opinion letter or which has broadly similar function to any of them, when not used in conjunction with the

FOA Clearing Module and/or the ISDA/FOA Clearing Addendum and/or a Clearing Module Netting Provision and/or an Addendum Netting Provision;

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

(c) which contains the Insolvency Events of Default Clause and the FOA Netting Provision, with or without the FOA Set-Off Provisions, and with or without the Title Transfer Provisions, with no Adverse Amendments.

"**FOA Netting Agreements (with Title Transfer Provisions)**" means each of the Professional Client (with Title Transfer Provisions) Agreement 2007, the Professional Client (with Title Transfer Provisions) Agreement 2009, the Professional Client (with Title Transfer Provisions) Agreement 2011, the Retail Client (with Title Transfer Provisions) Agreement 2007, the Retail Client (with Title Transfer Provisions) Agreement 2009, the Retail Client (with Title Transfer Provisions) Agreement 2011, the Eligible Counterparty (with Title Transfer Provisions) Agreement 2007, the Eligible Counterparty (with Title Transfer Provisions) Agreement 2009 and the Eligible Counterparty (with Title Transfer Provisions) Agreement 2011 (each as listed and defined at Annex 1) or a FOA Netting Agreement which has broadly similar function to any of the foregoing.

"**FOA Netting Provision**" means (in each case subject to any selections or amendments required or permitted to be made on the face of the document in the relevant form referred to in Annex 1):

(a) in relation to the terms of the Long Form One-Way Clauses 2007 and the Long Form Two-Way Clauses, Clause 2.2 (***Liquidation Date***), Clause 2.4 (***Calculation of Liquidation Amount***) and Clause 2.5 (***Payer***);

(b) in relation to the terms of the Short Form One-Way Clauses and the Short Form Two-Way Clauses, Clause 2.1 (***Liquidation Date***), Clause 2.3 (***Calculation of Liquidation Amount***) and Clause 2.4 (Payer);

(c) in relation to the terms of the Master Netting Agreements, Clause 4.2, Clause 4.4 and Clause 4.5;

(d) in relation to the terms of the Eligible Counterparty Agreements, Clause 10.1 (***Liquidation Date***), Clause 10.3 (***Calculation of Liquidation Amount***) and Clause 10.4 (Payer);

(e) in relation to the terms of the Retail Client Agreements, Clause 11.2 (***Liquidation Date***), Clause 11.4 (***Calculation of Liquidation Amount***) and Clause 11.5 (***Payer***);

(f) in relation to the terms of the Professional Client Agreements, Clause 11.2 (***Liquidation Date***), Clause 11.4 (***Calculation of Liquidation Amount***) and Clause 11.5 (***Payer***); or

(g) any modified version of such clauses provided that it includes at least those parts of paragraph 1 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow.

"**FOA Published Form Agreement**" means a document listed at Annex 1 in the form published by FIA Europe on its website as at the date of this opinion.

"**FOA Set-Off Provisions**" means:

(a) the "**General Set-off Clause**", being:

(i) in the case of Agreements in the form of the Professional Client Agreement (with Security Provisions) 2007 and Professional Client Agreement (with Security Provisions) 2009, clause 15.11 (***Set-off***);

(ii) in the case of Agreements in the form of the Professional Client Agreement (with Security Provisions) 2011, clause 15.13 (***Set-off***);

(iii) in the case of Agreements in the form of the Retail Client Agreement (with Security Provisions) 2007 and the Retail Client Agreement (with Security Provisions) 2009, clause 15.12 (***Set-off***);

(iv) in the case of Agreements in the form of the Retail Client Agreement (with Security Provisions) 2011, clause 15.13 (***Set-off***);

(v) in the case of Agreements in the form of the Eligible Counterparty Agreement (with Security Provisions) 2007 and the Eligible Counterparty Agreement (with Security Provisions) 2009, clause 14.8 (***Set-off***);

(vi) in the case of Agreements in the form of the Eligible Counterparty Agreement (with Security Provisions) 2011, clause 14.10 (***Set-off***);

(vii) in the case of the Agreements in the form of One-Way Master Netting Agreement (1997 version), clause 5 (***Set-Off***);

(viii) in the case of the Agreements in the form of Two-Way Master Netting Agreement (1997 version), clause 5 (***Set-Off***); or

(ix) any modified version of such clauses provided that it includes at least those parts of paragraph 2 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow; and/or

(b) the "**Margin Cash Set-off Clause**", being:

