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January 28, 2013

Dear Sirs

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

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

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

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

1. TERMS OF REFERENCE AND DEFINITIONS

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

1.1.1 persons which are joint stock companies (*chusik hoesa*) incorporated under the Commercial Code of Korea; and

1.1.2 in respect of paragraph 3.3, the entities referred to in such paragraph,

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

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

- 1.2.1 Banks incorporated pursuant to the Commercial Code of Korea and/or licensed pursuant to the Bank Law of Korea (Schedule 1);
- 1.2.2 Securities companies incorporated pursuant to the Commercial Code of Korea and/or licensed pursuant to the Financial Investment Services and Capital Markets Act of Korea (Schedule 2);
- 1.2.3 Insurance companies incorporated pursuant to the Commercial Code of Korea and/or licensed pursuant to the Insurance Business Law of Korea (Schedule 3);
- 1.2.4 Individuals who have the capacity to enter into a contract (Schedule 4); and
- 1.2.5 Parties acting as trustees of trusts or funds organized in the form of trust pursuant to the Financial Investment Services and Capital Markets Act (Schedule 5)

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

- 1.3 This opinion is given in respect of cash and account-held securities which are the subject of the Security Interest Provisions ("**Collateral**"). The amount and value of such Collateral may fluctuate from time to time on a day to day, and possibly intra-day basis.
- 1.4 In this opinion letter:
 - 1.4.1 "**Security Interest**" means the security interest created pursuant to the Security Interest Provisions;
 - 1.4.2 "**Equivalent Agreement**" means an agreement:
 - (a) which is governed by the law of England and Wales;
 - (b) which has broadly similar function to any of the Agreements listed in Annex 1;
 - (c) which contains the Core Provisions (with no amendments, or with Non-material Amendments); and
 - (d) which neither contains (nor is modified, amended, or superseded by) any other provision which may invalidate, adversely affect, modify, amend, supersede, conflict with, provide alternatives to, compromise or fetter the operation, implementation, enforceability and effectiveness of all or part of the Core Provisions (in each case, excepting Non-material Amendments);

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

- 1.4.3 A "**Non-material Amendment**" means an amendment having the effect of one of the amendments set out at Annex 3;
- 1.4.4 "**enforcement**" means, in the relation to the Security Interest, the act of:
- (i) sale and application of proceeds of the sale of Collateral against monies owed, or
 - (ii) appropriation of the Collateral,
- in either case in accordance with the Security Interest Provisions.
- 1.4.5 in other instances other than those referred to at 1.4.4 above, references to the word "**enforceable**" and cognate terms are used to refer to the ability of a Party to exercise its contractual rights in accordance with their terms and without risk of successful challenge. We do not opine on the availability of any judicial remedy.
- 1.4.6 terms defined or given a particular construction in the Agreement have the same meaning in this opinion letter unless a contrary indication appears;
- 1.4.7 any reference to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been amended or re-enacted on or before the date of this opinion letter;
- 1.4.8 certain terms relating specifically to the Agreement or to the provisions thereof are set out at Annex 2; and
- 1.4.9 headings in this opinion letter are for ease of reference only and shall not affect its interpretation.
- 1.4.10 references to "**Core Provisions**" include Core Provisions that have been modified by Non-Material Amendments.

2. ASSUMPTIONS

We assume the following:

- 2.1 That the Agreements are legally binding and enforceable against both Parties under their governing laws.
- 2.2 That the Security Interest Provisions are enforceable under the governing law of the Agreement to create a Security Interest.
- 2.3 That each Party has the capacity, power and authority under all applicable law(s) to enter into the Agreement; to perform its obligations under the Agreement; and that

each Party has taken all necessary steps to execute, deliver and perform the Agreement.

- 2.4 That each Party is duly incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation and of any jurisdiction in which the conduct of its business or the ownership of its property makes such assumption necessary.
- 2.5 That each Party has obtained, complied with the terms of and maintained all authorisations, approvals, licences and consents required to enable it lawfully to enter into and perform its obligations under the Agreement and Transactions and to ensure the legality, validity, enforceability or admissibility in evidence of the Agreement in this jurisdiction, including and without limitation foreign exchange authorization requirements.
- 2.6 That the Agreement has been properly executed by both Parties.
- 2.7 That each of the Parties is acting as principal and not as agent in relation to its rights and obligations under the Agreements.
- 2.8 That the Agreement is entered into prior to the filing of an application for commencement of any Insolvency Proceedings (as defined herein) in respect of either Party and prior to either Party becoming insolvent (i.e., where it is unable to pay its debts as they become due or its liabilities exceed its assets).
- 2.9 The Agreement has been entered into, and each of the transactions referred to therein is carried out, by each of the parties thereto in good faith, for the benefit of each of them respectively, on arms' length commercial terms and for the purpose of carrying on, and by way of, their respective businesses.
- 2.10 That the Agreement accurately reflects the true intentions of each Party.
- 2.11 That no provisions of the Agreement, or a document of which the Agreement forms part, or any other arrangement between the Parties, invalidate the enforceability or effectiveness of the Security Interest Provisions or the Rehypothecation Clause under the governing law of the Agreement.
- 2.12 That there is no other agreement, instrument or other arrangement between the Firm and the Counterparty which modifies or supersedes the Agreement.
- 2.13 That all acts, conditions or things required to be fulfilled, performed or effected in connection with the Agreement and the creation and perfection of the security interests thereunder pursuant to laws of any jurisdiction other than this jurisdiction have been duly fulfilled, performed and effected.
- 2.14 That the Counterparty, when granting a security interest over the Collateral in the form of account-held securities under the Security Interest Provisions, has good and marketable title to such securities, free and clear of any lien, claim, charge or

encumbrance or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance or settlement system).

