

PROSPECTUS dated 20 May 2015

ARGENTUM CAPITAL S.A.

(a public limited liability company (société anonyme) incorporated under the laws of Luxembourg, having its registered office at 51 Avenue J.-F. Kennedy, L-1855 Luxembourg and registered with the RCS Luxembourg under number B.182.715) (the “Company”)

acting in respect of Compartment GAP 2239 May/June 2015

Issue of

Series 2015-23

Up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the “Notes”)

This Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the “**Irish Stock Exchange**”) for the Notes to be admitted to the Official List of the Irish Stock Exchange (“**Official List**”) and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of NASDAQ OMX Stockholm AB (the “**Stockholm Stock Exchange**”).

This document constitutes a Prospectus for the purposes of the Prospectus Directive.

This Prospectus is available on the Irish Stock Exchange's website (www.ise.ie).

The Company is subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the “**Securitisation Act 2004**”). Under the Securitisation Act 2004, the Company, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities to the public on an ongoing basis.

The Company acting in respect of Compartment GAP 2239 May/June 2015 (the “**Compartment**”) created by the board of directors of the Company (in such capacity, the “**Issuer**”) will issue the Notes relating to such Compartment. The Issuer's liabilities in respect of such Notes will be allocated to the Compartment and will be segregated from the Company's other assets and liabilities and from the assets and liabilities allocated to any other compartments created by the Company. The Mortgaged Property is in principle exclusively available to satisfy the rights of the holders of the Notes and the rights of the other creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the articles of association of the Company (the “**Articles**”).

Claims of the Noteholders will be limited in recourse to the Mortgaged Property for the Notes which includes, among other things, the Collateral and the rights of the Issuer under (a) the Repo Transaction and (b) the Credit Default Swap Transaction, with the claims in respect of the Notes ranking *pari passu* with one another (see “*Risk Factors - Contracting on a limited recourse basis*” and “*Risk Factors - Risks relating to the Notes - Limited recourse obligations*” on pages 20 and 25 of the Base Prospectus dated 22 December 2014, together with “*Risk Factors*”, “*Transaction Description*” and “*Questions and Answers*” of this Prospectus).

Noteholders, by subscribing for the Notes, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular, the provisions on limited recourse, no petition, subordination and priority of payments and deliveries.

The Notes are credit-linked and certificate-linked. The Notes are linked to the Original Collateral referencing the performance of the Fund Basket. Certain risks relating to the Notes and an explanation as to the nature of such credit-linkage and certificate-linkage are set out below, in particular in the sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Questions and Answers*”.

Any person (an “**Investor**”) intending to acquire or acquiring any securities from any person (an “**Offeror**”) should be aware that, in the context of an offer of securities to the public as defined under the Prospectus Directive, the Issuer may be responsible to the Investor for this Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each European Economic Area Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

The Notes will be issued in registered form and will be represented by a Global Certificate as specified in the Issue Terms of the Notes set out in this Prospectus.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities laws of any state or other jurisdiction of the United States, and the Issuer is not and will not be registered under the United States Investment Company Act of 1940, as amended. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S under the Securities Act) at any time.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus contains references to credit ratings granted by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”), Fitch Ratings Limited (“**Fitch**”) and Moody’s Investors Service Ltd (“**Moody’s**”). Each of S&P, Fitch and Moody’s are established in the European Community and are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold a security and may be subject to revision or withdrawal at any time by the assigning rating agency. There can be no assurance that the assigning rating agency will continue to monitor its rating during the life of the Notes or that such rating may not be downgraded or withdrawn.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any websites referred to in this document do not form part of this Prospectus.

Prospective investors should be aware of the risks involved in investing in the Notes (see the section of this Prospectus entitled “*Risk Factors*”).

Dealer
CREDIT SUISSE INTERNATIONAL

The date of this Prospectus is 20 May 2015.

This Prospectus constitutes a Prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**”).

This Prospectus has been prepared for the purpose of providing information with regard to the Issuer and the Notes. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the “*Description of Credit Suisse International*” section in this Prospectus has been extracted from information published by Credit Suisse International. The information contained in the “*Description of the Reference Entity*” section of this Prospectus has been extracted from information published by the Reference Entity (as defined below), save for the reference to the exchange(s) on which the Reference Entity has certain securities listed which has been extracted from the Bloomberg page for the Reference Entity. The information contained in the “*Description of the Original Collateral*” and the “*Description of the Original Collateral Obligor*” sections of this Prospectus has been extracted from information provided and/or published by the Original Collateral Obligor (as defined below), save for the reference to the exchange(s) on which the Original Collateral Obligor has certain securities listed which has been extracted from the Bloomberg page for the Original Collateral Obligor. The Issuer confirms that this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer accepts responsibility, in each Member State for which it has given its consent referred to herein, for the content of this Prospectus in relation to any person (an “**Investor**”) to whom an offer of any Notes is made by any financial intermediary to whom it has given its consent to use this Prospectus (an “**Authorised Offeror**”), where the offer is made during the period for which that consent is given and where the offer is made in the Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Prospectus. However, neither the Issuer nor the Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The Issuer consents to the use of this Prospectus in connection with the offer of the Notes during the period commencing from, and including, 21 May 2015 to, and including, 22 June 2015 (the “**Offer Period**”) by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):

<u>Intermediary</u>	<u>Member State</u>	<u>Conditions</u>
Garantum Fondkommission AB	Kingdom of Sweden	None

The Issuer may give consent to additional financial intermediaries after the date of this Prospectus and, if it does so, it will publish the above information in relation to them at www.argentumcapital.lu at the relevant time during the Offer Period.

An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.

Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Neither the Trustee nor the Dealer has or will have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Trustee or the Dealer as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Dealer or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Original Collateral Obligor, the Reference Entity and each constituent fund within the Fund Basket. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus, nor the offering, sale or delivery of Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Dealer do not and will not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or the Dealer (save as specified in “*Subscription and Sale and Transfer Restrictions – Public Offer Selling Restriction under the Prospectus Directive*” below) which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and

regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Luxembourg, Ireland and the Kingdom of Sweden) and Switzerland (see the section entitled “*Subscription and Sale*” on page 244 of the Base Prospectus and the section of this Prospectus entitled “*Subscription and Sale and Transfer Restrictions*” below).

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”) other than offers (the “**Permitted Public Offers**”) which are made on or prior to 22 June 2015 and which are contemplated in the Prospectus in the Kingdom of Sweden once the Prospectus has been approved by the Central Bank in Ireland and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden will be made pursuant to an exemption under the Prospectus Directive as implemented in that Relevant Member State from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus other than the Permitted Public Offers may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive in each case, in relation to such offer. Neither the Issuer nor the Dealer have authorised nor do they authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer or the Dealer to publish or supplement a prospectus for such offer.

*The Company has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg. The Company’s activities are subject to the Securitisation Act 2004 and the Company is a regulated entity within the meaning of the Securitisation Act 2004. Copies of the Articles as at the date of this document have been lodged with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) (“**RCS Luxembourg**”) and the Company is registered with the Luxembourg trade and companies register under number B.182.715.*

*The Articles are published in the Mémorial, Recueil des Sociétés et Associations (the “**Mémorial**”).*

Under the Securitisation Act 2004, the Company, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities or its shares to the public on an ongoing basis.

All references in this Prospectus to (i) “euro”, “**EUR**” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, and (ii) “**SEK**” are to Swedish Krona being the lawful currency of the Kingdom of Sweden.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this Summary because of the type of securities and issuers, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of “Not Applicable”.

This Summary relates to the up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the “Notes”).

This Summary is qualified in its entirety by the remainder of this Prospectus.

A.1 Introduction and Warnings	This summary should be read as an introduction to this prospectus (the “Prospectus”). Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes.		
A.2 Consent to the use of the prospectus, the offer period and other conditions of use	Argentum Capital S.A. (the “Company”), acting in respect of Compartment GAP 2239 May/June 2015 (the “Issuer”) consents to the use of this Prospectus in connection with the offer of the Notes during the period commencing from, and including, 21 May 2015 to, and including, 22 June 2015 (the “Offer Period”) by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):		
	Intermediary	Member State	Conditions
	Garantum Fondkommission AB	Kingdom of Sweden	None

	<p>The Issuer may give consent to additional financial intermediaries after the date of this Prospectus and, if it does so, it will publish the above information in relation to them at www.argentumcapital.lu at the relevant time during the Offer Period.</p> <p>An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.</p> <p>Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.</p> <p>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.</p>
B.1 Legal and commercial name of the Issuer	Argentum Capital S.A., acting in respect of Compartment GAP 2239 May/June 2015.
B.2 Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation of Issuer	The Company has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company (<i>société anonyme</i>) incorporated under the laws of the Grand Duchy of Luxembourg.
B.16 Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control	<p>The Company has 31,000 shares, all of which are fully paid and held by Stichting Argentum. Stichting Argentum is a foundation (stichting) incorporated under the laws of The Netherlands and is not owned or controlled by any person.</p> <p>Stichting Argentum has no beneficial interest in and derives no benefit from its holding of the issued shares. It will apply any income derived by it from the Company solely for charitable purposes.</p>

	<p>Stichting Argentum's Deed of Incorporation (which includes its articles of association) contains certain provisions ensuring Stichting Argentum does not abuse its position of control, including an express objects clause which stipulates that it exercises any and all rights attached to the shares of the Company in such a manner as to safeguard the interests of the Company and any and all persons concerned to the best of the foundation's ability, including in relation to any of the voting rights to the shares in the Company and to perform any and all acts that may be related, incidental or which may be conducive to safeguarding such interests.</p>
B.17 Issuer Ratings	Not applicable - neither the Issuer nor the Notes have been assigned a rating.
B.20 Statement as to whether the Issuer has been established for the purpose of issuing asset backed securities	The Company has been established in Luxembourg as a special purpose vehicle for the purpose of issuing asset backed securities.
B.21 Company's principal business activities	<p>The Company's principal activities are to enter into, perform and serve as a vehicle issuing asset backed securities for, any securitisation transactions as permitted under the Securitisation Act 2004.</p> <p>Credit Suisse International is the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, whose performance will affect the performance of the Notes.</p> <p>UBS AG, London Branch is the Original Collateral Obligor, whose performance will affect the performance of the Notes.</p> <p>Credit Suisse International is also the Disposal Agent, Calculation Agent, Dealer and Arranger; The Bank of New York Mellon, London Branch is the Issuing and Paying Agent; BNY Mellon Corporate Trustee Services Limited is the Trustee; The Bank of New York Mellon (Luxembourg) S.A. is the Custodian, Registrar and Transfer Agent; and Sanne Group (Luxembourg) S.A. is the Corporate Services Provider in respect of the Company (and together with Credit Suisse International, The Bank of New York Mellon, London Branch, BNY Mellon Corporate Trustee Services Limited and The Bank of New York Mellon (Luxembourg) S.A., each such entity is a "Programme Party").</p> <p>Each Programme Party's relationship with the Issuer is to act in its respective capacity described above.</p> <p>Skandinaviska Enskilda Banken AB (publ) is the Swedish Agent.</p>
B.22 Statement that the Company has not commenced operations and no financial statements have been made up as at the date of the Prospectus	Not applicable – the Issuer has commenced operations and has prepared financial statements.