(i) in the case of Agreements in the form of the Professional Client Agreement (with Security Provisions) 2007 and the Professional Client Agreement (with Security Provisions) 2009, clause 8.5 (***Set-off on default***);

(ii) in the case of Agreements in the form of the Professional Client Agreement (with Security Provisions) 2011, clause 8.4 (***Set-off upon default or termination***);

(iii) in the case of Agreements in the form of the Retail Client Agreement (with Security Provisions) 2007 and the Retail Client Agreement (with Security Provisions) 2009, clause 8.7 (***Set-off on default***),

(iv) in the case of Agreements in the form of the Retail Client Agreement (with Security Provisions) 2011, clause 8.6 (***Set-off upon default or termination***);

(v) in the case of Agreements in the form of the Eligible Counterparty Agreement (with Security Provisions) 2007 and the Eligible Counterparty Agreement (with Security Provisions) 2009, clause 7.5 (***Set-off on default***);

(vi) in the case of Agreements in the form of the Eligible Counterparty Agreement (with Security Provisions) 2011, clause 7.4 (***Set-off upon default or termination***); or

(vii) any modified version of such clauses provided that it includes at least those parts of paragraph 3 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow.

"**Insolvency Events of Default Clause**" means (in each case subject to any selections or amendments required or permitted to be made on the face of the document in the relevant form referred to in Annex 1):

(i) in relation to the terms of the Long-Form Two-Way Clauses and the Long Form One-Way Clauses 2007, Clause 1 (b) and (c) (inclusive).

(ii) in relation to the terms of the Short Form One-Way Clauses and Short Form Two-Way Clauses, Clauses 1.1 (b) and (c) (inclusive);

(iii) in relation to the terms of the Master Netting Agreements, Clause 4.1 (ii) and (iii) (inclusive);

(iv) in relation to the terms of the Eligible Counterparty Agreements, Clause 9.1 (b) and (c) (inclusive);

(v) in relation to the terms of the Retail Client Agreements and the Professional Client Agreements, Clause 10.1 (b) and (c) (inclusive); or

(vi) any modified version of such clauses provided that it includes at least those parts of paragraph 4(a) of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow.

"**ISDA/FOA Clearing Addendum**" means the ISDA/FOA Client Cleared OTC Derivatives Addendum as first published on 11 June 2013, or any subsequent published versions up to the date of this opinion letter.

"**Long Form Two-Way Clauses**" means each of the Long-Form Two-Way Clauses 2007, the Long-Form Two-Way Clauses 2009 and the Long-Form Two-Way Clauses 2011 (each as listed and defined at Annex 1).

"**Margin**" means any cash collateral provided to a Party and any cash or non-cash collateral comprising Acceptable Margin provided to a Party pursuant to the Title Transfer Provisions which (in either case) has been credited to an account provided by the Party which is the transferee.

"**Master Netting Agreements**" means each of the One-Way Master Netting Agreement 1997 and the Two-Way Master Netting Agreement 1997 (each as listed and defined at Annex 1).

"**Non-Cash Security Interest Provisions**" means:

(a) the "**Non-Cash 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***); or

(x) any modified version of such clauses provided that it includes at least those parts of paragraph 1 of Part 3 (*Security Interest Provisions*) of Annex 4 which are highlighted in yellow; and

(b) 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***); or

(x) any modified version of such clauses provided that it includes at least those parts of paragraph 2 of Part 3 (*Security Interest Provisions*) of Annex 4 which are highlighted in yellow.

"**Non-Defaulting Party**" includes, in relation to the One-Way Versions, the Party entitled to exercise rights under the FOA Netting Provision and, in relation to the FOA Set-Off Provisions, the Party entitled to exercise rights under the FOA Set-Off Provisions.

"**Non-material Amendment**" means an amendment having the effect of one of the amendments set out at Annex 4.

"**One-Way Versions**" means the Long Form One-Way Clauses 2007, the Short Form One-Way Clauses, the One-Way Master Netting Agreement 1997, and the FOA Netting Provision as published in the Retail Client Agreements and the Professional Client Agreements in each case in the form of a FOA Published Form Agreement.

"**Party**" means a party to a FOA Netting Agreement or a Clearing Agreement.

"**Professional Client Agreements**" means each of the Professional Client (with Security Provisions) Agreement 2007, the Professional Client (with Title Transfer Provisions) Agreement 2007, the Professional Client (with Security Provisions) Agreement 2009, the Professional Client (with Title Transfer Provisions) Agreement 2009, the Professional Client (with Security Provisions) Agreement 2011 or the Professional Client (with Title Transfer Provisions) Agreement 2011 (each as listed and defined at Annex 1).