- 2.15 That, only in so far as this opinion is given in respect of the Collateral in the form of account-held securities which are denominated in KRW and held in Korea, it will be pledged under a Korean law-governed pledge agreement, containing the Security Interest Provisions together with any necessary modifications to comply with Korean law (the “**Pledge Agreement**”).
- 2.16 That there are no provisions of the laws of any jurisdiction (other than this jurisdiction) which would be contravened by the execution or the delivery of the Agreement.
- 2.17 That to the extent that any obligation arising under the Agreements is to be performed in any jurisdiction (other than this jurisdiction), its performance will not contravene any of the laws of that jurisdiction.
- 2.18 That, except with respect to our opinion at paragraph 3.3, any accounts and the assets expressed to be subject to a Security Interest pursuant to the Security Interest Provisions may be located either within or outside this jurisdiction.
- 2.19 That no Firm is a financial institution doing business under a license issued by the Korean government and a Korean branch of a Firm, if any, does not fall within the scope of a “Firm”.
- 2.20 That any cash comprising the Collateral is in a currency that is freely transferable internationally (therefore excluding Korean Won (“**KRW**”)) under the laws of all relevant jurisdictions.
- 2.21 That any “**account-held securities**” provided as Collateral are in the form of intermediated securities, which is a form of interest in securities recorded in fungible book-entry form in an account maintained by a financial intermediary.
- 2.22 That no provision of the Agreement that is necessary for the giving of our opinions and advice in this opinion letter has been altered in any material respect. In our view, an alteration contemplated in the definition of “Equivalent Agreement” above would not constitute a material alteration for this purpose. We express no view whether an alteration not contemplated in the definition of Equivalent Agreement would or would not constitute a material alteration of the Agreement.

3. OPINIONS

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

3.1 Valid Security Interest

- 3.1.1 A Korean court would recognize the validity of security interest over the Collateral granted pursuant to the Security Interest Provisions, subject to the following discussion:

Cash:

(i) Where cash is held in Korea

Korean law would govern the cash held in Korea. Korean law does not recognize a security interest in cash. However, cash can be delivered as a security deposit (*Bochung-kum*) which can be commingled or used by the holder and will be automatically deemed applied to the satisfaction of the obligation owed to the holder by the depositor upon default under the obligation, to the extent that the delivery of cash as a security deposit is reflected in the Security Interest Provisions. On the other hand, the rights under a bank account can be pledged.

(ii) Where cash is held outside Korea

Although there is no relevant provision in the Korean Private International Law, we believe that a Korean court would hold that the creation and perfection of a security interest in cash held outside Korea (i.e., either the jurisdiction where the cash is physically held or where the depository bank is located in case cash is held in a bank account) would be governed by the laws of the jurisdiction where such cash is held. Thus, a Korean court would recognize the validity of a security interest granted pursuant to the Security Interest Provisions if such a security interest is validly created and perfected in the jurisdiction where the cash is held.

Account-Held Securities:

The Korean Private International Law is silent as to which laws should govern a security interest in securities that are held indirectly through an intermediary and transferable by book-entry. There is no relevant court decision on the point. However, the prevailing view in the local legal community is that the law of the jurisdiction where the relevant intermediary is located should govern the proprietary aspects of a security interest in such securities.

(i) Where the intermediary is located in Korea

If the intermediary is located in Korea, Korean law should govern the proprietary aspects of a security interest in the account-held securities. Account-held securities can be validly pledged only through the book-entry of the pledge on the book of the relevant intermediary. Such book-entry of pledge is deemed to have the legal effect of "delivery of the securities to the pledgee." Therefore, only the pledgee who is deemed to have possession of the securities directly or indirectly will have the perfected security interest.

(ii) Where the intermediary is located outside Korea

Although there is no relevant provision in the Korean Private International Law, we believe that a Korean court would hold that the creation and perfection of a security interest in the account-held securities held outside Korea would be governed by the laws of the jurisdiction where the relevant intermediary is located.

- 3.1.2 Following the occurrence of an Event of Default, including as a result of the opening of any Insolvency Proceedings, the Non-Defaulting Party would be entitled to enforce the Security Interest in respect of the Collateral, subject to the following discussion:

Enforcement of Security Interest in the Absence of Insolvency Proceedings

If Korean law applies (as determined by the Korean conflict of laws rules, including the Korean Private International Law), upon the debtor's default, the Non-Defaulting Party would have the option of (i) judicial foreclosure; (ii) private sale (i.e., a sale other than by a judicial auction) with respect to the disposition of the Collateral, if the pledge agreement provides for a private sale and if the secured transaction is considered "a commercial transaction"; or (iii) acquisition of the securities in its own name in lieu of judicial foreclosure if the secured transaction is considered "a commercial transaction" and the parties have agreed on such a remedy. The Commercial Code of Korea lists the types of activities that are considered commercial transactions and in addition states that all activities of a merchant qualify as commercial transactions.