B.23 Selected key historical financial information about the Company	<p>Selected historical key financial information of the Issuer with respect to the years ended 31 December 2013 and 31 December 2014 (which has been extracted from the Issuer's audited financial statements which are incorporated by reference into this Prospectus):</p>	
	<p>As at 31 December 2014 (Audited)</p>	<p>As at 31 December 2013 (Audited)</p>
	€	€
Fixed assets		
Investments held as fixed assets	1,438,638,954	-
Current assets		
Other debtors becoming due and payable within one year	717,122	96,932
Cash at banks and in hand	30,848	30,913
TOTAL ASSETS	1,439,386,924	127,845
Capital and reserves		
Subscribed capital	31,000	31,000
Profit or loss brought forward	-	-
Result for the financial period	-	-
Provisions		
Other provisions	339,365,648	9,200
Non subordinated debts		
Non convertible loans becoming due and payable after more than one year	1,099,338,106	-
Trade creditors	651,367	87,110

	<p>becoming due and payable after more than one year</p> <table><tr><td>Tax debts</td><td>803</td><td>535</td></tr><tr><td>TOTAL</td><td></td><td></td></tr><tr><td>LIABILITIES</td><td>1,439,386,924</td><td>127,845</td></tr></table>	Tax debts	803	535	TOTAL			LIABILITIES	1,439,386,924	127,845
Tax debts	803	535								
TOTAL										
LIABILITIES	1,439,386,924	127,845								
B.24 Description of any material adverse change since the date of the Company's last published audited financial statements	There has been no material adverse change in the prospects of the Company since 31 December 2014, being the date of the Company's last audited financial statements.									
B.25 Description of the underlying assets	<p>The assets securing the Notes comprise, among other things:</p> <ul style="list-style-type: none">(a) the rights of the Issuer under the repurchase transaction relating to the Notes (the “Repo Transaction”);(b) the rights of the Issuer under the credit default swap transaction relating to the Notes (the “Credit Default Swap Transaction”); and(c) UBS Gearing Certificates with an aggregate nominal amount equal to the Aggregate Nominal Amount of the Notes (the “Original Collateral”) linked to a basket of funds (the “Fund Basket”). <p>The Repo Transaction will be entered into with the Repo Counterparty and governed by a Global Master Repurchase Agreement (2011 version) and will become effective on the issue date of the Notes (such Global Master Repurchase Agreement, together with a confirmation documenting the Repo Transaction, the “Repo Agreement”). The Credit Default Swap Transaction will be entered into with the Swap Counterparty and governed by an ISDA 2002 Master Agreement and become effective on the issue date of the Notes (such ISDA Master Agreement, together with the confirmation documenting the Credit Default Swap Transaction, the “Swap Agreement”). The Original Collateral will be issued by UBS AG, London Branch (the “Original Collateral Obligor”) and is documented by way of final terms dated 12 May 2015 in connection with the base prospectus dated 17 April 2015 (as supplemented from time to time) of the Original Collateral Obligor.</p> <p>Under the Repo Transaction, the Repo Counterparty will deliver to the Custodian certain securities meeting criteria set out in the Repo Agreement (such securities, “Eligible Securities”) which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of the Notes as at the Issue Date. In addition, under the Repo Agreement, in respect of the Issuer's net exposure to the Repo Counterparty and the Swap Counterparty under the Repo Transaction and the Credit Default Swap Transaction, the Repo Counterparty will be required to deliver to the Custodian</p>									

	<p>additional Eligible Securities such that the aggregate value of such additional Eligible Securities transferred to the Custodian and not previously redelivered to the Repo Counterparty (after the application of the relevant haircut specified in the Repo Agreement) will cover such net exposure (such additional Eligible Securities, the “Net Margin”), as tested on a weekly basis. For so long as the Custodian (on behalf of the Issuer) is holding any Eligible Securities, they shall also comprise underlying assets for the Notes. However, the Issuer or the Trustee shall only be entitled to realise the value of such Eligible Securities in limited circumstances (being, in effect, where the Notes are to redeem early).</p> <p>Credit Suisse International, whose business is banking and financial services and which is incorporated in England and Wales, is the Repo Counterparty and the Swap Counterparty as at the Issue Date.</p>
B.26 Parameters within which an actively managed pool of assets backing the issue is managed	Not applicable - neither the Issuer nor any third party will actively manage a pool of assets backing the issue.
B.27 Statement regarding fungible issues	The Issuer has agreed with the Dealer that it will not issue further Notes to be consolidated and form a single Series of Notes with such existing Notes. However, the Company may from time to time issue new Notes on substantially similar terms as Series 2015-23.
B.28 Description of the structure of the transaction	<p>On 14 July 2015 (the “Issue Date”), the Dealer will in consideration for receiving the Notes procure that (a) the Repo Counterparty enters into the Repo Transaction, (b) the Swap Counterparty enters into the Credit Default Swap Transaction, in each case with the Issuer, and (c) the Original Collateral is sold to and purchased by the Issuer.</p> <p>In respect of the Repo Transaction, the Repo Counterparty will receive from the Issuer as the purchase price an amount equal to the issue proceeds of the Notes less the cost of the Original Collateral and the commission payable to the Dealer. In return, the Repo Counterparty will deliver to the Custodian Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of the Notes as at the Issue Date.</p> <p>Return</p> <p>If no credit event occurs under the Credit Default Swap Transaction, the Notes will redeem on their scheduled maturity date at an amount equal to their nominal amount plus a certificate-linked Additional Payout Amount (linked to the Original Collateral and as described below). Where a credit event has occurred, whilst the Additional Payout Amount due on the scheduled maturity date will be the same, it is likely that the principal amount due in respect of a Note will be less than its nominal amount as a result of the amounts payable by the Issuer to the Swap Counterparty under the Credit Default Swap Transaction.</p> <p>The Issuer is expected to fund such payments on the Notes out of</p>

	<p>(a) the corresponding repurchase price that it expects to receive from the Repo Counterparty under the Repo Transaction (as reduced by any amounts payable by the Issuer to the Swap Counterparty following the occurrence of any credit event under the Credit Default Swap Transaction) and (b) the corresponding amount it expects to receive from the Original Collateral Obligor under the Original Collateral.</p> <p>The scheduled maturity date of the Notes is expected to be 4 October 2022, which may be extended due to any postponement in the settlement of the Original Collateral. The maturity date of the Notes may be further extended due to the occurrence of an Unsettled Credit Event and, as a result, a delayed settlement of the Credit Default Swap Transaction and the Repo Transaction.</p> <p>The net amounts receivable by the Issuer in respect of the Repo Transaction and the Credit Default Swap Transaction will be dependent on whether certain credit events occur with respect to, and the performance of certain obligations of, each relevant reference entity (a “Reference Entity”, being The Bank of China Limited on the Issue Date). None of the Distributor, the Issuer, the Dealer, the Trustee, any Agent, the Repo Counterparty or the Swap Counterparty have any obligation to monitor whether any credit event has occurred or may occur in respect of a Reference Entity and/or any other developments in respect of a Reference Entity (either prior to the Issue Date or afterwards).</p> <p>If a credit event occurs under the Credit Default Swap Transaction in relation to a Reference Entity, subject to certain other requirements being met:</p> <ul style="list-style-type: none"> (a) the Repo Counterparty will be required to pay to the Issuer an amount equal to the then notional amount of the Credit Default Swap Transaction relating to the Reference Entity (as determined in accordance with the terms of the Credit Default Swap Transaction) under the Repo Transaction to repurchase the corresponding equivalent Eligible Securities; and (b) the Issuer will be required to pay to the Swap Counterparty certain amounts in settlement of the Credit Default Swap Transaction, <p>such that these amounts will be set off and replaced by the obligation on the Repo Counterparty to pay to the Issuer an amount equal to the <i>product of</i> (i) the then notional amount of the Credit Default Swap Transaction relating to such Reference Entity (as determined in accordance with the terms of the Credit Default Swap Transaction), (ii) a percentage determined under the Credit Default Swap Transaction which is intended to reflect the post-credit event value of certain debt obligations of the Reference Entity and (iii) a percentage which reflects, among other things, the market spread for credit protection on the Reference Entity, the swap rate in respect of the relevant currency and the bespoke terms of the Credit Default Swap Transaction.</p>
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	<p>The “Additional Payout Amount” for a Note will be its <i>pro rata</i> share of any redemption amounts payable by the Original Collateral Obligor to the Issuer on the settlement of the Original Collateral (the “Original Collateral Redemption Amount”). The Original Collateral Redemption Amount will be dependent on the performance of the Fund Basket and the participation percentage (the “Participation”) applicable under the terms of the Original Collateral, which is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 70%, will be determined in accordance with the terms of the Original Collateral and could be zero.</p> <p>The Redemption Factor will be determined by the Issuer, or the Calculation Agent on its behalf, and, together with the Participation determined under the terms of the Original Collateral, will be notified to the Noteholders on or about the Issue Date.</p>
B.29 Description of the flow of funds and other material forms of credit enhancement and providers thereof	<p>The Swap Counterparty and the Repo Counterparty is Credit Suisse International, a company incorporated in England and Wales, whose business is banking and financial services.</p> <p>The Original Collateral Obligor is UBS AG, a company incorporated in Switzerland, whose business is banking and wealth management.</p> <p>The Dealer will procure that the Repo Counterparty and the Swap Counterparty enters into the Repo Transaction and the Credit Default Swap Transaction on the Issue Date.</p> <p>The Dealer will procure that the Original Collateral is sold to and purchased by the Issuer on the Issue Date.</p> <p>Subject to the netting of payments under the Swap Agreement and the Repo Agreement, the Original Collateral Redemption Amount (if any) receivable by the Issuer under the Original Collateral is applied, together with any net payments receivable by the Issuer from the Repo Counterparty under the Repo Transaction (taking into account any amounts payable by the Issuer to the Swap Counterparty under the Credit Default Swap Transaction), to make payments on the Notes.</p>
B.30 The name and description of the originators of the securitised assets	<p>Credit Suisse International, a company incorporated in England and Wales, whose business is banking and financial services.</p> <p>UBS AG, a company incorporated in Switzerland, whose business is banking and wealth management.</p>
C.1 Type and class of securities being offered	<p>Up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022</p> <p>ISIN: XS1223425577 Common Code: 122342557</p>
C.2 Currency	<p>The Notes will be denominated in Swedish Krona (“SEK”).</p>
C.5 Description of restrictions	<p>The Notes will be freely transferable, subject to certain selling</p>

<p>on free transferability of the Notes</p>	<p>restrictions applying to offers, sales or transfers of Notes under the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU) and applicable laws in Ireland and Sweden.</p>
<p>C.8 Rights attaching to and ranking of Notes</p>	<p>The Notes will have rights relating to, among other matters:</p> <p>Status and Security</p> <p>The Notes will represent secured, limited recourse obligations of the Issuer, ranking <i>pari passu</i> amongst themselves. Accordingly, following the enforcement of the Security (as described below), the claims of Noteholders will be allocated to amounts received or recovered in respect of the Mortgaged Property (as described below) on a <i>pari passu</i> and <i>pro rata</i> basis, following the satisfaction of the higher-ranking claims of the other Secured Creditors in accordance with the priority of claims (as described below).</p> <p>The Issuer will grant to the Trustee to secure its obligations in respect of the Notes and the Swap Agreement:</p> <ul style="list-style-type: none"> (a) a first ranking pledge (“<i>gage de premier rang</i>”) over all of the Pledged Collateral (which is comprised of the Original Collateral and any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) under Luxembourg law (the “Luxembourg Pledge”); and (b) in addition, but subject, to the Luxembourg Pledge, the following security under English law: <ul style="list-style-type: none"> (i) an assignment by way of security of all the Issuer’s rights, title and interest attaching or relating to the Collateral (which is comprised of the Original Collateral and any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and all property, sums or assets derived therefrom, including, without limitation, any right to delivery thereof or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary; (ii) an assignment by way of security of the Issuer’s rights, title and interest against the Custodian, to the extent that they relate to the Collateral (which is comprised of the Original Collateral and any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and/or the Notes; (iii) an assignment by way of security of the Issuer’s rights, title and interest under the Agency Agreement, to the extent they relate to the Collateral (which is comprised of the Original