"**Rehypothecation Clause**" means:

(a) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.13 (***Rehypothecation***);

(b) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.15 (***Rehypothecation***);

(c) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.13 (***Rehypothecation***); or any modified version of such clauses provided that it includes at least those parts of paragraph 4 of Part 3 (*Security Interest Provisions*) of Annex 4 which are highlighted in yellow.

"**Retail Client Agreements**" means each of the Retail Client (with Security Provisions) Agreement 2007, the Retail Client (with Title Transfer Provisions) Agreement 2007, the Retail Client (with Security Provisions) Agreement 2009, the Retail Client (with Title Transfer Provisions) Agreement 2009, the Retail Client (with Security Provisions) Agreement 2011 or the Retail Client (with Title Transfer Provisions) Agreement 2011 (each as listed and defined at Annex 1).

"**Short Form One Way-Clauses**" means each of the Short-Form One-Way Clauses 2007, the Short-Form One-Way Clauses 2009 and the Short-Form One-Way Clauses 2011 (each as listed and defined at Annex 1).

"**Short Form Two Way-Clauses**" means each of the Short-Form Two-Way Clauses 2007, the Short-Form Two-Way Clauses 2009 and the Short-Form Two-Way Clauses 2011 (each as listed and defined at Annex 1).

"**Title Transfer Provisions**" means (in each case subject to any selections or amendments required or permitted to be made on the face of the document in the relevant form referred to in Annex 1):

(a) clauses 5 and 7.2 of the Title Transfer and Physical Collateral Annex to the Netting Module (2007 or 2011 Version); or

(b) any modified version of such clauses provided that it includes at least those parts of paragraph 5 of Part 1 (*Core Provisions*) of Annex 4 which are highlighted in yellow.

"**Two Way Clauses**" means each of the Long-Form Two Way Clauses and the Short-Form Two Way Clauses.

ANNEX 4

PART 1
CORE PROVISIONS

For the purposes of the definition of Core Provisions in Annex 3, the wording highlighted in yellow below shall constitute the relevant Core Provision:

1. **FOA Netting Provision:**

a) "**Liquidation date:** Subject to the following sub-clause, at any time following the occurrence of an Event of Default in relation to a party, then the other party (the "**Non-Defaulting Party**") may, by notice to the party in default (the "**Defaulting Party**"), specify a date (the "**Liquidation Date**") for the termination and liquidation of Netting Transactions in accordance with this clause.

b) **Calculation of Liquidation Amount:** Upon the occurrence of a Liquidation Date:

i. (neither party shall be obliged to make any further payments or deliveries under any Netting Transactions which would, but for this clause, have fallen due for performance on or after the Liquidation Date and such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Liquidation Amount;

ii. the Non-Defaulting Party shall as soon as reasonably practicable determine (discounting if appropriate), in respect of each Netting Transaction referred to in paragraph (i), the total cost, loss or, as the case may be, gain, in each case expressed in the Base Currency specified by the Non-Defaulting Party as such in the Individually Agreed Terms Schedule as a result of the termination, pursuant to this Agreement, of each payment or delivery which would otherwise have been required to be made under such Netting Transaction; and

iii. the Non-Defaulting Party shall treat each such cost or loss to it as a positive amount and each such gain by it as a negative amount and aggregate all such amounts to produce a single, net positive or negative amount, denominated in the Non-Defaulting Party's Base Currency (the "**Liquidation Amount**").

c) **Payer:** If the Liquidation Amount is a positive amount, the Defaulting Party shall pay it to the Non-Defaulting Party and if it is a negative amount, the Non-Defaulting Party shall pay it to the Defaulting Party. The Non-

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Defaulting Party shall notify the Defaulting Party of the Liquidation Amount, and by which Party it is payable, immediately after the calculation of such amount."

2. **General Set-Off Clause:**

"**Set-off:** Without prejudice to any other rights to which we may be entitled, we may at any time and without notice to you set off any amount (whether actual or contingent, present or future) owed by you to us against any amount (whether actual or contingent, present or future) owed by us to you. For these purposes, we may ascribe a commercially reasonable value to any amount which is contingent or which for any other reason is unascertained."

3. **Margin Cash Set-Off Clause:**

"**Set-off upon default or termination:** If there is an Event of Default or this Agreement terminates, we may set off the balance of cash margin owed by us to you against your Obligations (as reasonably valued by us) as they become due and payable to us and we shall be obliged to pay to you (or entitled to claim from you, as appropriate) only the net balance after all Obligations have been taken into account. [The net amount, if any, payable between us following such set-off, shall take into account the Liquidation Amount payable under the Netting Module of this Agreement.]"