Enforcement of Security Interest upon Commencement of Insolvency Proceedings

In Korea, insolvency is governed by the Debtor Rehabilitation and Bankruptcy Law ("DRBL"), the Financial Industry Restructuring Law ("FIRL") and the Corporate Restructuring Promotion Law ("CRPL"). Because there is nothing in the FIRL that would adversely affect the Firm, and the CRPL only affects financial institutions in Korea, this opinion discusses only proceedings under the DRBL.

Chapter 2 of the DRBL provides for proceedings for rehabilitation of a legal entity as well as an individual engaged in business ("**Rehabilitation Proceedings**"), Chapter 3 of the DRBL provides for proceedings for bankruptcy (i.e., liquidation) of a legal entity or an individual ("**Bankruptcy Proceedings**" and together with Rehabilitation Proceedings, "**Insolvency Proceedings**"), while Chapter 4 of the DRBL provides for proceedings for rehabilitation of an individual debtor.

The formal requirement for the institution of Insolvency Proceedings is the filing of a petition for bankruptcy or rehabilitation, as applicable. The filing of the petition per se does not act as an automatic stay. However, upon the formal commencement of the Rehabilitation Proceedings by a court order or declaration of bankruptcy by the court in Bankruptcy Proceedings, any actions to enforce claims against the insolvent Counterparty are stayed and the claims will be satisfied in accordance with the rehabilitation plan (in the case of Rehabilitation Proceedings) or the distribution table as approved by the creditors and court (in the case of Bankruptcy Proceedings). Upon the filing of a petition, the competent court will decide whether to commence a corporate reorganization or whether to declare bankruptcy, as the case may be. In Rehabilitation Proceedings (but not Bankruptcy Proceedings), the court is required to make its decision regarding the commencement of the proceeding within one month after the filing of the petition. The Firm in Bankruptcy Proceedings may enforce its security rights outside the proceedings whereas in Rehabilitation Proceedings, the Firm's security rights may be exercisable only in accordance with the court-confirmed reorganization plan. Insolvency Proceedings are deemed to have commenced on the date when the court issues a commencement order or an order declaring bankruptcy, as the case may be. The issuance of such an order is published in the government gazette.

Upon the formal commencement of the Rehabilitation Proceedings by a court order or declaration of bankruptcy by the court in the Bankruptcy Proceedings, any actions to enforce claims against the insolvent party are stayed and the claims will be satisfied in accordance with the rehabilitation plan (in the case of Rehabilitation Proceedings) or the distribution table as approved by the creditors and court (in the case of Bankruptcy Proceedings). Upon the filing of a petition, the competent court will decide whether to commence a corporate reorganization or whether to declare bankruptcy, as the case may be. The Non-Defaulting Party in Bankruptcy Proceedings may enforce its security rights outside the proceedings whereas in Rehabilitation Proceedings, the Non-Defaulting Party's security rights may be exercisable only in accordance with the court-confirmed reorganization plan.

In Bankruptcy Proceedings, a creditor may also exercise rights of set-off at any point, whereas rights of set-off will be stayed in Rehabilitation Proceedings from the expiry of the claim-filing period, which is

determined by the court at the time when Rehabilitation Proceedings are commenced or bankruptcy is declared.

Even before the formal commencement of Insolvency Proceedings, the court may issue an order prohibiting the insolvent party from disposing of its assets or staying any actions by a third party to enforce claims against the insolvent party. However, such an order would have no effect on the exercise of any right of set-off. The court is also empowered to issue a provisional injunction order or a provisional attachment order with respect to the insolvent party's property or business before the formal commencement of Insolvency Proceedings. In Rehabilitation Proceedings, once a petition has been filed a court may issue an interim stay order (*Jungji Myungryung*) to stay certain specific administrative or judicial procedures against the insolvent party or its assets. After a petition for Rehabilitation Proceedings has been filed, a court may also issue a comprehensive stay order (*Pogwaljuk Kumji Myungryung*) which will stay all actions taken by creditors to enforce their claims against the assets of the insolvent party, including execution of judgments, provisional attachment, provisional injunction or enforcement of security interests.

On the other hand, Article 120, Paragraph 3 of the DRBL (applicable to Rehabilitation Proceedings under Chapter 2 thereof) concerns the finality of contractual netting arrangements ("**Netting Clause**") and provides as follows:

"In the event that rehabilitation proceeding have commenced with respect to a party to any of the following transactions (referred to in this Paragraph as a "**Qualified Financial Transaction**") pursuant to a single agreement which provides for the basic terms of specified financial transactions (referred to in this Paragraph as a "**Master Agreement**"), the termination and the settlement of such Qualified Financial Transactions shall, notwithstanding any provision in this law, take effect in accordance with the parties' agreement in the Master Agreement and [each such Qualified Financial Transaction] shall not be subject to rescission, termination, revocation or avoidance; the transactions under Item 4 shall not be subject to an interim stay order [*Jungji Myungryung*] or comprehensive stay order [*Pogwaljuk Kumji Myungryung*]; provided, however, that the foregoing shall not apply to any Qualified Financial Transaction entered into by the debtor in collusion with the counterparty for the purpose of harming the other unsecured rehabilitation or secured rehabilitation creditors.