	<p>Collateral and any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and/or the Notes;</p> <p>(iv) an assignment by way of security of the Issuer's rights, title and interest under the Swap Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Swap Agreement);</p> <p>(v) an assignment by way of security of the Issuer's rights, title and interest under the Repo Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Repo Agreement);</p> <p>(vi) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent that they relate to any assets held by the Custodian in respect of the Notes;</p> <p>(vii) an assignment by way of security of the Issuer's rights against the Disposal Agent under the terms of the Agency Agreement (or any other agreement entered into between the Issuer and the Disposal Agent) to the extent that such rights relate to the Collateral (which is comprised of the Original Collateral and any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and/or the Notes;</p> <p>(viii) a first fixed charge over (A) all sums held by the Issuing and Paying Agent to meet payments due in respect of the Issuer's secured payment obligations and (B) any sums received by the Issuing and Paying Agent under the Original Collateral, the Swap Agreement and/or the Repo Agreement; and</p> <p>(ix) a first fixed charge over all property, sums and assets held or received by the Disposal Agent relating to the Transaction Documents and the Collateral (which is comprised of the Original Collateral and any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer)),</p> <p>the foregoing being the "Mortgaged Property".</p> <p>Investors should note that where any Collateral and/or any property, assets and sums derived therefrom are held by the Custodian in book-entry form, the security interests granted in respect of the same might, as a result of such book-entry holding, take the form</p>
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	<p>only of a security interest over the Issuer's rights against the Custodian in respect of such Collateral and/or property, sums and assets, as the case may be, rather than a charge over such Collateral and/or property, sums and assets derived therefrom themselves.</p> <p>Limited Recourse and Non-Petition</p> <p>All payments to be made by the Issuer under the Notes and the Swap Agreement will be made only from, and to the extent of, the sums received or recovered by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property in accordance with the order of priority outlined below. All deliveries and payments under the Notes and the Swap Agreement will only be made from and to the extent of the Mortgaged Property in accordance with such order of priority.</p> <p>If the net proceeds of the Notes and the net proceeds of the realisation of the Mortgaged Property are not sufficient to make all payments due in respect of the Notes and due to each other creditor relating to the Notes, no other assets of the Company will be available to meet such shortfall and the claims of the Noteholders and any other creditors relating to such Notes in respect of any such shortfall shall be extinguished.</p> <p>Any shortfall shall be borne by the Noteholders (on a <i>pari passu</i> and <i>pro rata</i> basis) and such shortfall shall be so borne by the Noteholders, together with the Swap Counterparty and the other Secured Creditors (in respect of amounts owed to them) in the reverse of the order of priority outlined below.</p> <p>Furthermore, no party will be able to petition for the winding-up of the Company as a consequence of any such shortfall or launch proceedings against the Company.</p> <p>Priority of Claims</p> <p>Amounts received or recovered following any liquidation or enforcement of the security in respect of the Mortgaged Property shall be applied in the following order of priority: (i) amounts owing to the Repo Counterparty in respect of the Issuer's Net Margin (which shall be equal to the lesser of (A) the Available Proceeds, (B) the value of the Repo Counterparty's Net Margin and (C) the value of the amounts owing to the Repo Counterparty under the Repo Agreement (which shall be deemed to be zero if no such amounts are owing)), (ii) the Issuer's share of the payment or satisfaction of all taxes owing by the Company, (iii) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the Security (including any taxes to be paid, legal fees and remuneration), (iv) certain amounts owing to the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the other Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and fees, costs, charges, expenses and liabilities, (v) fees of the Disposal Agent, (vi) any amounts owing to the Swap Counterparty under the Swap Agreement or the Repo Counterparty under the Repo Agreement</p>
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(not already satisfied in accordance with (i) above), (vii) the Issuer's share of fees of the Corporate Services Provider owing by the Company and (viii) amounts owing to the Noteholders on a *pari passu* and *pro rata* basis.

Negative Pledge/Restrictions

There is no negative pledge. However, so long as any Note remains outstanding, the Issuer will not, without the consent of the Trustee and the Swap Counterparty, engage in any business other than the issuance or entry into of bonds, notes or other securities or the entry into of loans or other agreements for the payment or repayment of borrowed money, subject to the provisions of the Securitisation Act 2004 and the articles of incorporation of the Company, and provided always that such obligations are secured on assets of the Issuer other than the Company's share capital and those assets securing any other obligations of the Issuer and that they are entered into on a limited recourse and non-petition basis. In addition, the Issuer will be subject to certain other restrictions including that it will not, without the consent of the Trustee and the Swap Counterparty, declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Conditions) or issue any further shares.

Events of Default

The conditions of the Notes (as amended for the purposes of the Notes) contain the following events of default (each an "**Event of Default**"):

- (i) default is made for more than 14 days in the payment of any Instalment Amount in respect of the Notes or any of them, other than any Instalment Amount due and payable on the Maturity Date;
- (ii) the Issuer does not perform or comply with any one or more of its other obligations under the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been effectively given to the Issuer by the Trustee; or
- (iii) the occurrence of certain bankruptcy and insolvency related events or proceedings.

Meetings

The conditions of the Notes will contain provisions for convening meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the

	<p>majority.</p> <p>Governing Law</p> <p>The Notes are governed by English law. Articles 86 to 97 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, are excluded and the Luxembourg Pledge shall be governed by Luxembourg law.</p>
C.9 Interest and yield; name of representative of debt Noteholders	<p>See C.8 above, plus:</p> <p>Interest</p> <p>None of the Notes bear interest.</p> <p>Redemption</p> <p>See Element B.28 for information regarding redemption.</p> <p>Noteholder Facilitator</p> <p>Garantum Fondkommission AB (or any successor entity thereto) is the Noteholder Facilitator. However, the Noteholder Facilitator has limited rights, limited to selecting replacement swap counterparties, repo counterparties and agents upon the occurrence of a Replacement Event in respect of the Swap Agreement and the Repo Agreement.</p> <p>Garantum Fondkommission AB also acts as Distributor.</p> <p>Name of representative of debt security holders</p> <p>BNY Mellon Corporate Trustee Services Limited (acting in its capacity as Trustee) shall be the representative of the Noteholders.</p>
C.10 Explanation on how the interest amount is affected by the value of the underlying	Not applicable - the Notes do not bear interest.
C.11 Listing and admission to trading of the Notes	<p><i>Listing and Admission to Trading</i></p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange and to be admitted to the Official List of the Irish Stock Exchange on or about the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the NASDAQ OMX Stockholm AB.</p> <p><i>Distribution</i></p> <p>The Notes may be offered to the public in Sweden.</p>
C.12 Minimum Denomination	The minimum denomination of the Notes will be SEK 10,000.
D.2 Key information on the key risks that are specific to the	There are certain factors that are material for the purpose of assessing the risks associated with the Issuer. In purchasing the

Issuer	<p>Notes, investors assume the risks associated with such factors, which could materially adversely affect the Issuer and its ability to make payments due under the Notes. These factors include the following:</p> <p>Securitisation Act 2004 and Compartments: The Company is established as a société anonyme (public limited liability company) within the meaning of the Securitisation Act 2004, which means that claims against the Company by the Noteholders will be limited to the net proceeds of each Series of Notes and to the Collateral relating to such Series included in the relevant Compartment.</p> <p>The Issuer is a special purpose vehicle: The Issuer has, and will have, no assets other than its issued and paid-up share capital, fees (as agreed) payable to it in connection with the issue of the Notes or entry into other obligations from time to time and any Mortgaged Property and any other assets on which the Series or other obligations are secured.</p> <p>Contracting on limited recourse basis: The rights of Noteholders to participate in the assets of the Issuer is limited to the net proceeds of the Notes and to the Mortgaged Property relating to the Series.</p> <p>Allocation of Liabilities Among All Noteholders: Any liability which is not a Series-specific liability (that is, it does not relate to any Compartment in respect of which any Series of Notes is issued), which is not otherwise funded, may be apportioned between the Series.</p> <p>Consequences of Winding-up Proceedings: The Company is insolvency-remote, not insolvency-proof.</p> <p>Fees and Expenses: Fees and expenses payable by the Issuer in respect of the Notes (including fees payable to the Arranger and/or the Trustee) may rank senior to payments of principal of the Notes.</p> <p>Possibility of U.S. withholding tax on payments: The application of U.S. withholding tax to payments by the Issuer is not clear on the date of this Prospectus.</p> <p>Regulation of the Issuer by any regulatory authority: The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation, save for registration with the RCS in Luxembourg and the CSSF's approval. However, any additional requirement to be licensed or authorised could have an adverse effect on the Issuer and on the Noteholders.</p> <p>Anti-money laundering: The Issuer may be subject to anti-money laundering legislation in its jurisdiction of incorporation.</p>
D.3 Key information on the key risks that are specific to the debt securities	<p>There are also certain factors which are material for the purpose of assessing the risks associated with the Notes. These include the following:</p> <p>Limited recourse obligations: The Notes are direct, secured,</p>

	<p>limited recourse obligations of the Issuer payable solely out of the Mortgaged Property over which security is given by the Issuer in favour of the Trustee on behalf of the Noteholders and other Secured Creditors.</p> <p>Security: The Notes will have the benefit of Luxembourg and English law-governed security interests which are granted to the Trustee over the Collateral allocated to the Compartment.</p> <p>Meetings of Noteholders and modification: The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and permit defined majorities or the Trustee to bind all Noteholders.</p> <p>Trustee indemnity and remuneration: The Trustee is not required to give notice to the Issuer of its determination that an Event of Default has occurred or determine that an Enforcement Event has occurred or enforce the security unless directed by an Extraordinary Resolution passed by the Noteholders. Prior to taking any action following direction by the Noteholders, the Trustee may require to be indemnified and/or secured and/or pre-funded to its satisfaction and may decide not to take such action without being indemnified and/or secured and/or pre-funded to its satisfaction. So long as any Note is outstanding, the Issuer should pay the Trustee remuneration for its services. Such remuneration may reduce the amount payable to the Noteholders.</p> <p>Priority of Claims: Following a liquidation or on an enforcement of the security, the rights of the Noteholders to be paid amounts or delivered assets due under the Notes will be subordinated.</p> <p>No gross-up: The Noteholders will not be entitled to receive grossed-up amounts if any withholding tax or deduction for tax is imposed on payments in respect of the Notes.</p> <p>Early Redemption: The amount payable to Noteholders on an early redemption of the Notes may be significantly lower than their initial investment and may even be zero as a result of an Early Redemption Event (for example following certain tax events in respect of the Issuer).</p> <p>Market Value of Notes: The market value of the Notes will be volatile.</p> <p>Offer Period: The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of the Notes at any time during the Offer Period.</p> <p>Exposure to Credit Suisse International: Credit Suisse International acts as the Swap Counterparty under the Swap Agreement and as the Repo Counterparty under the Repo Agreement, as well as Disposal Agent and Calculation Agent and, as such, Noteholders are exposed to the credit risk of Credit Suisse International in each of these capacities.</p>
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	<p>Exposure to Original Collateral Obligor: Noteholders are exposed to the credit risk of the Original Collateral Obligor.</p> <p>Nature of the Notes: The Notes are highly complex investments that involve a high level of risk. Prospective investors may lose their entire investment.</p> <p>Certificate Linkage through the Original Collateral: The return to an investor on the scheduled maturity date will, in part, depend on the return on the Original Collateral, referencing the performance of the Fund Basket, and which may be affected by factors including:</p> <ul style="list-style-type: none"> • the performance of the basket of funds referenced in the Fund Basket; • the percentage “Participation” applied under the terms of the Original Collateral; and • potential disruption events and/or adjustments in respect of the Original Collateral. <p>Credit Linkage through the Credit Default Swap Transaction: The Notes are credit-linked as a result of the Credit Default Swap Transaction and may be affected by factors including:</p> <ul style="list-style-type: none"> • credit risk in respect of the relevant Reference Entity and the Reference Obligation(s); • variation of a Reference Entity as a result of the determination of one or more successor Reference Entities; • an extension of the maturity date of the Notes as a result of Unsettled Credit Events; • the percentage “Redemption Factor” applied to the Credit Default Swap Transaction; • conflicts of interest relating to Credit Suisse; and • factors influencing the risk of a Credit Event and the extent of losses following the occurrence of a Credit Event. <p>Sale of Securities: There can be no assurance that any amount realised from the sale of the securities held by (or on behalf of) the Issuer under the Repo Agreement will be equal to the amount otherwise payable by the Repo Counterparty as a result of the early redemption of the Notes.</p> <p>Replacement of the Swap Counterparty and Repo Counterparty: It is possible that the identity of the Swap Counterparty and the Repo Counterparty will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Swap Counterparty and the Repo Counterparty may also change.</p>
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	<p>Substitution of the Original Collateral Obligor: It is possible that the identity of the Original Collateral Obligor will change pursuant to the terms of the Original Collateral, and accordingly, the credit exposure of the Issuer and the Noteholders to the Original Collateral Obligor may also change.</p> <p>Payments of Commissions to the Dealer and Distributor: Commission will be paid to the Dealer, out of which commission will be paid to the Distributor.</p> <p>Possibility of U.S. withholding tax on payments: The application of U.S. withholding tax to payments by the Issuer is not clear on the date of this Prospectus, which has consequential impact on liquidity, credit, increased regulation and nationalisation and systematic risk.</p> <p>Recent Global Events: Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.</p> <p>Foreign Exchange Risk: Noteholders shall be exposed to foreign exchange risk of EUR and/or any other currency in respect of which Eligible Securities or the funds comprised in the Fund Basket are denominated in against SEK.</p> <p>No disclosure of information; disclosure of confidential information: The Notes do not create any obligation on the part of the Issuer or Credit Suisse International or any other person to disclose to any Noteholder any relationship or information (whether or not confidential).</p>
E.2b Reasons for offer and use of proceeds when different from making profit and/or hedging certain risks	<p>In consideration for the issue of the Notes by the Issuer, the Dealer will procure that (a) the Repo Counterparty will enter into the Repo Transaction with the Issuer, (b) the Swap Counterparty will enter into the Credit Default Swap Transaction with the Issuer and (c) the Original Collateral is sold to and purchased by the Issuer.</p>
E.3 Terms and conditions of offer	<p>Offer Period</p> <p>Applications to subscribe for the Notes may be made during the Offer Period (from 21 May 2015 to 22 June 2015), subject to passporting of this Prospectus into Sweden.</p> <p>Early Closing of the Subscription of the Notes</p> <p>The Issuer reserves the right for any reason to close the Offer Period early.</p> <p>Any early closure of the Offer will be published on the Irish Stock Exchange's website (www.ise.ie).</p> <p>Description of the application and settlement process</p> <p>A prospective investor should contact the Distributor (Garantum Fondkommission AB) during the Offer Period. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the</p>