4. **Insolvency Events of Default Clause:**

"The following shall constitute Events of Default:

i. a party commences a voluntary case or other procedure seeking or proposing liquidation, reorganisation, moratorium, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, or similar law or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian, examiner or other similar official (each a "**Custodian**") of it or any substantial part of its assets, or takes any corporate action to authorise any of the foregoing;

ii. an involuntary case or other procedure is commenced against a party seeking or proposing liquidation, reorganisation, or moratorium, or other similar relief with respect to it or its debts under any bankruptcy, insolvency, regulatory, or similar law or seeking the appointment of a Custodian of it or any substantial part of its assets."

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5. **Title Transfer Provisions:**

a) **Default:** If a Liquidation Date is specified or deemed to occur as a result of an Event of Default, the Default Margin Amount as at that date will be deemed to be [a gain (if we are the Non-Defaulting Party) or a cost (if you are the Non-Defaulting Party)] [a gain by us] for the purposes of calculating the Liquidation Amount. For this purpose, "**Default Margin Amount**" means the amount, calculated in the Base Currency of the aggregate value as at the relevant Liquidation Date (as determined by us) of the Transferred Margin.

b) **Clean title:** Each party agrees that all right, title and interest in and to any Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest which it Transfers to the other party shall vest in the recipient free and clear of any security interest, lien, claims, charges, encumbrance or other restriction. Notwithstanding the use of terms such as "Margin" which are used to reflect terminology used in the market for such transactions, nothing in these provisions is intended to create or does create in favour of either party a mortgage, charge, lien, pledge, encumbrance or other security interest in any Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest Transferred hereunder."

6. **Clearing Module Netting Provision / Addendum Netting Provision:**

a) [Firm Trigger Event/CM Trigger Event]

Upon the occurrence of a [Firm Trigger Event/CM Trigger Event], the Client Transactions in the relevant Cleared Transaction Set will, except to the extent otherwise stated in the [Core Provisions of the] relevant Rule Set, be dealt with as set out below:

(a) each Client Transaction in the relevant Cleared Transaction Set will automatically terminate [upon the occurrence of a Firm Trigger Event] [at the same time as the related CM/CCP Transaction is terminated or Transferred] and, following such termination, no further payments or deliveries in respect of such Client Transaction [as specified in the Confirm] or any default interest, howsoever described, on such payment obligations will be required to be made but without prejudice to the other provisions of the Clearing Agreement, and the amount payable following such termination will be the Cleared Set Termination Amount determined pursuant to this [Clause 5.22 Section 8(b)(ii)];

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(b) the value of each such terminated Client Transaction for the purposes of calculating the applicable Cleared Set Termination Amount and Aggregate Transaction Values will be equal to the relevant [Firm/CM]/CCP Transaction Value or the relevant part thereof;

(c) the applicable Cleared Set Termination Amount will be determined by Client on, or as soon as reasonably practicable after, (x) if there were no outstanding Client Transactions immediately prior to the occurrence of a [Firm/CM] Trigger Event, the date on which the [Firm/CM] Trigger Event occurred, or (y) if there were outstanding Client Transactions immediately prior to the occurrence of a [Firm/CM] Trigger Event, the day on which the relevant Client Transactions [had all been/were] terminated (in either case, provided that, if [Firm/Clearing Member] gives notice to Client requiring it to determine such amount and Client does not do so within two Business Days of such notice being effectively delivered, [Firm/Clearing Member] may determine the applicable Cleared Set Termination Amount) and, in either case, will be an amount equal to the sum, but without duplication, of (A) the Aggregate Transaction Value, (B) any amount which became payable, or which would have become payable but for a condition precedent not being satisfied, in respect of any such Client Transaction on or prior to the termination of such transactions but which remains unpaid at the time of such termination, together with interest on such amount in the same currency as such amount for the period from, and including, the original due date for payment to, but excluding, the date of termination, if applicable (expressed as a positive amount if such unpaid amount is due from [Firm/Clearing Member] to Client and as a negative amount if such unpaid amount is due from Client to [Firm/Clearing Member]), (C) an amount [(which may be zero)] equal to the Relevant Collateral Value in respect of the relevant Client Transactions and (D) any other amount attributable to the relevant Client Transactions under the Clearing Agreement[or any related Collateral Agreement], pro-rated where necessary if such amount can be partially [attributed] [attributable] to transactions other than the relevant Client Transactions, which was payable but unpaid at the time of termination and is not otherwise included [Clauses 5.2.2(c)(4) to 5.2.2(c)(C)] [Sections 8(b)(ii)(3)(A) to 8(b)(ii)(3)(C)], together with interest on such amount in the same currency as such amount for the period from, and including, the original due date for payment to, but excluding, the date of termination, if applicable (expressed as a positive amount if such