1. Any derivative transaction, as determined in the Presidential Decree, such as a forward, option or swap that is based on the price of currency, securities, equity contribution, commodity, credit risk, energy, weather, freight, bandwidth, environment or interest rate, an index composed of the above or other index;

2. Spot currency transaction, securities repurchase transaction, securities lending/borrowing transaction and secured call loan transaction;
3. Any transaction that is a combination of any of the transactions falling under Items 1 or 2; and
4. Provision, disposition or application of collateral in connection with the transactions falling under Items 1 through 3.”

Article 336 of the DRBL provides that the above provision will also apply, *mutatis mutandis*, to Bankruptcy Proceeding under Chapter 3 thereof.

To the extent that the Transactions fall within the scope of the Qualified Financial Transaction for the purpose of Article 120, Paragraph 3 of the DRBL, the Non-Defaulting Party’s right to enforce the Security Interest would not be subject to an interim stay order (*Jungji Myungryung*) or comprehensive stay order (*Pogwaljuk Kumji Myungryung*).

- 3.1.3 There is no rule of the laws of this jurisdiction which would impose a moratorium or stay which would prevent, delay or otherwise affect the right of the Non-Defaulting Party to enforce the Security Interest in respect of the Collateral, subject to the following discussion:

Upon the formal commencement of the Rehabilitation Proceedings by a court order or declaration of bankruptcy by the court in Bankruptcy Proceedings, any actions to enforce claims against the insolvent party are stayed and the claims will be satisfied in accordance with the rehabilitation plan (in the case of Rehabilitation Proceedings) or the distribution table as approved by the creditors and court (in the case of Bankruptcy Proceedings). Upon the filing of a petition, the competent court will decide whether to commence a corporate reorganization or whether to declare bankruptcy, as the case may be. In Rehabilitation Proceedings (but not Bankruptcy Proceedings), the court is required to make its decision regarding the commencement of the proceeding within one month after the filing of the petition. The Non-Defaulting Party in Bankruptcy Proceedings may enforce its security rights outside the proceedings whereas in Rehabilitation Proceedings, the Non-Defaulting Party’s security rights may be exercisable only in accordance with the court-confirmed reorganization plan. Insolvency Proceedings are deemed to have commenced on the date when the court issues a commencement order or an order declaring bankruptcy, as the case may be.

In Bankruptcy Proceedings a creditor may also exercise rights of set-off at any point, whereas rights of set-off will be stayed in Rehabilitation Proceedings from the expiry of the claim-filing period. The claim-filing period is determined by the court at the time when Rehabilitation Proceedings are commenced or bankruptcy is declared and generally lasts between two weeks and two months.

- 3.1.4 Following exercise of the Firm's rights under the Security Interest Provisions, the Firm's rights in respect of the proceeds of realisation of the Collateral would rank ahead of the interests of the Counterparty and any other person therein, subject to the following discussion:

Under Korean law, the Firm's enforcement rights would be subject to certain statutorily preferred claims including *Yuchi Kwon* (a possessory lien), claims for unpaid tax and claims for unpaid wages.

Possessory Lien

Under the Commercial Code of Korea, a merchant ("**Merchant A**") who is directly or indirectly in possession of movable property or negotiable instruments (including securities) of another merchant ("**Merchant B**") is entitled to keep such property until any obligations that Merchant B owes to Merchant A are fully discharged. Such entitlement which arises as a matter of law is referred to as *Yuchi Kwon* or a possessory lien and is effective not only against Merchant B but against all other third parties. No contractual agreement is required to create *Yuchi Kwon*. Any person engaged in commercial activities would qualify as a "merchant".

Under ordinary circumstances, although a holder of *Yuchi Kwon* has no priority right to the proceeds of the disposition of the property, such holder enjoys the right to retain the property until his claim is fully satisfied by the owner of the property or other competing creditors of such owner. Thus, it establishes a de facto priority right on the part of the holder of *Yuchi Kwon*.

Although there is no court precedent on point, it is generally believed that *Yuchi Kwon* would be valid with respect to an obligation owed to the *Yuchi Kwon* holder if *Yuchi Kwon* is recognized under the laws of the jurisdiction where the holder (and hence the relevant property) is located as well as the laws of the jurisdiction which govern the obligation.

The intermediary or custodian holding non-cash Collateral may have *Yuchi Kwon* with respect to the account holding the securities held in Korea.

Tax Claims

A claim for delinquent tax of the debtor (e.g., income tax, local tax, or any other tax) is accorded priority if the tax determination date of the tax precedes the creation and perfection of the security interest. However, there are no tax claims relating to account-held securities that are accorded priority over any security interest.