	<p>subscription of securities generally and not directly with the Issuer or the Dealer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.</p> <p>The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash amount on or before the Issue Date or in accordance with other procedures specified by the Distributor. Allotted Notes will be delivered to a securities account of each Noteholder as soon as practicable after the Issue Date.</p> <p>Offer Price</p> <p>The Issue Price plus a subscription fee of up to 2% of the Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Swap Counterparty.</p> <p>Conditions to which the offer is subject and results of the offer</p> <p>Offers of the Notes are conditional on their issue. The Issuer will in its sole discretion determine the final amount of Notes issued up to a limit of SEK 200,000,000. Notes will be allotted subject to availability in the order of receipt of investors' applications. The final Aggregate Nominal Amount of the Notes issued will be determined by the Issuer in light of prevailing market conditions, and in its sole and absolute discretion depending on the amount of Notes which have been agreed to be purchased as of 22 June 2015. The precise Aggregate Nominal Amount of Notes to be issued will be published on the Irish Stock Exchange's website (www.ise.ie) and filed with the Central Bank.</p>
E.4 Interest material to the offer including conflicts of interests	<p>The total commission payable by the Issuer to the Dealer in respect of the issue of the Notes will not exceed 6.5% of the Aggregate Nominal Amount of the Notes issued. The Issuer will fund the payment of such commission using a portion of the issue proceeds. The Dealer will use such commission payable by the Issuer to pay a corresponding commission to the Distributor.</p> <p>Various potential and actual conflicts of interest may arise between the interests of the Noteholders and Credit Suisse International, in its roles as the Swap Counterparty and the Repo Counterparty, as a result of the various businesses, management, investment and other activities of Credit Suisse International in respect of itself and in relation to the Reference Entity and the Original Collateral Obligor.</p>
E.7 Estimated expenses charged to the investor	<p>Noteholders will be charged up to 2% of the Issue Price of the Notes by, and payable to, Garantum Fondkommission AB in its</p>

	capacity as Distributor of the Notes.
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RISK FACTORS

The purchase of the Notes may involve substantial risks and is suitable only for sophisticated purchasers who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Notes or the performance of the Notes. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below, together with the risk factors set out in the Base Prospectus, represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal (including any Additional Payout Amount) or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the Base Prospectus (including the section entitled “Risk Factors” on page 17 thereof) and the detailed information set out elsewhere in this Prospectus, including, without limitation:

- (a) the section entitled “Transaction Description”;*
- (b) the section entitled “Questions and Answers”;*
- (c) the section entitled “Description of the Company and the Compartment”;*
- (d) the section entitled “Description of the Swap Agreement and the Repo Agreement”;*
- (e) the section entitled “Description of the Credit Default Swap and the Credit Event Provisions relating to the Credit Default Swap Transaction and the Notes”;*
- (f) the section entitled “Description of Credit Suisse International”;*
- (g) the section entitled “Description of the Original Collateral”;*
- (h) the section entitled “Description of the Original Collateral Obligor”;*
- (i) the section entitled “Description of the Reference Entity”; and*
- (j) the section entitled “Description of the Reference Obligation”;*

and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.

Offer Period

The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of the Notes at any time during the Offer Period. If the offer of such Notes is withdrawn, such offer will be null and void. In such case, any amounts paid by an investor to the Distributor in relation to the purchase of any Notes will be returned to such investor by the Distributor but, depending on the agreement(s) in place between the investor and the Distributor and/or the Distributor's distribution policies, interest may or may not accrue on such amounts. There may also be a time lag between the cancellation or withdrawal of the offer as applicable, and the return of any such amounts and, unless otherwise agreed with, and paid by, the Distributor, no amount will be payable to investors as compensation in respect thereof and investors may be subject to reinvestment risk.

In addition, the Issuer may close the offer of Notes early, whether or not subscriptions have reached the maximum size of the offer, by immediately suspending the acceptance of further subscription requests and

by giving notice thereof. In such circumstances, the early closing of the offer will have an impact on the aggregate amount of the Notes issued and therefore may have an effect on the liquidity of the Notes.

Furthermore, in certain circumstances, the Issuer may have the right to postpone the originally designated issue date of the Notes. In the event that the issue date is so delayed, no compensation or other amount in respect of interest shall accrue and be payable in relation to the Notes, unless otherwise agreed with the Distributor and/or specified in its distribution policies, and paid by the Distributor. Investors will have the right, within a prescribed time period, to withdraw their acceptance of the offer as a result of such postponement.

Exposure to Credit Suisse International

Even though the Notes are not issued by Credit Suisse International, Credit Suisse International acts as the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, as well as Disposal Agent and Calculation Agent. Exposure of Noteholders to Credit Suisse International in each of these capacities is described below and elsewhere in this Prospectus.

It is important that prospective investors are aware of the extent of the aggregate exposure to Credit Suisse International.

In the event of the insolvency of Credit Suisse International, the value of the Notes would drop significantly and an investor may lose some or, potentially, all of their investment in the Notes. In addition, in such circumstances, unless a replacement Swap Counterparty and a replacement Repo Counterparty were appointed within 30 calendar days of any such occurrence, as described in more detail below (and in respect of which no assurance can be given), the Swap Agreement and the Repo Agreement would terminate and the Notes would be subject to early redemption.

As Credit Suisse International is also the Disposal Agent, an insolvency of Credit Suisse International would be likely to cause a significant delay in the sale of (a) the Original Collateral and (b) any Eligible Securities delivered to the Issuer under the Repo Agreement (which may only be so sold in connection with an early redemption of the Notes as a result of the termination of the Swap Agreement and the Repo Agreement) and therefore also a significant delay in the redemption of the Notes. Such delays may potentially last for months or years and investors may never recover their investment in whole or at all.

More generally, Credit Suisse International may be subject to certain other conflicts of interest in connection with its roles under the Notes as described in more detail below.

Risks relating to the business of Credit Suisse International as Swap Counterparty and other capacities in respect of the Notes

Credit Suisse International is an English bank whose principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of Credit Suisse International is to provide comprehensive treasury and risk management derivative product services. It has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets.

Certain risks, including those described below, may impact the ability of Credit Suisse International to execute its strategy and may affect its business activities, financial condition, results of operations and prospects. Because the business of a bank such as Credit Suisse International is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider material could also impact its ability to execute its strategy and could affect its business activities. The sequence in the risk factors relating to banks and presented below is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences.

Regulatory and legislative changes may adversely affect business

Fundamental changes in the laws and regulations affecting financial institutions could have a material and adverse effect on a bank's business. In the wake of the 2007-2009 financial crisis and the continuing instability in global financial markets, regulators and legislators have proposed, have adopted or are actively considering, a wide range of changes to these laws and regulations. These measures are generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions.

A number of measures have been adopted and will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there is a high level of uncertainty regarding a number of the measures, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and/or the dates of their effectiveness.

Notwithstanding attempts by regulators to co-ordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a co-ordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. The United Kingdom has adopted capital and liquidity requirements for its major international banks that are some of the strictest among the major financial centres. This could disadvantage banks incorporated in England and Wales when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

The planned and potential regulatory and legislative developments in the United Kingdom and in other jurisdictions in which a bank has operations may have a material adverse effect on its business, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on its ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on a bank's legal structure or business model. Finally, the uncertainty related to or the implementation of legislative and regulatory changes may have a negative impact on a bank's relationships with clients and its success in attracting client business.

Performance in the financial services industry is affected by market conditions and the macro-economic climate

The financial services industry prospers in conditions of economic growth; stable geopolitical conditions; transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or a severe financial crisis can negatively affect a bank's revenues and ultimately its capital base.

A market downturn and weak macro-economic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impacts well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macro-economic and political developments, or as a result of the failure of a major market participant. The unresolved Eurozone and US fiscal issues demonstrate that macro-economic and political developments can have unpredictable and destabilising effects.

Because banks generally have very substantial exposures to other major financial institutions, the failure of one or more of such institutions could have a material effect on any such bank.

Operational risk may increase costs and impact revenues

A bank's businesses are generally dependent on its ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with the requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop,

unauthorised, fictitious and fraudulent transactions. Operational risk management and control systems and processes are generally used to help ensure that the risks associated with a bank's activities, including those arising from process error, failed execution, fraud, systems failure, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled. If such internal controls fail or prove ineffective in identifying and remedying such risks, a bank could suffer operational failures that might result in material losses. In addition, despite any contingency plans in place, a bank's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services used by it or third parties with whom it conducts business.

Ability to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterised by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. Banks face competition both at the level of local markets and individual business lines, and from global financial institutions. Barriers to entry in individual markets and pricing levels are being eroded by new technology.

A bank's competitive strength and market position could also be eroded if it is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating its technology (particularly in trading businesses), or is unable to attract or retain the qualified people needed to carry them out.

Business relationships

There is no limitation or restriction on Credit Suisse International or any of its affiliates with regard to acting as adviser (or acting in any other similar role) to other parties or persons or entering into, performing or enforcing its rights in respect of a broad range of transactions in various capacities for its own account and for the account of other persons from time to time in relation to its business. This, and other future activities of it and/or its affiliates, may give rise to conflicts of interest. These interests may conflict with the interests of the Noteholders, and the Noteholders may suffer a loss as a result.

The Issuer and/or the Swap Counterparty may have existing or future business relationships with the Original Collateral Obligor (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect their and/or its interests (in whatever capacity) arising therefrom (including, without limitation, any action which might constitute or give rise to a Collateral Event) without regard to the consequences of a Noteholder.

The Issuer and the Swap Counterparty may deal in any derivatives linked to the Original Collateral and any other obligations of the Original Collateral Obligor and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the Original Collateral Obligor and may act with respect to such business in the same manner as each of them would have had the Notes not been issued, regardless of whether any such action might have an adverse effect on the Original Collateral, the Original Collateral Obligor or the position of a Noteholder or otherwise.

Material legal and regulatory risks arise in the conduct of business

The nature of a bank's business subjects it to significant regulatory oversight and liability risk. Banks are generally subject to many different legal, tax and regulatory regimes and may be involved in a variety of claims, disputes, legal proceedings and/or government investigations in jurisdictions where it is active. Any such proceedings could expose it to substantial monetary damages and legal defence costs, injunctive relief and/or criminal and/or civil penalties, in addition to potential regulatory restrictions on its businesses.

A further summary of economic, regulatory and other issues relevant to banks such as Credit Suisse International, as well as to other entities, is included under “*Recent Global Events*” below.

A description of Credit Suisse International is set out under the section of this Prospectus entitled “*Description of Credit Suisse International*”.

Nature of the Notes

None of the Issuer, the Trustee, the Agents or Credit Suisse International or any of its affiliates makes any representation as to the performance of the Notes either in absolute terms or relative to other investments. Prospective investors must note that they may lose their entire investment in the Notes and must only invest in the Notes if they fully understand the nature and risks of the Notes and also are prepared to risk such loss. The payouts relating to the Notes are set out in more detail in the section of this Prospectus entitled “*Transaction Description*”.

The Notes are highly complex investments and involve a high level of risk. The performance of, and return under, the Notes will depend on a variety of different factors (in addition to those set out in the risk factors set out in the Base Prospectus) specific to the Notes including, but not limited to:

- (a) the performance and financial condition of the Reference Entity referenced in the Credit Default Swap Transaction, the Reference Obligation relating thereto and any other Obligations of such Reference Entity, each as described below and in the section entitled “*Transaction Description*”, the exposure to which extends, for the purposes of these Notes, back to 26 April 2015, as described in more detail below;
- (b) the return on the Original Collateral, which in part depends on the performance of the Fund Basket (and the funds comprising the Fund Basket) referenced by the Original Collateral together with the performance and financial condition of the Original Collateral Obligor;
- (c) the performance and financial condition of Credit Suisse International, in its various capacities in respect of the Notes including, without limitation, as (i) Swap Counterparty in respect of the Swap Agreement, (ii) Repo Counterparty in respect of the Repo Agreement, (iii) Calculation Agent responsible for making calculations and determinations under the Notes and the Swap Agreement and (iv) Disposal Agent responsible for liquidating (A) the Original Collateral and (B) any Eligible Securities delivered to the Issuer under the Repo Agreement (subject, in respect of its functions as Swap Counterparty, Repo Counterparty, Calculation Agent and Disposal Agent to its potential replacement as a result of the occurrence of a Replacement Event, as described in more detail below);
- (d) the performance and value of any Eligible Securities delivered to the Issuer under the Repo Agreement in connection with the Issuer’s net exposure to (A) the Swap Counterparty under the Swap Agreement and (B) the Repo Counterparty under the Repo Agreement, together with the performance and financial condition of any obligor in respect of such Eligible Securities;
- (e) the performance and financial condition of any replacement Swap Counterparty, Repo Counterparty, Calculation Agent and/or Disposal Agent, from time to time, in the event that Credit Suisse International (or any replacement thereof) is ever replaced in any of such capacities as a result of the occurrence of a Replacement Event, as described in more detail below; and
- (f) any determinations made, or not made, by any Credit Derivatives Determinations Committee (a “**CDDC**”) which relate to the Reference Entity, Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transaction, as described in more detail below.