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unpaid amount is due from [Firm/Clearing Member] to Client and as a negative amount if such unpaid amount is due from Client to [Firm/Clearing Member]);

(d) if a Cleared Set Termination Amount is a positive number, it will be due from [Firm/Clearing Member] to Client and if a Cleared Set Termination Amount is a negative number, the absolute value of the Cleared Set Termination Amount will be due from Client to [Firm/Clearing Member], and in each case will be payable in accordance with this [Module/Addendum].

b) CCP Default

Upon the occurrence of a CCP Default, the Client Transactions in the relevant Cleared Transaction Set will, except to the extent otherwise stated in the [Core Provisions of the relevant] Rule Set, be dealt with as set out below:

1. each Client Transaction in the relevant Cleared Transaction Set will automatically terminate at the same time as the related [Firm/CM]/CCP Transaction and following such termination no further payments or deliveries in respect of such Client Transaction[as specified in the Confirm] or any default interest, howsoever described, on such payment obligations will be required to be made but without prejudice to the other provisions of the Clearing Agreement, and the amount payable following such termination will be the Cleared Set Termination Amount determined pursuant to this [Clause 5.3 Section 8(c)];

2. the value of each such terminated Client Transaction for the purposes of calculating the applicable Cleared Set Termination Amount and Aggregate Transaction Values will be equal to the relevant [Firm/CM]/CCP Transaction Value or relevant part thereof;

3. the applicable Cleared Set Termination Amount will be determined by [Firm/Clearing Member] on, or as soon as reasonably practicable after, (x) if there were no outstanding Client Transactions immediately prior to the occurrence of a CCP Default, the date on which the CCP Default occurred, or (y) if there were outstanding Client Transactions immediately prior to the occurrence of a CCP Default, the day on which the relevant Client Transactions had all been terminated and, in either case, will be an amount equal to the sum, but without duplication, of (1) the Aggregate Transaction

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Value, (2) any amount which became payable, or which would have become payable but for a condition precedent not being satisfied, in respect of any such Client Transaction on or prior to the termination of such transactions but which remains unpaid at the time of such termination, together with interest on such amount in the same currency as such amount for the period from, and including, the original due date for payment to, but excluding, the date of termination, if applicable (expressed as a positive amount if such unpaid amount is due from [Firm/Clearing Member] to Client and as a negative amount if such unpaid amount is due from Client to [Firm/Clearing Member]), (3) an amount [(which may be zero)] equal to the Relevant Collateral Value in respect of the relevant Client Transactions and (4) any other amount attributable to the relevant Client Transactions under the Clearing Agreement[and any related Collateral Agreement], pro-rated where necessary if such amount can be partially [attributable] to transactions other than the relevant Client Transactions, which was payable but unpaid at the time of termination and is not otherwise included in [Clauses 5.3.3(1) to 5.3.3(3)] [Sections 8(c)(iii)(1) to 8(c)(iii)(3)], together with interest on such amount in the same currency as such amount for the period from, and including, the original due date for payment to, but excluding, the date of termination, if applicable (expressed as a positive amount if such unpaid amount is due from [Firm/Clearing Member] to Client and as a negative amount if such unpaid amount is due from Client to [Firm/Clearing member]);

4. if a Cleared Set Termination Amount is a positive number, it will be due from [Firm/Clearing Member] to Client and if a Cleared Set Termination Amount is a negative number, the absolute value of the Cleared Set Termination Amount will be due from Client to [Firm/Clearing Member], and in each case will be payable, in accordance with this [Module/Addendum].

c) Hierarchy of Events

[If Client Transactions are capable of being terminated pursuant to more than one [Clause/Section], then the [clause/section] in respect of which a party first exercises any right to terminate Client Transactions (or, the [clause/section] pursuant to which Client Transactions are otherwise terminated, if earlier) will prevail for the purposes of the relevant Client Transactions.]

Or

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[If Client Transactions are capable of being terminated pursuant to more than one [Clause/Section], then the [clause/section] in respect of which a party first exercises any right to terminate Client Transactions (or, the [clause/section] pursuant to which Client Transactions are otherwise terminated, if earlier) will prevail for the purposes of the relevant Client Transactions.]