Claims for Wages

Generally, claims for a limited amount of unpaid wages and a limited amount of severance payment are accorded priority over the Firm. However, the prevailing view in the local legal community is that such claims would not be accorded priority in the context of a private sale of the Collateral.

3.2 Further acts

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

3.3 Foreign Collateral Providers

Moreover, the opinions given at paragraphs 3.1 and 3.2 also apply in respect of any Counterparty that is not established or resident in this jurisdiction, where any accounts and the assets expressed to be subject to a Security Interest pursuant to the Security Interest Provisions are located within this jurisdiction, subject to the following discussion:

Under the Financial Investment Services and Capital Markets Act of Korea, in principle, a non-resident can acquire Korean listed securities only through trading on the Korea Exchange, subject to certain exceptions. If the Firm acquires the Collateral consisting of Korean listed securities as a result of foreclosure, it appears that such acquisition may require the approval of the Financial Supervisory Commission of Korea ("FSC") because in principle a non-resident may acquire Korean listed securities only through trading on the Korea Exchange. However, the FSC issued an official ruling on February 9, 2000 stating that no such approval will be required. On the other hand, the disposition of the acquired securities by the Firm should be reported to the Financial Supervisory Service of Korea.

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 in principle, under the DRBL.

Under the DRBL, upon petition by the representative of the Insolvency Proceedings of the foreign Defaulting Party, the court in this jurisdiction may recognize the Insolvency Proceedings in the relevant foreign jurisdiction and render assistance by way of preserving the Collateral held in Korea or staying proceedings against such Collateral.

As a practical matter, however, we believe that the possibility of Korean courts exercising jurisdiction over the enforcement of the Security Interest in the Collateral, solely based on the fact that the Collateral is held in this jurisdiction, is remote.

3.4 **Right of re-use**

With respect to the Eligible Counterparty Agreement 2011, the Retail Client Agreement 2011, the Professional Client Agreement 2011 (or an Equivalent Agreement in the form of one of the foregoing), the Rehypothecation Clause would be effective for the Collateral held in the jurisdictions other than this jurisdiction, in accordance with its terms, such that that Firm is entitled to borrow, lend, appropriate, dispose of or otherwise use for its own purposes all non-cash Collateral, subject to the further rights and obligations set out in the Rehypothecation Clause.

The Rehypothecation Clause would not be effective for non-cash Collateral held in this jurisdiction because under the Korean law of pledge, the sale, rehypothecation, assignment or other transfer or disposition of non-cash Collateral by the Firm or exercise of the Firm's right to sell or otherwise dispose of the Collateral (other than pursuant to a transfer of the secured obligation together with the security interest or upon default by the Counterparty) will destroy the security interest in the Collateral.

If the Firm sold or disposed of the Collateral and if the Counterparty was not in default, the Firm would be required to pay damages to the Counterparty. Ordinarily the damages would be valued at the market value of the assets at the time of the sale; however, if the Firm knew or should have known that the market value would increase by the time when the assets would be required to be returned to the Counterparty, consequential damages may also be recognized. The Firm would not be permitted to set off such obligation to pay damages payable by the Firm against the Counterparty's obligation owed to the Firm, if the Firm has sold the Collateral with the knowledge that it had no right to do so.

4. **QUALIFICATIONS**

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


- 4.1.1 Our opinion hereof is only in relation to Korean law as it stands at the date of this opinion, and we have assumed that no law of a jurisdiction other than Korea adversely affects our opinion.
- 4.1.2 As used in this opinion letter, the term "enforceable" means that each obligation or document is of a type and form enforced by the Korean courts. However, the remedies of specific performance or injunction might not be necessarily available with respect to any particular provision in the documents. Also, the enforceability of provisions releasing or exculpating a party from, or requiring indemnification of a party for, liability for its own action or inaction may be limited or affected where the action or inaction involves unlawful conduct, wilful misconduct or gross negligence. In addition, the obligations of the parties may also be affected or limited by the general principles of good morals and other social order and the general principles of good faith and fairness provided for in the Civil Code of Korea.

- 4.1.3 Korean courts may exercise judicial discretion in determining such matters as conclusiveness of certificates, amount of damages and entitlement to attorneys' fees and other costs.
- 4.1.4 If the Korean government deems that certain emergency circumstances, including but not limited to severe and sudden changes in domestic or overseas economic circumstances, extreme difficulty in stabilizing the balance of payments or a substantial disturbance in the Korean financial and capital markets, is likely to occur, it may impose certain necessary restrictions provided for under the Foreign Exchange Transaction Act, such as the suspension of payments or requiring the Korean resident who desires to make the payments to obtain prior approval from the Ministry of Strategy and Finance for the repatriation of any amount payable under the Agreements.

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

This opinion is given for the sole benefit of the Futures and Options Association and such of its members (excluding associate members) as subscribe to the Futures and Options Association's opinions library (and whose terms of subscription given them access to this opinion). This opinion may not be relied upon by any other person unless we otherwise specifically agree with that person in writing, although we consent to it being shown on a confidential basis to such Futures and Options Association members' affiliates (being members of such persons' groups, as defined by the UK Financial Services and Markets Act 2000) and to any competent authority supervising such member firms and their affiliates in connection with their compliance with their obligations under prudential regulation, *provided that*, such affiliates or any supervising authority may not rely on this opinion without our written consent.