The occurrence of certain events or other developments occurring in respect of one, some or all of the above may have an effect on the liquidity of the Notes and may have a material adverse effect on the value of the

Notes and the value of the Notes may fall to zero. Furthermore, the occurrence of any such events or developments may also reduce the amount payable under the Notes, potentially to zero.

The Issuer's ability to meet its obligations under the Notes will also be dependent on the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Custodian performing their respective obligations under the Transaction Documents, including the making of relevant payments when received.

Accordingly, Noteholders are exposed, among other things, to the creditworthiness of (a) Credit Suisse International as Swap Counterparty, Repo Counterparty, Calculation Agent and Disposal Agent, (b) the Reference Entity, (c) the Issuing and Paying Agent and (d) the Custodian.

More detail in respect of certain risks relating to the factors outlined above, along with other risks associated with the Notes are set out below, and elsewhere in this Prospectus and in the risk factors outlined in the Base Prospectus. Accordingly, prospective investors who consider purchasing the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. Investment in the Notes may only be suitable for investors who:

- (a) have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Notes and the rights attaching to the Notes;
- (b) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (c) are acquiring the Notes for their own account (as principal and not as agent) for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control);
- (d) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all; and
- (e) are prepared to risk a loss of their entire investment in the Notes as a result of events that occur in respect of the Reference Entity that is referenced in the Credit Default Swap Transaction (along with the Reference Obligation and other Obligations relating thereto) not just from the Issue Date but from 26 April 2015.

Payment of Additional Payout Amount and postponement of scheduled maturity of the Notes

The Additional Payout Amount (if any) payable on a Note on the Scheduled Maturity Date will be an amount equal to that Note's *pro rata* share of the Original Collateral Redemption Amount (if any) receivable by the Issuer under the Original Collateral. Accordingly, the return to an investor on the Scheduled Maturity Date in such circumstances will, in part, depend on the performance of the funds comprised in the Fund Basket.

In the event that due to the terms of the Original Collateral, no Original Collateral Redemption Amount is payable to the Issuer thereunder, the Additional Payout Amount on the Notes will be zero.

The Scheduled Maturity Date may be extended due to any postponement in the settlement of the Original Collateral (which may be for a significant length of time) and no compensation shall be payable to Noteholders as a consequence of such extension.

Please see, in particular, the section below in these risk factors entitled "*Certain risks relating to the basket of funds referenced by the Original Collateral*".

Original Collateral

Investors must note that the credit-linked amount due to be payable on the Scheduled Maturity Date of the Notes (funded by any amount receivable by the Issuer under the Repo Transaction) is 100% of their then Outstanding Principal Amount. Investors in the Notes will therefore be dependent on the performance of the Fund Basket referenced by the Original Collateral for any further return on their Notes and, even in the absence of any Credit Events (which will likely have reduced the Outstanding Principal Amount), to recover an amount greater than their initial investment in the Notes.

A number of market, economic, legal and regulatory and other factors may affect the performance of the funds referenced in the Original Collateral. Such factors may include, without limitation, market risks on assets held by a fund, illiquid investments held by a fund, delayed publication of a fund's net asset value, liquidation of a fund, concentration risks of assets held by a fund, currency risks, assets held by a fund in markets with limited legal certainty, dependence on the expertise of the investment manager responsible for implementing the applicable investment strategy, conflicts of interest, fees charged by the fund and limited supervision. Investors must not invest in any of the Notes unless they are able to fully understand the terms of the Original Collateral and assess the risks associated with the Original Collateral and understand that the performance of the Original Collateral is dependent on the performance of the Fund Basket referenced by the Original Collateral. The final terms of the Original Collateral are set out the section of this Prospectus entitled "*Description of the Original Collateral*".

Certain risks relating to the basket of funds referenced by the Original Collateral

The Fund Basket referenced by the Original Collateral references a notional investment in three funds. Each fund has different investment objectives and will adopt different investment strategies. The managers of the funds will have no involvement in the offer and sale of the Original Collateral or the Notes and will have no obligation to any investor in the Original Collateral or the Notes. Any such person may take any actions in respect of such fund without regard to the interests of the Issuer (as holder of the Original Collateral) or the Noteholders, and any of these actions could adversely affect the market value of the Original Collateral and therefore could adversely affect the market value of the Notes.

The Original Collateral Redemption Amount receivable by the Issuer in respect of the Original Collateral (which determines the Additional Payout Amount, if any, payable in respect of the Notes) is determined pursuant to a formula set out in the terms of the Original Collateral (as described in more detail in the section of this Prospectus entitled "*Transaction Description*" and as set out in the final terms of the Original Collateral set out in the section of this Prospectus entitled "*Description of the Original Collateral*"). Pursuant to this formula, such Original Collateral Redemption Amount is significantly dependent on the average portfolio value of the Fund Basket (determined by reference to the formula) on the monthly Valuation Averaging Dates (as defined in the terms of the Original Collateral) falling during the term of the Original Collateral being higher than the portfolio value of the Fund Basket (determined by reference to the formula) as at the Fixing Date, as described below. Accordingly, the lower the portfolio value of the Fund Basket is on one or more Valuation Averaging Dates in respect of the Fund Basket the lower the Original Collateral Redemption Amount (which may have the effect of reducing the Additional Payout Amount) will be and may even cause such Original Collateral Redemption Amount (and related Additional Payout Amount) to be zero.

It is important to note that the average portfolio value of the Fund Basket is determined by reference to the portfolio value on a monthly basis on each Valuation Averaging Date. Accordingly, it is the portfolio value of the Fund Basket on such Valuation Averaging Dates that is relevant and not the portfolio value of the Fund Basket at any other time for the purposes of the formula applied in determining the Original Collateral Redemption Amount due under the Original Collateral. Accordingly, while the value of any fund comprised in the Fund Basket may, on average, increase during the term of the Original Collateral, this may not be reflected in the Original Collateral Redemption Amount (if any) payable to the Issuer.

Potential adjustment events in respect of the Original Collateral

The Original Collateral Obligor and UBS AG, in its role as the Calculation Agent under the terms of the Original Collateral (the “**Original Collateral Calculation Agent**”), may determine that a certain event (a “Potential Adjustment Event” as set out in the terms of the Original Collateral, which includes, among others, (i) a violation or change of any material terms in the marketing of the fund; (ii) a change in the main investment objective of the fund; (iii) a change in the currency in which the net asset value of the fund is reported; (iv) the net asset value of the fund not being calculated or announced when it ordinarily would be available; (v) restrictions or limitations of redemptions or subscriptions for the fund being imposed; (vi) regulatory or tax treatment being changed; (vii) a review or investigation of the activities of the fund or its manager; (viii) the Original Collateral Obligor being the beneficial owner of 25 % or more of the fund units of the fund; (ix) any winding-up, liquidation of, or any termination or any loss of regulatory approval, license or registration of, a manager, or any merger, de-merger, winding-up or liquidation of or affecting the fund; (x) any arrangement between the Original Collateral Obligor and the fund or manager being changed or terminated; and (xi) any event in respect of a fund that, in the opinion of the Original Collateral Obligor and the Original Collateral Calculation Agent affects the Original Collateral Obligor’s hedging activities in relation to its exposure under the Original Collateral) has occurred and may, if they determine in their reasonable discretion that such event is material and adversely affects the relevant fund or the calculation of the net asset value of the relevant fund, make adjustments to any calculation methods, values or terms in respect of the Original Collateral or select a suitable alternative fund with reasonably similar investment mandates that meets certain criteria, as more fully set out in the terms of the Original Collateral.

No representations; no guarantee of performance

None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) has made or will make any representation whatsoever with respect to the Original Collateral Obligor or the Original Collateral on which any Noteholder is relying or is entitled to rely. None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) is responsible for the Original Collateral Obligor’s public disclosure of information.

No claim against the Original Collateral Obligor

The Notes will not represent a claim against the Original Collateral Obligor and, in the event of any loss, a Noteholder will not have recourse under the Notes to the Original Collateral Obligor.

In particular, Noteholders will not have:

- (a) the right to vote or give or withhold from giving any consent in relation to the Original Collateral Obligor;
- (b) the right to receive any coupons, fees or other distributions which may be paid by the Original Collateral Obligor to holders of Original Collateral; or
- (c) the right to receive any information from the Original Collateral Obligor.

Accordingly, an investment in the Notes is not equivalent to an investment in the Original Collateral.

Determinations

The determination as to whether a Collateral Event has occurred shall be made by the Calculation Agent and without regard to any related determination by the Original Collateral Obligor or any action taken, omitted to be taken or suffered to be taken by any other person, including, without limitation, any creditor of the Original Collateral Obligor.

Replacement of the Original Collateral Obligor

Provided that certain conditions are met, the Original Collateral Obligor is entitled to substitute another company within the UBS Group (as defined in the terms of the Original Collateral) as issuer of the Original Collateral, as described more fully in the terms of the Original Collateral. Accordingly, the credit exposure of the Issuer and the Noteholders to the Original Collateral Obligor may change.

The Credit Default Swap Transaction

The Notes are credit-linked as a result of the Credit Default Swap Transaction.

Prospective investors should note that the Credit Default Swap Transaction (and the Repo Transaction) is a complex and bespoke transaction. An investment in the Notes is only suitable for investors who are familiar with credit derivatives. Investors must not invest in any of the Notes unless they are able to fully understand the terms of the Credit Default Swap Transaction (and the Repo Transaction) and assess the risks associated with the Credit Default Swap Transaction (and the Repo Transaction). Investors may request electronic copies of the confirmation of the Credit Default Swap Transaction (and the Repo Transaction) free of charge from the Issuer and the Issuing and Paying Agent.

In particular, although the confirmation in respect of the Credit Default Swap Transaction incorporates by reference the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), the Credit Default Swap Transaction is a bespoke transaction which may differ in significant respects from other credit derivative transactions.

Prospective investors should note that, irrespective as to the occurrence of a Credit Event in respect of the Reference Entity, as described below and elsewhere in this Prospectus, if the Swap Agreement and the Repo Agreement terminate early in connection with, or which results in, an Early Redemption Event, the amount payable to the Noteholders will depend in part on the net amount payable, if any, by the Swap Counterparty and the Repo Counterparty to the Issuer as a result of such termination. This, in turn, will depend on the value of the Credit Default Swap Transaction and the Repo Transaction at such time, as determined in the manner set out in the Swap Agreement and the Repo Agreement. While it is anticipated that the aggregate value of the Credit Default Swap Transaction and the Repo Transaction will be in favour of the Issuer, there can be no assurance what such value may be. Such value may be affected by a wide variety of factors, including, without limitation, the level of credit spreads on the Reference Entity referenced in the Credit Default Swap Transaction, the specific terms of the Credit Default Swap Transaction and the Repo Transaction and the willingness and/or ability of participants in the credit derivatives market to provide quotations for entering into transactions such as the Credit Default Swap Transaction, as well as broader economic, political and other factors. Accordingly, upon the occurrence of an Early Redemption Event in respect of the Notes, investors may lose their entire investment in the Notes.

The Reference Entity and the Reference Obligation and other Obligations

Noteholders will be exposed to the credit and insolvency risk of the Reference Entity (as the same may change prior to the Issue Date as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) and also to failures to make payment and restructurings in respect of any Obligations of the Reference Entity and not just to the Reference Obligation of the Reference Entity. Noteholders will be exposed to such risk with respect to the Reference Entity for the period from and including the Successor Backstop Date (or, in the case of a “Universal Successor”, 1 January 2014) to the Issue Date as well as after the Issue Date.