Or

[If Client Transactions are capable of being terminated pursuant to more than one [Clause/Section], then the [clause/section] in respect of which a party first exercises any right to terminate Client Transactions (or, the clause pursuant to which Client Transactions are otherwise terminated, if earlier) will prevail for the purposes of the relevant Client Transactions.]

d) Definitions

"**Aggregate Transaction Value**" means, in respect of the termination of Client Transactions of a Cleared Transaction Set, an amount (which may be positive or negative or zero) equal to the aggregate of the [Firm/CM]/CCP Transaction Values for all Client Transactions in the relevant Cleared Transaction Set or, if there is just one [Firm/CM]/CCP Transaction Value in respect of all such Client Transactions, an amount (which may be positive or negative or zero) equal to such [Firm/CM]/CCP Transaction Value.

"**[Firm/CM]/CCP Transaction Value**" means, in respect of a terminated Client Transaction or a group of terminated Client Transactions, an amount equal to the value that is determined in respect of or otherwise ascribed to the related [Firm/CM]/CCP Transaction or group of related [Firm/CM]/CCP Transactions in accordance with the relevant Rule Set following a [Firm/CM] Trigger Event or CCP Default (to the extent such Rule Set contemplates such a value in the relevant circumstance). If the value determined in respect of or otherwise ascribed to the related [Firm/CM]/CCP Transaction(s) under the relevant Rule Set reflects a positive value for [Firm/Clearing Member] vis-à-vis the Agreed CCP, the value determined in respect of such terminated Client Transaction(s) will reflect a positive value for Client vis-à-vis [Firm/Clearing Member] (and will constitute a positive amount for any determination under this [Module/Addendum]) and, if the value determined in respect of the related terminated [Firm/CCP]/CCP Transaction(s), under the relevant Rule Set reflects a positive value for the relevant Agreed CCP vis-à-vis [Firm/Clearing Member], the value determined in respect of [or otherwise ascribed to] such terminated Client Transaction(s) will reflect a positive

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value for [Firm/Clearing Member] vis-à-vis Client (and will constitute a negative amount for any determination under this [Module/Addendum]). The value determined in respect of or otherwise ascribed to the related [Firm/CM]/CCP Transaction(s) under the relevant Rule Set may be equal to zero.

"**Relevant Collateral Value**" means, in respect of the termination of Client Transactions in a Cleared Transaction Set, the value (without applying any "haircut" but otherwise as determined in accordance with the [Agreement/Collateral Agreement]) of all collateral that:

(a) is attributable to such Client Transactions;

(b) has been transferred by one party to the other in accordance with the [Agreement/Collateral Agreement or pursuant to Section 10(b)] and has not been returned at the time of such termination or otherwise applied or reduced in accordance with the terms of the [Agreement/relevant Collateral Agreement]; and

(c) is not beneficially owned by, or subject to any encumbrances or any other interest of, the transferring party or of any third person.

The Relevant Collateral Value will constitute a positive amount if the relevant collateral has been transferred by Client to [Firm/Clearing Member] and it or equivalent collateral has not been returned at the time of termination or otherwise applied or reduced in accordance with the terms of the [Agreement/Collateral Agreement] and a negative amount if the relevant collateral has been transferred by [Firm/Clearing Member] to Client and it or equivalent collateral has not been returned at the time of termination or otherwise applied or reduced in accordance with the terms of the [Agreement/Collateral Agreement].

7. **Clearing Module Set-Off Provision**

Firm may at any time and without notice to Client, set-off any Available Termination Amount against any amount (whether actual or contingent, present or future) owed by Firm to Client under the Clearing Agreement or otherwise. For these purposes, Firm may ascribe a commercially reasonable value to any amount which is contingent or which for any other reason is unascertained.

This Clause shall apply to the exclusion of all Disapplied Set-off Provisions in so far as they relate to Client Transactions; provided that, nothing in this Clause shall prejudice or affect such Disapplied Set-off Provisions in so far as they relate to transactions other than Client Transactions under the Agreement.