Very Truly Yours,


Kim & Chang

**SCHEDULE 1
(BANKS)**

Subject to the modifications and additions set out in this Schedule 1(Banks), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are banks. For the purposes of this Schedule 1 (Banks), "banks" means the banks incorporated pursuant to the Commercial Code of Korea and/or licensed pursuant to the Bank Law of Korea.

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

Paragraph 3.1.4 is subject to the following discussion:

Article 61 of the Bank Act provides a liquidation procedure for the Korean branch of a foreign bank in the event of cancellation of its banking license in Korea. Article 62 of the Bank Act provides that in the event of the liquidation or bankruptcy of a branch of a foreign bank, the branch's assets, reserves or capital should be allocated first to satisfy the claims of Korean citizens or foreigners resident in Korea on a preferential basis. Although there is no court precedent on this point, it is generally believed that a validly created and perfected security interest in the assets in Korea held by a Korean branch of a foreign bank would not be adversely affected by the statutory preference accorded to the claims of Korean citizens or foreigners resident in Korea.

4. ADDITIONAL QUALIFICATIONS

None

5. MODIFICATIONS TO QUALIFICATIONS

None

SCHEDULE 2
(SECURITIES COMPANIES)

Subject to the modifications and additions set out in this Schedule 2 (Securities Companies), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are securities companies. For the purposes of this Schedule 2 (Securities Companies), "securities companies" means the securities companies incorporated pursuant to the Commercial Code of Korea and/or licensed pursuant to the Financial Investment Services and Capital Markets Act of Korea. In Korea, securities companies act as broker-dealer/underwriter of securities.

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

Paragraph 3.1.4 is subject to the following discussion:

Article 65-3 of the Financial Investment Services and Capital Markets Act of Korea provides that in the event of liquidation or bankruptcy of a branch of a foreign securities company, the branch's assets, reserves or capital should be allocated first to satisfy the claims of Korean citizens or foreigners resident in Korea on a preferential basis. Although there is no court precedent on this point, it is generally believed that a validly created and perfected security interest in the assets in Korea held by a Korean branch of a foreign securities company would not be adversely affected by the statutory preference accorded to the claims of Korean citizens or foreigners resident in Korea.

4. ADDITIONAL QUALIFICATIONS

None

5. MODIFICATIONS TO QUALIFICATIONS

None

SCHEDULE 3 (INSURANCE COMPANIES)

Subject to the modifications and additions set out in this Schedule 3 (Insurance Companies), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are insurance companies. For the purposes of this Schedule 3 (Insurance Companies), "insurance companies" means the insurance companies incorporated pursuant to the Commercial Code of Korea and licensed pursuant to the Insurance Business Law of Korea ("IBL").

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

3.1 Paragraph 3.1.4 is subject to the following discussion:

With respect to a Korean branch of a foreign insurance company, Article 75 of the IBL requires a branch of a foreign insurance company to maintain in Korea assets in an amount equal to the liability reserve and emergency risk reserve relating to insurance policies issued in Korea. Further, Article 32, Paragraph 1 of the IBL provides that a holder or a beneficiary of an insurance policy shall be preferentially paid his/her entitled insurance amount from the insurance company's assets, unless otherwise provided in other Korean laws. The Ministry of Finance and Economy ("MOFE" which is now renamed as the Ministry of Strategy and Finance) issued an interpretative ruling on September 13, 2001 to the effect that the statutory priority of holders or beneficiaries of insurance policies under Article 32, Paragraph 1 [formerly Article 39, Paragraph 1] of the IBL is effective against unsecured creditors of the insurance company but will not be superior to the security interest granted in the assets of the insurance company in favor of secured creditors. Although the MOFE ruling is not binding on Korean courts, we believe that courts in Korea would accord authority to such a ruling since the MOFE has administrative jurisdiction on matters relating to the IBL.

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 1 (Individuals), "individuals" means the individuals who have the capacity to enter into a contract.

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

Paragraph 3.1.2 is subject to the following discussion:

Enforcement of Security Interest in the Absence of Insolvency Proceedings

With respect to individuals, the obligations under the Agreement will be binding on the legatee in the case of death or on the court-appointed guardian in the case of insanity or other incapacity and therefore, the Security Interest will be exercisable.

Enforcement of Security Interest upon Commencement of Insolvency Proceedings

Chapter 3 of the Debtor Rehabilitation and Bankruptcy Law ("DRBL") provides for proceedings for bankruptcy (i.e., liquidation) of a legal entity or an individual and Chapter 4 of the DRBL provides for proceedings for rehabilitation of an individual debtor. If the relevant debt amount is KRW one billion or less, the individual debtor can file for the rehabilitation proceedings. With the filing for the rehabilitation proceedings by the individual debtor, secured creditors would still have a right to foreclose on the collateral although a Korean court may issue an order staying any actions by a third party to enforce claims against the individual debtor.