The Reference Entity referenced in the Credit Default Swap Transaction as at the Issue Date is described in the section of this Prospectus entitled “*Description of the Reference Entity*”, as the same may change prior to the Issue Date as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below.

Prospective investors must note that none of Credit Suisse International (in any capacity), the Issuer, the Trustee, any Agent or the Distributor is under any obligation to monitor whether or not a Credit Event or Credit Event Resolution Request Date has occurred in respect of the Reference Entity or any responsibility for monitoring any other developments, announcements or publications relating to the Reference Entity and shall have no liability or responsibility to any Noteholder or any other person in the event of the occurrence of any Credit Event or Credit Event Resolution Request Date in respect of the Reference Entity. Furthermore, none of the Issuer, Credit Suisse International, the Trustee nor any Agent, in any capacity, shall have any liability to any Noteholder in respect of any loss suffered as a result of the Reference Entity included in the Credit Default Swap Transaction.

None of the Issuer, Credit Suisse International, the Trustee nor any Agent shall provide any information in respect of the Reference Entity to any prospective investor save for the information provided in this Prospectus. Further information in respect of the Reference Entity may be available from publicly available sources, including, without limitation, from the websites of the stock exchanges on which the Reference Entity has securities listed (including those websites set out in the section of this Prospectus entitled “*Description of the Reference Entity*”).

As a result of a Credit Event occurring in respect of the Reference Entity prior to the Issue Date (as well as after the Issue Date), it is possible that an investor’s investment in the Notes may be reduced to zero. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) is a bank with significant operations in Asia and across the globe including in Europe, North America and South America.

The banking industry generally has been, and continues to be, subject to significant volatility due to the economic crisis that commenced during mid-2007. Banks are exposed to a number of international factors which may have a materially adverse effect on their financial performance including, without limitation, the factors set out under the heading “*Risks relating to the business of Credit Suisse International as Swap Counterparty and other capacities in respect of the Notes*” above.

As indicated, these factors and those events outlined in “*Recent Global Events*” below as well as other factors may affect (i) the probability of a Credit Event occurring in respect of the Reference Entity, Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transaction, (ii) the probability of one or more successor Reference Entities being determined in respect of the Reference Entity referenced in the Credit Default Swap Transaction and/or the value of the Credit Default Swap Transaction. Accordingly, investors may suffer a loss of some or all of their investment on the Notes in which they invested as a result of a Credit Event occurring under the Credit Default Swap Transaction or, in the case of an early redemption of the Notes following an Early Redemption Event (including following the occurrence of an Event of Default in respect of the Notes), a reduction in the value in favour of the Issuer (or potentially even the value being in favour of the Swap Counterparty) of the Credit Default Swap Transaction.

The Reference Entity may change as a result of the determination of a successor Reference Entity

Prospective investors should note that the Reference Entity to which the Notes are referenced through each of the Credit Default Swap Transaction may change from time to time following the occurrence of certain corporate events relating to a Reference Entity, such as a merger of the Reference Entity with another entity, a transfer of assets or liabilities by the Reference Entity or other similar events in which an entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. ISDA may publicly announce that a CDDC has resolved to treat a different entity or entities as the successor(s) to such original entity. If Credit Suisse International as the Calculation Agent in respect of the Credit Default Swap Transaction determines that such CDDC resolution would apply for purposes of the Credit Default Swap Transaction, then the identity of the Reference Entity will be amended accordingly and Noteholders will be

exposed to the credit risk of such successor Reference Entity in place of the original Reference Entity. Accordingly, the Issuer, the Swap Counterparty and the Noteholders will be bound by any such determination of the relevant CDDC, whether or not their views may differ from that of the relevant CDDC. Alternatively, absent a resolution of the CDDC, Credit Suisse International as the Calculation Agent in respect of the Credit Default Swap Transaction may, but will not be obliged to, make a determination that a different entity has become successor to the original Reference Entity. The effect of such amendment may be a material increase in the risk associated with an investment in the Notes, for example where the successor Reference Entity is more indebted than the original Reference Entity or is exposed to different business risks.

If a Reference Entity is determined to have more than one successor entity, then Noteholders will be exposed to the creditworthiness of multiple Reference Entities instead of, or in addition to, the original Reference Entity. The effect may be to materially increase the likelihood of a loss of principal under the Notes as a result of a Credit Event occurring with respect to a number of Reference Entities rather than just one Reference Entity. If more than one successor Reference Entity is determined, the Notional Amount of the Credit Default Swap Transaction allocated to any remaining Reference Entity, including each new successor Reference Entity, shall be adjusted to reflect the inclusion of such new successor Reference Entity.

Any such determination may increase the likelihood of a Credit Event occurring and accordingly increase the possibility of investors suffering a loss, potentially of their entire investment, on the Notes.

Furthermore, it is possible that one or more successor Reference Entities may have been determined with respect to a Reference Entity prior to the Issue Date of the Notes, as described below. To such extent, the Reference Entity referenced in the Credit Default Swap Transaction may not comprise the Reference Entity described in this Prospectus.

Credit Event and Successor Backstop Dates

Prospective investors should note that the exposure to the risks associated with the Reference Entity referenced in the Credit Default Swap Transaction includes exposure in the period from and including 26 April 2015 (being the Credit Event Backstop Date) to the Issue Date. As a result, the aggregate amount payable in respect of the Notes (save for any amount payable on the Notes linked to the performance of the proceeds of the Original Collateral) will be reduced, potentially to zero as described below, as a result of occurrence of a Credit Event notwithstanding that the relevant Credit Event, or the events leading thereto, occurred prior to the Issue Date of the Notes.

Similarly, with respect to whether there is a successor Reference Entity, the look-back period runs from 27 March 2015 (being the Successor Backstop Date) (or, in the case of a “Universal Successor”, on or after 1 January 2014) and it is therefore possible that the Notes could be affected by one or more successions that take place prior to the Issue Date and, accordingly, may increase the risk of loss to investors notwithstanding that the relevant succession occurred prior to the Issue Date of the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to an entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of a non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the succession occurred on or after a single lookback date of 1 January 2014.

No representations; no guarantee of performance

None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) has made or will make any representation whatsoever with respect to the Reference Entity referenced in the Credit Default Swap Transaction or any of their obligations (including the Reference Obligation) on which any Noteholder is relying or is entitled to rely. None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) is responsible for the Reference Entity’s public disclosure of information.

There is no guarantee, protection or assurance for investors in the Notes in respect of the credit or performance of the Reference Entity referenced in the Credit Default Swap Transaction or any of its obligations or those of any entity whose obligations may be guaranteed by the Reference Entity (an “**Underlying Obligor**”). Credit Suisse makes no representation as to the performance of the Notes either in absolute terms or relative to other investments.

Payments under the Credit Default Swap Transaction, the Repo Transaction and allocation of losses following a Credit Event

In consideration for the issue of the Notes by the Issuer, the Dealer will procure that on the Issue Date, (a) the Swap Counterparty enters into the Credit Default Swap Transaction and (b) the Repo Counterparty enters into the Repo Transaction, in each case with the Issuer. On the Issue Date, the Issuer will pay to the Repo Counterparty an amount equal to the issue proceeds of the Notes less the cost of the Original Collateral and the commission payable to the Dealer to purchase Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of the Notes as at the Issue Date under the Repo Transaction.

Under the terms of the Credit Default Swap Transaction:

- (a) the Notional Amount of the Credit Default Swap Transaction will be equal to the Outstanding Principal Amount of the Notes;
- (b) if a Credit Event occurs in respect of the Reference Entity referenced in the Credit Default Swap Transaction and an Event Determination Date is determined:
 - (i) the Issuer will be required to pay to the Swap Counterparty an Issuer Cash Settlement Amount on the date falling 5 Reference Business Days after the latest date on which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price is determined in respect of the Reference Entity (the “**Issuer Cash Settlement Date**”);
 - (ii) under the Repo Transaction, a repurchase date (such date, a “**Partial Repurchase Date**”) will occur on the Issuer Cash Settlement Date. On such Partial Repurchase Date, the Repo Counterparty will pay to the Issuer an amount which reflects, among other things, the Reference Entity Notional Amount of the Reference Entity in respect of which the Credit Event has occurred (such amount, a “**Partial Repurchase Price**”). In return the Issuer will deliver to the Repo Counterparty the relevant equivalent Eligible Securities;
 - (iii) the obligations of the Issuer and the Repo Counterparty to make payments of the Issuer Cash Settlement Amount and the Partial Repurchase Price will be automatically satisfied and will be replaced by an obligation on the Repo Counterparty to pay to the Issuer on the Partial Repurchase Date an amount (such amount, a “**Credit Suisse Net Settlement Amount**”) equal to the *product of* (A) the Reference Entity Notional Amount of the Reference Entity in respect of which the Credit Event has occurred, (B) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event and (C) the Redemption Factor (expected to be between 70% and 95%);
 - (iv) on the date falling 2 Reference Business Days after the Partial Repurchase Date (the “**Credit Event Instalment Date**”), in respect of each Note, the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Credit Suisse Net Settlement Amount (the “Credit Event Instalment Amount”) to the Noteholder (which may occur before or after the Scheduled Maturity Date); and
 - (v) the Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Reference Entity Notional Amount in respect of the Reference Entity as at the relevant Issuer Cash Settlement Date;

- (c) on the Reference Business Day immediately preceding the Scheduled Maturity Date of the Notes (such date, the “**Repurchase Date**”), the Repo Counterparty will pay to the Issuer an amount equal to the then outstanding Notional Amount of the Credit Default Swap Transaction (such amount, the “**Repurchase Price**”); provided that if the termination date of the Credit Default Swap Transaction has been extended beyond the applicable Repurchase Date as a result of the Issuer Cash Settlement Amount being due and payable after the Repurchase Date or an Unsettled Credit Event being determined as at the Credit Event Observation Period End Date (expected to be the Reference Business Day immediately prior to the Scheduled Maturity Date), in each case in respect of a Reference Entity, the Repurchase Price will be calculated on the basis that the Notional Amount is reduced by the Reference Entity Notional Amount of such Reference Entity to which such event relates (and may be zero). On the Scheduled Maturity Date, in respect of each Note the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Repurchase Price (if any) to the Noteholder; and
- (d) following the determination of an Unsettled Credit Event as at the Credit Event Observation Period End Date, if it is determined that no Credit Event has occurred in respect of the Reference Entity, on the date immediately following the date of such determination (such date, the “**Additional Repurchase Date**”), the Repo Counterparty will pay to the Issuer an amount equal to the Reference Entity Notional Amount in respect of such Reference Entity (the “**Additional Repurchase Price**”). On the date falling 2 Reference Business Days after the Additional Repurchase Date (the “**Unsettled Credit Event Instalment Date**”), in respect of each Note, the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Additional Repurchase Price (the “**Unsettled Credit Event Instalment Amount**”) to the Noteholder. However, if it is determined that a Credit Event has occurred (or, where applicable, the Auction Final Price or the Final Price has been determined) in respect of the Reference Entity, the Repo Counterparty will pay the Credit Suisse Net Settlement Amount in respect of such Reference Entity on the Partial Repurchase Date and, in respect of each Note, the Issuer will pay the Credit Event Instalment Amount on the Credit Event Instalment Date.

The determination and payment of the amounts referred to above are described in more detail the section of this Prospectus entitled “*Transaction Description*”.

Investors may suffer significant losses on their investment as a result of the occurrence of a Credit Event occurring in respect of the Reference Entity referenced in the Credit Default Swap Transaction.

Extension of the Maturity Date of the Notes as a result of Unsettled Credit Events

It follows from the above description of payments under the Credit Default Swap Transaction and the Repo Transaction and allocation of losses following a Credit Event that the termination date of the Credit Default Swap Transaction may extend beyond the Repurchase Date of the Repo Transaction and, accordingly, the final maturity date of the Notes may be extended beyond the Scheduled Maturity Date. Such occurrence may arise where the Issuer Cash Settlement Amount is due and payable after the Repurchase Date of the Repo Transaction or where an Unsettled Credit Event is determined as at the Credit Event Observation Period End Date. Unsettled Credit Events will arise, in summary, where:

- (a) one or more Credit Events have occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the Calculation Agent under the Credit Default Swap Transaction (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) on or prior to the Credit Event Observation Period End Date.

In the event that there is an Unsettled Credit Event under the Credit Default Swap Transaction, the Repurchase Price payable by the Repo Counterparty to the Issuer under the Repo Transaction will be equal

to the Notional Amount *minus* the Reference Entity Notional Amount of the Reference Entity to which such Unsettled Credit Event relates (such amount may be zero).