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8. **Addendum Set-Off Provision**

(i) Any Available Termination Amount will, at the option of (A) Client, in the case of an Available Termination Amount due in respect of a CM Trigger Event and without prior notice to Clearing Member, be reduced by its set-off against any other termination amount payable by Clearing Member to Client under the Clearing Agreement at such time ("**CM Other Amounts**"), or (B) either party, in the case of an Available Termination Amount due in respect of a CCP Default, and without prior notice to the other party, be reduced by its set-off against any other termination amount payable by or to X (where "**X**" means, in the case of Section 8(i)(A), Client or, in the case of Section 8(i)(B), the party electing to set off) under the Clearing Agreement at such time ("**EP Other Amounts**" and together with CM Other Amounts, "**Other Amounts**"), provided that in the case of Section 8(i)(A) or Section 8(i)(B), at the time at which X elects to set off, where Clearing Member is X, a CM Trigger Event has not occurred and is not continuing or, where Client is X, an event of default, termination event or other similar event, howsoever described, in respect of Client in the Agreement, has not occurred and is not continuing. To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party promptly after effecting any set-off under Section 8(i)(A) or Section 8(i)(B).

(ii) For the purposes of this Section 8(ii):

(A) all or part of the Available Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other amount is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency;

(B) if any Other Amounts are unascertained, X may in good faith estimate such Other Amounts and set off in respect of the estimate, subject to the relevant party accounting to the other when such Other Amounts are ascertained; and

(C) a "termination amount" may, for the avoidance of doubt, be another Cleared Set Termination Amount or another termination amount due under the Agreement including, in either case, any such amount that has previously been reduced in part by set-off pursuant to this Section 8(e).

(iii) Nothing in this Section 8(e) will be effective to create a charge or other security interest. This Section 8(e) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which Client or Clearing Member is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise), provided that, notwithstanding anything to the contrary in the Clearing Agreement or any related Collateral Agreement, no party may exercise any rights of set-off in respect of Excluded Termination Amounts.

Las Condes, Santiago, Chile

PART 2
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", using synonyms, changing the order of the words) 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 for the purposes of correct cross-referencing or 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. A change which provides that the agreement applies to existing Transactions outstanding between the parties on the date the agreement takes effect.

4. Any change to the scope of the agreement clarifying that certain transactions (e.g., OTC derivatives governed by an ISDA Master Agreement) shall not be transactions or contracts for purposes of the agreement.

5. 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), where such addition 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, and such addition may be expressed to apply to one only of the Parties.

6. 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.

7. 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.

8. 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.

9. 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).

10. In the case of any agreement incorporating the Two-Way Clauses, any change to the Insolvency Events of Default which has the effect of providing that when one or several specified events (which would constitute Insolvency Events of Default) occur in relation to one specified Party, such event shall not constitute an Event of Default under the agreement.

11. Any change to the agreement requiring the Non-Defaulting Party when exercising its rights under the FOA Netting Provision, Clearing Module Netting Provision, Addendum Netting Provision, FOA Set-Off Provisions, Clearing Module Set-Off Provision, Addendum Set-Off Provision or Title Transfer Provisions (or other provisions) or making determinations to act in good faith and/or a commercially reasonable manner.

12. Any change modifying the currency of Liquidation Amount, Available Termination Amount, Cleared Set Termination Amount or of any amount relevant to the FOA Set-Off Provisions, Clearing Module Set-Off Provision, Addendum Set-Off Provision or Title Transfer Provisions.

13. Any change to the FOA Netting Provision, the FOA Set-Off Provisions, the Clearing Module Netting Provision, the Clearing Module Set-Off Provision, the Addendum Netting Provision or the Addendum Set-Off Provision clarifying that (i) any account subject to set-off must be owned by the same party or (ii) the Non-Defaulting Party must, or may, notify the other party of its exercise of rights under such provision or other provision.

14. Any change to the FOA Set-Off Provisions, the Clearing Module Set-Off Provision or the Addendum Set-Off Provision (a) clarifying (i) at which time set-off may be exercised by a Party (with or without limitation), (ii) the amounts that may be set-off (with or without limitation, whether in relation to the agreement(s) under which such amounts arise or to the parties from which they are due), (iii) the use of currency conversion in case of cross-currency set-off, (iv) the application or

disapplication of any grace period to set-off; or (b) allowing the combination of a Party's accounts.

15. Any change to the FOA Netting Provision adding or taking from the amounts to be taken into account for the calculation of the Liquidation Amount.

16. Any addition to any of the Core Provisions that leaves both the plain English sense and legal effect of such provision unchanged.

17. Any change converting the Core Provisions of the FOA Netting Provision to a 'one-way' form in the style of the One-Way Master Netting Agreement 1997 (in which only the default of one Party is contemplated).