4. ADDITIONAL QUALIFICATIONS

None

5. MODIFICATIONS TO QUALIFICATIONS

None

SCHEDULE 5 (TRUSTS)

Subject to the modifications and additions set out in this Schedule 5 (Trusts), the opinions, assumptions and qualifications set out in this opinion letter will also apply in respect of Parties which are trusts or funds organized in the form of trust. For the purposes of this Schedule 5 (Trusts), "trusts" means the investment trusts (or funds organized in the form of trust) established pursuant to the Financial Investment Services and Capital Markets Act of Korea ("FSCMA").

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

- 2.1 The trustee holds the appropriate license to act in its capacity as trustee of an investment trust, as required under the FSCMA.
- 2.2 The trustee will enter into over-the-counter derivative transactions for the account of the trust for both hedging and non-hedging purposes, in accordance with the instructions from the investment manager of the trust.

3. MODIFICATIONS TO OPINIONS

Paragraph 3.1.2 is subject to the following discussion:

Trustee's Insolvency

Under the Trust Law of Korea (the "**Trust Law**"), an investment trust is not a legal entity and accordingly has no capacity to own property, enter into a contract or to sue or to be sued. A trust is a contractual arrangement where the trustee is the legal owner of the trust assets and holds such assets on behalf of the beneficiaries of the trust. In addition, the FSCMA provides that a trustee shall execute acquisition and sale transactions in respect of the trust assets of an investment trust (including entering into derivative contracts) in accordance with the instructions of such investment trust's asset management company, which is the entity designated under the FSCMA to manage the trust assets. Therefore, the trustee as principal will be the Firm's contractual counterparty to the Agreement and transactions thereunder.

The insolvency of the trustee of an investment trust does not result in the insolvency of the investment trust; indeed, under the FSCMA, the insolvency of the trustee is not even one of the causes for dissolution of an investment trust. Rather, under the Trust Law, in the event of the bankruptcy of a trustee, the assets that are identified as the

assets of an investment trust do not become part of the trustee's bankruptcy estate, and we believe this principle will apply *mutatis mutandis* to the case where a trustee enters into Rehabilitation Proceedings. As such, general creditors of the trustee would have no recourse to the trust assets of an investment trust, although a counterparty to a derivative transaction with the trustee acting in respect of and for the account of an investment trust would have recourse to such investment trust's assets with respect to that derivative transaction. Thus, the Security Interest in respect of the Collateral will be enforceable as agreed by the parties since such transactions, as trust assets of the relevant investment trust, are not subject to the trustee's Insolvency Proceedings, and any provisional injunction order or provisional attachment order or comprehensive stay order (*Pogwaljuk Kumji Myungryung*) issued in the trustee's Insolvency Proceedings would have no effect on the Non-Defaulting Party's exercise of rights.

Investment Trust's Insolvency

Investment trusts cannot be subject to the Insolvency Proceedings under Korean law. Thus, insolvency of an investment trust (having no NAV) would have no effect on the exercise of the Security Interest under the Agreements. In such case, Article 192 of the FSCMA would apply, which would lead to the dissolution of the insolvent investment trust. In principle, the dissolution of an investment trust is required to be approved by the Financial Services Commission, provided that no such approval would be required for trusts having the principal amount of less than KRW 5 billion (x) on the first anniversary of the establishment or (y) continuously for one (1) month after the first anniversary of the establishment.

4. **ADDITIONAL QUALIFICATIONS**

None

5. **MODIFICATIONS TO QUALIFICATIONS**

None

ANNEX 1
FORM OF FOA AGREEMENTS

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

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

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

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

ANNEX 2
DEFINED TERMS RELATING TO THE AGREEMENTS

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

- (a) the "**Security Interest Clause**", being:
 - (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.6 (*Security interest*);
 - (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.6 (*Security interest*);
 - (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.7 (*Security interest*);
 - (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.8 (*Security interest*);
 - (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.8 (*Security interest*);
 - (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.9 (*Security interest*);
 - (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.6 (*Security interest*);
 - (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.6 (*Security interest*);
 - (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.7 (*Security interest*); and
 - (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes);
- (b) the "**Power to Charge Clause**", being:
 - (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.10 (*Power to charge*);
 - (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.10 (*Power to charge*);
 - (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.10 (*Power to charge*);
 - (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.12 (*Power to charge*);
 - (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.12 (*Power to charge*);

- (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.12 (*Power to charge*);
 - (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.10 (*Power to charge*);
 - (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.10 (*Power to charge*);
 - (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.10 (*Power to charge*); and
 - (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes);
- (c) the "**Power of Sale Clause**", being:
- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.11 (*Power of sale*);
 - (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.11 (*Power of sale*);
 - (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.11 (*Power of sale*);
 - (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.13 (*Power of sale*);
 - (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.13 (*Power of sale*);
 - (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.13 (*Power of sale*);
 - (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.11 (*Power of sale*);
 - (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.11 (*Power of sale*);
 - (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.11 (*Power of sale*); and
 - (x) in relation to an Equivalent Agreement, a clause that is identically the same in form and language as the clauses referred to in any of the