Following the determination of the Unsettled Credit Event, in respect of the Reference Entity:

- (a) if it is determined that no Credit Event has occurred, the Repo Counterparty will pay the Additional Repurchase Price to the Issuer on the Additional Repurchase Date under the Repo Transaction. The Issuer will then pay the Unsettled Credit Event Instalment Amount in respect of each Note on the Unsettled Credit Event Instalment Date occurring on or after the Scheduled Maturity Date; and
- (b) if it is determined that a Credit Event has occurred (or the Auction Final Price or the Final Price has been determined), the Repo Counterparty will pay the Credit Suisse Net Settlement Amount to the Issuer on the Partial Repurchase Date under the Repo Transaction. The Issuer will then pay the Credit Event Instalment Amount in respect of each on the Credit Event Instalment Date occurring on or after the Scheduled Maturity Date.

Accordingly, prospective investors must note that in the event that there is any Unsettled Credit Event under the Credit Default Swap Transaction as at the Credit Event Observation Period End Date, the final redemption date of the Notes may be significantly postponed and Noteholders will not receive the full amount due to them (if at all) until a significant time after the Scheduled Maturity Date. In such circumstances, the value of the Notes may be significantly reduced, and may even be zero. Furthermore, to the extent that any secondary market for the Notes existed, any liquidity provided by such secondary market may be significantly reduced and Noteholders may not be able to sell their Notes or realise any value for them.

Conflicts of interest relating to Credit Suisse and the Credit Default Swap Transaction

As described above and elsewhere in this Prospectus, under the Credit Default Swap Transaction, the Issuer is selling credit protection to Credit Suisse International in its capacity as Swap Counterparty. As a result of such transactions, Credit Suisse International and the Issuer will have a direct conflict of interest, since the occurrence of a Credit Event and Event Determination Date will reduce the aggregate amounts payable to investors under the Notes, including at maturity. Credit Suisse International may retain the credit protection sold to it by the Issuer for its own proprietary investment purposes or to hedge its risk unrelated to the Notes or it may sell such protection to third parties. Sales of credit protection may be made to one or more third parties.

Credit Suisse International may deal in the obligations of the Reference Entity and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Reference Entity, an Underlying Obligor or any affiliate of the Reference Entity or an Underlying Obligor, or any other person or entity having obligations relating to the Reference Entity or an Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on the Reference Entity, an Underlying Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

Following the Issue Date, Credit Suisse International may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity, an Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to a Noteholder, and the Notes do not create any obligation on the part of Credit Suisse International to disclose to any Noteholder any such relationship or information (whether or not confidential).

Credit Suisse International is also a voting member on each of the CDDCs and may take certain actions that may influence the process and outcome of decisions of the CDDCs. Such actions may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to Credit Suisse International under the Swap Agreement or otherwise. In taking any action relating to a CDDC or performing any duty

under the rules published by ISDA that govern such a CDDC (the “**DC Rules**”), Credit Suisse International shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising in respect of the Notes.

To the extent that Credit Suisse International is replaced as Swap Counterparty, the above conflicts of interest may no longer be applicable. However, similar conflicts of interest and/or additional conflicts of interest may be applicable in respect of the relevant replacement Swap Counterparty.

Reference Entity not liable for the Notes

The Reference Entity is not involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. The Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for the Notes is paid to the Issuer and a portion of it is paid to Credit Suisse International under the Repo Transaction as described above and elsewhere in this Prospectus. However, no portion of such issue proceeds is paid to the Reference Entity, and the Notes do not represent a direct investment in any Obligation of the Reference Entity or otherwise give the Noteholders any rights in the debt obligations or any other securities of the Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt obligations or other securities of the Reference Entity may have.

Factors influencing the risk of a Credit Event

The likelihood of a Credit Event occurring in respect of the Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in particular industry and changes in prevailing interest rates. Some factors influencing the risk of Credit Events are described above and elsewhere in this Prospectus.

Factors influencing the extent of losses following the occurrence of a Credit Event

The Auction Final Price or Final Price (in circumstances where there is no Auction Final Price) in respect of the Reference Entity (where a Credit Event and resulting Event Determination Date has occurred) will be determined by the valuation of the Reference Obligation, or other obligations, of the Reference Entity (together, as used in these Risk Factors, “**Valuation Obligations**”). Such valuations will be a key factor determining the extent to which losses are suffered by Noteholders as a result of any Credit Event occurring in respect of the Reference Entity under the Credit Default Swap Transaction.

Such Valuation Obligations may have no, or only a limited, trading market. The liquidity of Valuation Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, the conditions of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Reference Entity. Some or all of the Valuation Obligations may also be subject to restrictions on transfer and may be considered illiquid. If an Event Determination Date occurs in respect of the Reference Entity, any resulting reduction in market value of the Valuation Obligations could be further magnified by reason of such limited liquidity for those Valuation Obligations.

Any quotations used in the calculation of the Final Price (where an Auction Final Price is not applicable and the Fallback Settlement Method applies as a result) may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The obligations selected for valuation following a Credit Event may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of such Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will increase the Issuer Cash Settlement Amount determined in respect of the Notes and decrease the amount actually payable in redemption of the Notes as a result of such Credit Event.

Following an Event Determination Date, if the Fallback Settlement Method applies, the Swap Counterparty is entitled to select an obligation of the Reference Entity for valuation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation. It is likely that the obligations selected in these scenarios will be obligations of the Reference Entity with the lowest market value that satisfies such specification and limits for qualification as a Reference Obligation. This could result in a lower recovery value of the Reference Obligation and hence, greater losses for investors of the Notes than would otherwise be the case.

Where an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, available on ISDA's website at www.isda.org (or any successor website thereto). Prospective investors should note that the relevant CDDC has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from time to time and available on ISDA's website at www.isda.org (or any successor website thereto). Consequently, Credit Suisse International, the Issuer and the Noteholders will be bound by any such relevant decisions.

Risks relating to asset package delivery

The 2014 ISDA Credit Derivatives Definitions published by ISDA introduced the concept of asset package delivery. In circumstances where “Financial Reference Entity Terms” and “Governmental Intervention” applies in respect of a Reference Entity and there is (i) a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond.

If the resulting asset package is deemed to be zero where there are no resulting assets, the related credit loss will be 100 per cent. notwithstanding the recovery value on any other obligations of the Reference Entity.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the CDDC.

Noteholders will not be able to refer questions to the CDDCs

Noteholders, in their capacity as holders of the Notes, will not have the ability to refer questions to a CDDC. As a result, Noteholders will be dependent on other market participants to refer specific questions to the CDDCs that may be relevant to the Noteholders. Credit Suisse International, in any capacity, has no duty to the Noteholders to refer specific questions to the CDDCs.

Noteholders will have no role in the composition of the CDDCs

Separate criteria will apply to the selection of dealer and non-dealer institutions to serve on the CDDCs, and Noteholders will have no role in establishing such criteria. In addition, the composition of the CDDCs will change from time to time in accordance with the DC Rules, as the term of a member institution may expire or a member institution may be required to be replaced. Noteholders will have no control over the process for selecting institutions to participate on the CDDCs and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the DC Rules.

Noteholders will have no recourse against either the institutions serving on the CDDCs or the external reviewers

Institutions serving on the CDDCs and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the DC Rules,

except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the member institutions of the CDDCs from time to time will not owe any duty to the Noteholders, and the Noteholders will be prevented from pursuing legal claims with respect to actions taken by such member institutions under the DC Rules.

Noteholders should also be aware that member institutions of the CDDCs have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the CDDCs are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

Noteholders will be responsible for obtaining information relating to deliberations of the CDDCs

Notices of questions referred to the CDDCs, meetings convened to deliberate such questions and the results of binding votes of the CDDCs will be published on the website of ISDA and none of the Issuer or Credit Suisse International, in any capacity, shall be obliged to inform Noteholders of such information, other than as expressly provided in the terms of the Notes. Any failure by Noteholders to be aware of information relating to determinations of a CDDC will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

Correlation between the Original Collateral Obligor, the Reference Entity and Credit Suisse International

As the Original Collateral Obligor, the Reference Entity and Credit Suisse International are banks, there is likely to be a high correlation between defaults by the Original Collateral Obligor, defaults by Credit Suisse International in any of its capacities in respect of the Notes (including, without limitation as Swap Counterparty) and the occurrence of a Credit Event in respect of the Credit Default Swap Transaction. Accordingly, Noteholders may suffer greater losses (and may be more likely to suffer losses) as a result of such correlation than they may otherwise have done had the Original Collateral Obligor and the Reference Entity not operated in the same industry as Credit Suisse International.

Idiosyncratic Risk, Recovery Rates

Individual or unsystematic risks pertaining to the Reference Entity, could lead to an increase in the likelihood of a Credit Event occurring in relation to the Reference Entity.

Recovery rates for Reference Entities that have suffered Credit Events can and do vary, often widely, from entity to entity, even where such entities operate in the same industry, and from time to time. Lower recovery rates means that losses suffered by Noteholders will be higher. Higher default rates are correlated with lower recovery rates.

Furthermore, the occurrence of a Credit Event under the Credit Default Swap Transaction and the recovery rates for the obligations of the Reference Entity in respect of which such Credit Event occurs may be subject to the operation of bankruptcy or other insolvency laws in the jurisdiction applicable to the Reference Entity.

No requirement for exposure to the Reference Entity

Notwithstanding the above, the performance of the Notes is not conditional upon the Swap Counterparty sustaining or being exposed to any risk or loss and the rights and obligations of the Swap Counterparty in respect of the Credit Default Swap Transaction are not, at any time, dependent upon the Swap Counterparty owning or having any legal, equitable or other interest in, or indirect exposure to, the Reference Entity referenced in the Credit Default Swap Transaction from time to time, nor shall the Swap Counterparty have any obligation to purchase or hold the Reference Entity's obligations at any time.

The Repo Transactions

Risks relating to the Repo Counterparty and Repo Agreement

The ability of the Issuer to meet its obligations under the Notes will, among other things, depend on the receipt by it of payments under the Repo Agreement (if any). Consequently, the Issuer is exposed to the ability of the Repo Counterparty to perform its obligations under the Repo Agreement. Default by the Repo Counterparty may result in the termination of the Repo Agreement and, in such circumstance, any amount due to the Issuer upon such termination may not be paid in full.

Following the entry into the Repo Agreement, the Repo Counterparty will be required to deliver the relevant Eligible Securities to the Custodian within 3 Reference Business Days of the Issue Date. Prior to the delivery of such Eligible Securities by the Repo Counterparty, the underlying assets for the Notes will only comprise the Original Collateral and the Issuer's rights under the Swap Agreement and the Repo Agreement.

If upon the termination of the Repo Agreement an amount is payable by the Repo Counterparty to the Issuer (for the avoidance of doubt, taking into account and including any collateral posted by the relevant party pursuant to the terms of the Repo Agreement and any requirement to re-transfer such collateral), then the Issuer shall have an unsecured claim against the Repo Counterparty for such amount.

The receipt by the Issuer of payments under the Repo Agreement is also dependent on the timely payment and/or deliveries by the Issuer of its obligations under the Repo Agreement. The ability of the Issuer to make timely payment and/or deliveries of its obligations under the Repo Agreement depends on receipt by it of the scheduled payments and/or deliveries under the Eligible Securities held by the Custodian and under the Swap Agreement entered into by it in connection with the Notes. Consequently, the Issuer is also exposed to the ability of the issuers and guarantors of such Eligible Securities to perform their respective payment and/or delivery obligations and the ability of the Repo Counterparty to perform its obligations under the Repo Agreement.

In the circumstances specified in any Repo Agreement entered into by the Issuer in connection with the Notes, the Issuer or the Repo Counterparty may terminate all outstanding Transactions under the Repo Agreement in full, as described in the section of this Prospectus entitled "*The Swap Agreement and the Repo Agreement*". Any termination of the Repo Transaction under the Repo Agreement will result in a redemption in full of the Notes at their Early Redemption Amount. Upon any such redemption, the amount paid or delivered to Noteholders to redeem the Notes may be significantly less than the Noteholder's original investment in the Notes and may be zero.

The payment and/or delivery obligations of the Issuer and the Repo Counterparty under the Repo Agreement are described in more detail in the section of this Prospectus entitled "*Transaction Description*".

Margin Maintenance under the Repo Agreement

Under the Repo Agreement, the Repo Counterparty will be required to transfer additional Eligible Securities to collateralise the Issuer's net exposure to the Swap Counterparty and the Repo Counterparty as described in more detail in the section of this Prospectus entitled "*Transaction Description*". The Repo Counterparty shall act for its own benefit and is not required to, and will not, take into account the interests of the Noteholders in determining what Eligible Securities, meeting the required criteria, to deliver to the Issuer as purchased securities and/or margin under the Repo Agreement, for this purpose.