18. Including multiple forms of netting provision in respect of Client Transactions, in any of the following combinations:

- more than one ISDA/FOA Clearing Addendum or Addendum Netting Provision
- more than one FOA Clearing Module or Clearing Module Netting Provision
- one or more ISDA/FOA Clearing Addendum or Addendum Netting Provision and one or more FOA Clearing Module or Clearing Module Netting Provision

provided that the agreement specifies unambiguously that only one such netting provision shall apply in respect of any given Client Transaction.

19. Including the Title Transfer Provisions together with provisions which create a security interest over cash and/or non-cash margin, provided that the agreement unambiguously specifies the circumstances in which the security interest or the Title Transfer provisions apply in respect of any given item of margin so that it is not possible for both the security interest and the Title Transfer Provisions to apply simultaneously to the same item of margin.

20. Adding to the definition of "Firm Trigger Event" or, as the case may be, "CM Trigger Event" (or defined terms equivalent thereto) any further events of default in relation to the Firm or, as the case may be, the Clearing Member, including those in the definition of Events of Default appearing in a FOA Published Form Agreement (including as modified in accordance with paragraph 5 above).

21. Any change to the Clearing Module Netting Provision or, as the case may be, the Addendum Netting Provision providing that any applicable Cleared Set Termination Amount will be determined by the Firm or, as the case may be, the

Clearing Member in any event (even in the case of a Firm Trigger Event or, as the case may be, a CM Trigger Event).

22. Any change to the FOA Netting Provision providing that any applicable Liquidation Amount will be determined by the Defaulting Party.

23. Any addition to the Clearing Module Netting Provision or the Addendum Netting Provision providing that, if any Firm/CCP Transaction or CM/CCP Transaction and its related collateral or margin has been ported to another clearing member of the Agreed CCP Service following a Firm Trigger Event or CM Trigger Event, the Party in charge of the calculation of the Cleared Set Termination Amount can ascribe an appropriately reduced value (including zero) to the Client Transaction and related margin or collateral corresponding to the Firm/CCP Transaction or CM/CCP Transaction and its related collateral or margin so ported.

/Carey

PART 3
SECURITY INTEREST PROVISIONS

1. **Security Interest Clause**

"As a continuing security for the performance of the Secured Obligations under or pursuant to this Agreement, you grant to us, with full title guarantee, a first fixed security interest in all non-cash margin now or in the future provided by you to us or to our order or under our direction or control or that of a Market or otherwise standing to the credit of your account under this Agreement or otherwise held by us or our Associates or our nominees on your behalf."

2 **Power of Sale Clause**

"If an Event of Default occurs, we may exercise the power to sell all or any part of the margin. The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Agreement or to any exercise by us of our rights to consolidate mortgages or our power of sale. We shall be entitled to apply the proceeds of sale or other disposal in paying the costs of such sale or other disposal and in or towards satisfaction of the Secured Obligations."

3. **Client Money Additional Security Clause**

"As a continuing security for the payment and discharge of the Secured Obligations you grant to us, with full title guarantee, a first fixed security interest in all your money that we may cease to treat as client money in accordance with the Client Money Rules. You agree that we shall be entitled to apply that money in or towards satisfaction of all or any part of the Secured Obligations which are due and payable to us but unpaid."

4. **Rehypothecation Clause**

"You agree and authorise us to borrow, lend, appropriate, dispose of or otherwise use for our own purposes, from time to time, all non-cash margin accepted by us from you and, to the extent that we do, we both acknowledge that the relevant non-cash margin will be transferred to a proprietary account belonging to us (or to any other account selected by us from time to time) by way of absolute transfer and such margin will become the absolute property of ours (or that of our transferee) free from any security interest under this Agreement and from any equity, right, title or interest of yours. Upon any such rehypothecation by us you will have a right against us for the delivery of property, cash, or securities of an identical type, nominal value, description and amount to the rehypothecated non-cash margin, which, upon being delivered back to you, will become subject to the provisions of this Agreement. We agree to credit to you, as soon as reasonably practicable following receipt by us, and as applicable, a sum of money or property equivalent to (and in the same currency as) the type and amount of income (including interest, dividends or other distributions whatsoever with respect to the non-cash margin) that would be received by you in respect of such non-cash margin assuming that such non-cash margin was not rehypothecated by us and was retained by you on the date on which such income was paid.".

ANNEX 5
NECESSARY OR DESIRABLE AMENDMENTS

1. Necessary amendments

   None

2. Desirable amendments

   None

3. Additional wording to be treated as part of the Core Provisions

   None

4. Additional events for the purposes of paragraph 3.1:

   None

5. Alterations which constitute material alterations:

   None

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