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

- (d) the "**Power of Appropriation Clause**", being:
 - (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.12 (*Power of appropriation*);
 - (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.12 (*Power of appropriation*);
 - (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.12 (*Power of appropriation*);
 - (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.14 (*Power of appropriation*);
 - (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.14 (*Power of appropriation*);
 - (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.14 (*Power of appropriation*);
 - (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.13 (*Power of appropriation*);
 - (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.13 (*Power of appropriation*);
 - (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.12 (*Power of appropriation*); and
 - (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes);
- (e) the "**Lien Clause**", being:
 - (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 8.13 (*General lien*);
 - (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 8.13 (*General lien*);
 - (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 8.14 (*General lien*);
 - (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 8.15 (*General lien*);

- (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 8.15 (*General lien*);
 - (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 8.16 (*General lien*);
 - (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 7.12 (*General lien*);
 - (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 7.12 (*General lien*);
 - (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 7.14 (*General lien*); and
 - (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as a clause referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes); and
- (f) the "**Client Money Additional Security Clause**", being:
- (i) in the case of Agreements in the form of the Professional Client Agreement 2007, clause 7.8 (*Additional security*) at module F Option 4 (where incorporated into such Agreement);
 - (ii) in the case of Agreements in the form of the Professional Client Agreement 2009, clause 7.9 (*Additional security*) at module F Option 1 (where incorporated into such Agreement);
 - (iii) in the case of Agreements in the form of the Professional Client Agreement 2011, clause 7.9 (*Additional security*) at module F Option 1 (where incorporated into such Agreement);
 - (iv) in the case of Agreements in the form of the Retail Client Agreement 2007, clause 7.8 (*Additional security*) at module F Option 4 (where incorporated into such Agreement);
 - (v) in the case of Agreements in the form of the Retail Client Agreement 2009, clause 7.9 (*Additional security*) at module F Option 1 (where incorporated into such Agreement);
 - (vi) in the case of Agreements in the form of the Retail Client Agreement 2011, clause 7.9 (*Additional security*) at module F Option 1 (where incorporated into such Agreement);

- (vii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2007, clause 6.8 (*Additional security*) at module F Option 4 (where incorporated into such Agreement);
- (viii) in the case of Agreements in the form of the Eligible Counterparty Agreement 2009, clause 6.9 (*Additional security*) at module F Option 1 (where incorporated into such Agreement);
- (ix) in the case of Agreements in the form of the Eligible Counterparty Agreement 2011, clause 6.9 (*Additional security*) at module F Option 1 (where incorporated into such Agreement); and
- (x) in the case of an Equivalent Agreement, a clause that is identically the same in form and language as the clauses referred to in any of the foregoing paragraphs (i) to (ix) of this definition (except insofar as variations may be required for internal cross-referencing purposes).

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

ANNEX 3 NON-MATERIAL AMENDMENTS

1. Any change to the numbering or order of a provision or provisions or the drafting style thereof (e.g., addressing the other party as "you", "Counterparty", "Party A/Party B") provided in each case that the plain English sense and legal effect both of each such provision and of the Agreement as a whole (including the integrity of any cross references and usage of defined terms) remains unchanged.
2. Any change to a provision or provisions by defining certain key terms (e.g., party, exchange, currency, defaulting party or non-defaulting party) and using these terms in large caps throughout the Agreement provided in each case that the plain English sense and legal effect both of each such provision and of the Agreement as a whole (including the integrity of any cross references and usage of defined terms) remains unchanged.
3. An addition to the list of events that constitute an Event of Default (e.g. without limitation, the failure to deliver securities or other assets, a force majeure, cross default or downgrading event the death or incapacity of a Party or its general partner any default under a specified transaction or a specified master agreement), such change may or may not be coupled with a grace period or the serving of a written notice on the Defaulting Party by the Non-Defaulting Party, such change may be expressed to apply to one only of the Parties.
4. Any change to an Insolvency Event of Default (i) introducing a grace period for the filing of a petition for bankruptcy proceedings (of e.g. 15 or 30 days), (ii) modifying or deleting any such grace period, (iii) requiring that the filing of the petition is not

frivolous, vexatious or otherwise unwarranted or (iv) that the non-defaulting party has reasonable grounds to conclude that the performance by the defaulting party of its obligations under the Agreement, Transactions, or both, is endangered.

5. Any change to an Insolvency Event of Default more particularly describing (i) the relevant procedures that would or would not constitute such event of default or termination event (ii) the relevant officers the appointment of which would or would not constitute such Insolvency Event of Default.
6. Any change to an Insolvency Event of Default extending its scope to events occurring with respect to the credit support provider, an affiliate, a custodian or trustee of a Party.
7. Any change to an Insolvency Event of Default replacing such event of default with a provision aligned to Section 5(a)(vii) of the 1992 or 2002 ISDA Master Agreement (or relevant part thereof).
8. Any change to the Agreement requiring the Non-defaulting Party when exercising its rights under the Security Interest Provisions (or other provisions) or making determinations to act in good faith and/or a commercially reasonable manner.
9. Any change clarifying that the Non-defaulting Party must, or may not, notify the other party of its exercise of rights under the Security Interest Provisions or other provision.