While any Eligible Securities delivered to the Issuer by the Repo Counterparty as margin under the Repo Agreement are required, at the time of delivery, to have a value (after the application of the relevant haircut specified in the Repo Agreement) at least equal to the then net exposure the Issuer has to (a) the Swap Counterparty under the Swap Agreement and (b) the Repo Counterparty under the Repo Agreement, and notwithstanding the fact that valuations and any corresponding transfers will be conducted on a weekly basis, there can be no assurance that any amount realised from the sale of the Eligible Securities delivered and then held by the Issuer will be equal to the amount otherwise payable by (a) the Swap Counterparty as a result of an early termination of the Swap Agreement and (b) the Repo Counterparty as a result of an early termination of the Repo Agreement.

Accordingly, despite the existence of the requirement for margin maintenance under the Repo Agreement, in the event that the Swap Agreement and the Repo Agreement terminate as a result of a default by the Swap Counterparty and/or the Repo Counterparty (as applicable), or the occurrence of certain insolvency or bankruptcy events relating to the Swap Counterparty and/or the Repo Counterparty (as applicable), if the value of the Eligible Securities is less than the value of the Credit Default Swap Transaction under the Swap Agreement and the Repo Transaction under the Repo Agreement upon their termination and any failure there is by the Swap Counterparty and the Repo Counterparty to pay any termination amount due under the Repo Agreement, Noteholders will be exposed to the Swap Counterparty and the Repo Counterparty for the shortfall and the amount payable to Noteholders may be reduced, even to zero, in connection with the redemption of the Notes in such circumstances.

Early Redemption

If the Notes are due to redeem early in full as a result of an Early Redemption Event (for example following the occurrence of a Collateral Event, certain tax events (subject to certain exceptions including, but not limited to, where withholding or deduction of taxes on the Notes arises solely in respect of FATCA as it applies to the Noteholder), a termination of the Credit Default Swap Transaction and the Repo Transaction (or a termination of the Swap Agreement and the Repo Agreement as a whole), as a result of an Event of Default by the Issuer or as a result of the enforcement of the security by the Trustee at its discretion or if directed by the Noteholders), the Swap Agreement and the Repo Agreement (if these have not already terminated) will terminate.

Any net amount payable to the Issuer by the Repo Counterparty as a consequence of the termination of the Swap Agreement and the Repo Agreement, together with sale proceeds of the Original Collateral and any Eligible Securities, shall first be used to pay any amount due to the Trustee, the Disposal Agent, the Custodian and any other Agent of the Issuer, including costs and expenses incurred with the sale of such securities.

The remainder of any such amount received by the Issuer in respect of termination of the Swap Agreement and the Repo Agreement and any remaining proceeds of sale of the Original Collateral and Eligible Securities shall be applied in satisfaction of the amounts due to Noteholders on a *pro rata* basis.

There can be no assurance as to the value of the Original Collateral and any Eligible Securities at the time of such sale and the amounts realised may be significantly lower than the face value of the Original Collateral and such Eligible Securities and may even be zero. To the extent that the value of the Original Collateral and the Eligible Securities is less than the value of the Swap Agreement and the Repo Agreement upon its termination, Noteholders will be exposed to the Swap Counterparty and the Repo Counterparty for the shortfall. None of the Issuer, the Trustee, the Disposal Agent, any other Agent, the Dealer or any other person is under any obligation to obtain a particular price in connection with such a sale and shall have no responsibility or liability to any Noteholder for the price at which any such assets are sold.

Accordingly, the amount payable to Noteholders on an early redemption of their Notes may be significantly lower than their initial investment and may even be zero.

Replacement of the Swap Counterparty and/or the Repo Counterparty

Investors should note that upon the occurrence of (i) certain insolvency events with respect to the Swap Counterparty and/or the Repo Counterparty (a “**Counterparty Bankruptcy Credit Event**”); or (ii) an Event of Default (as defined in the Repo Agreement) with respect to the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event; or (iii) the delivery of a notice of termination for tax reasons pursuant to paragraph 11 of the Repo Agreement (a “**Tax Termination Event**”); or (iv) an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Credit Event); or (v) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transaction (a “**CDS Termination Event**”); or (vi) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty or the Repo Counterparty being withdrawn or is less

than Ba1 or if the short term rating assigned by Moody's to the Swap Counterparty or the Repo Counterparty is less than P-3 (any such downgrade or withdrawal, a "**Moody's Ba1/P-3 Downgrade**"); (and such event, along with each of a Counterparty Bankruptcy Credit Event, an Event of Default with respect to the Swap Counterparty or the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event), a Tax Termination Event, a CDS Termination Event and a Moody's Ba1/P-3 Downgrade, a "**Replacement Event**"), Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator) has the right, by notice to the Issuer with a copy to the Trustee (and, provided that, in the case of a Moody's Ba1/P-3 Downgrade only that the Swap Counterparty and the Repo Counterparty has given its prior written consent to such replacement) to select a replacement Swap Counterparty and a replacement Repo Counterparty, being the same entity as the replacement Swap Counterparty, from (and including) the date of the occurrence of such a Replacement Event up to (and including) the date falling 30 calendar days from the occurrence of the applicable Replacement Event.

Accordingly, where the Noteholder Facilitator makes such a selection, and provided certain other requirements are met, it is possible that the identity of the Swap Counterparty and the Repo Counterparty will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Swap Counterparty and the Repo Counterparty may also change. As this right may be exercised whenever a Replacement Event occurs, the identity of the Swap Counterparty and the Repo Counterparty may change more than once during the duration of the Notes.

However, notwithstanding the above, no assurance can be given that a replacement Swap Counterparty and a replacement Repo Counterparty will be identified by the Noteholder Facilitator upon the occurrence of a Replacement Event or that such replacement will be completed.

The replacement of the Swap Counterparty and the replacement of the Repo Counterparty as described above may prevent an early termination of the Swap Agreement and/or the Repo Agreement and therefore the early redemption of the Notes. However, even if such replacement is made, the Notes may still redeem early, in full, on some later date as a result of the occurrence of any Early Redemption Event and Noteholders will also still be exposed to the risk of a Credit Event in respect of the Credit Default Swap Transaction, notwithstanding such replacement of the Swap Counterparty (including, for the avoidance of doubt, where such Credit Event occurred prior to such replacement). The value of the Credit Default Swap Transaction under the Swap Agreement and/or the Repo Transaction under the Repo Agreement to the Issuer may have been higher at the time of the occurrence of the Replacement Event than as at the time of any subsequent early redemption of the Notes. As a result, the replacement of the Swap Counterparty and the Repo Counterparty in such circumstances may result in Noteholders receiving less in respect of their investment than they may otherwise have done if no replacement Swap Counterparty and replacement Repo Counterparty had been selected and had the Notes redeemed early as a result of such Swap Counterparty Event, Repo Counterparty Event or, as the case may be, a Counterparty Bankruptcy Credit Event.

As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes from time to time may be lower than their value would otherwise have been had no such replacement right been included.

If a replacement Swap Agreement and a replacement Repo Agreement are not entered into within 30 calendar days following the occurrence of a Replacement Event (other than a Moody's Ba1/P3 Downgrade), the Swap Agreement and the Repo Agreement shall automatically terminate and, if a Swap Termination Event, a Repo Termination Event or a Tax Termination Event has occurred and no Early Redemption Commencement Date or Early Redemption Event has occurred pursuant to any other applicable Condition, the Issuer shall, as soon as is practicable (or, in any case, within 2 Reference Business Days after the end of the Replacement Period), give an Early Redemption Notice to the Noteholders (the date on which such Early Redemption Notice is deemed to have been given shall be an "**Early Redemption Commencement Date**") and the Notes shall become due and payable on the Early Redemption Date. Certain risks associated with early redemption of the Notes are discussed above under "*Early Redemption*".

Instructions to the Trustee following an Event of Default or an Enforcement Event

While the Trustee is permitted to give notice to the Issuer of its determination that an Event of Default has occurred (and that accordingly the Notes have become immediately due and payable) and to determine that an Enforcement Event has occurred and enforce the security, it is not required to do so, unless directed by an Extraordinary Resolution passed by the Noteholders to do so and will only do so if the Trustee is indemnified and/or secured and/or prefunded to its satisfaction. The Swap Counterparty also has the right to direct the Trustee in writing to enforce security.

Accordingly, following (i) the occurrence of an Event of Default, the Trustee may accelerate the Notes at its discretion, but shall be obliged to accelerate if directed by an Extraordinary Resolution passed by the Noteholders (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction), by giving notice to the Issuer that an Event of Default has occurred and that the Notes have become immediately due and payable and then, if required enforce the security; and (ii) the Trustee becoming aware of the occurrence of an Enforcement Event, the Trustee may enforce the security at its discretion but shall enforce the security if directed by an Extraordinary Resolution passed by the Noteholders or if directed in writing by the Swap Counterparty (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction). Noteholders should be aware that there is no assurance that the Trustee would exercise such discretion in circumstances where an Event of Default or Enforcement Event occurs. Even if the Trustee is willing to exercise such discretion or the Noteholders validly pass an Extraordinary Resolution (as described below) directing the Trustee to accelerate the Notes or, as the case may be, enforce the security, the Trustee shall only do so if it is indemnified and/or secured and/or prefunded to its satisfaction. There may be a significant delay between the occurrence of an Event of Default or, as the case may be, the occurrence of an Enforcement Event (and, in the case of an Event of Default, the Trustee's notice to the Issuer that the Notes have become immediately due and payable) and any enforcement of the security following the occurrence of such Event of Default or, as the case may be, such Enforcement Event as a consequence of, among other things, a delay in the Trustee receiving satisfactory indemnities and/or prefunding in circumstances where the Noteholders have directed the Trustee to accelerate and/or enforce. During the period of such delay, Noteholders' *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero.

Upon the occurrence of an Event of Default, Noteholders, by passing an Extraordinary Resolution, will be entitled to direct the Trustee to give an Early Redemption Notice to the Issuer and, if necessary, direct the Trustee to enforce the security following such Event of Default, provided that in each case, the Trustee shall only do so if it is also indemnified and/or secured and/or prefunded to its satisfaction. Such Extraordinary Resolution if passed by way of a signed written resolution or given by way of electronic consents through the clearing systems (where the Notes are held on behalf of a Clearing System) must be passed by Noteholders holding, in aggregate, at least 75% in principal amount of all of the outstanding Notes. Given the wide distribution of the Notes, Noteholders should be aware that there may be a significant delay between the Noteholders becoming entitled to make such a direction to the Trustee and Noteholders holding a sufficient nominal amount of the Notes being able to make such request and provide the required indemnification, security and/or prefunding to the Trustee. Accordingly, during the period of such delay, Noteholders' *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero.

Evolution of international fiscal policy

The Company may not be considered as the beneficial owner of income received and therefore not be able to rely on a double taxation treaty on its own behalf.

Luxembourg has concluded a number of double taxation treaties with other states. It may be necessary or desirable for the Company to seek to rely on such treaties particularly in respect of income and gains of the Company. Whilst each double taxation treaty needs to be considered individually taking into account fiscal practices primarily of the country from whom relief is sought a number of requirements need to be met. These requirements may include ensuring that an entity is resident in Luxembourg, is subject to taxation

there on income and gains and is also beneficially owner of such income and gains. Fiscal policy and practice is constantly evolving and at present the pace of evolution has been quickened due to a number of developments which include, but are not limited to, the Organisation for Economic Co-operation and Development (“OECD”)/G20 base erosion and profit shifting project. Fiscal policy may change which may or may not be accompanied by a formal announcement by any fiscal authority or the OECD. As a result, there can be no certainty that the Issuer will be able to rely on double tax treaties because fiscal practice of the construction of double tax treaties and the operation of the administrative processes surrounding those treaties may be subject to change. For example, fiscal practice could evolve such that the Issuer could be regarded as not being the beneficial owner because the overriding commercial object of the Issuer to allocate income and gains, less certain expenses and losses for the benefit of its investors, and the Issuer is entitled to a tax deduction in respect of that allocation and, as such, the Issuer would not be able to rely on a double taxation treaty on its own behalf.

EU Directive on the Taxation of Savings Income

Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires an EU Member State to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entities established, in that other EU Member State.

Austria instead opted for the possibility to impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015.

The Council of the European Union has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

FATCA and the possibility of U.S. withholding tax on payments

Background

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source dividends or interest, in either case made to persons that fail to meet certain certification or reporting requirements. To avoid withholding under “FATCA” (as defined in Master Condition 1(a) (*Definitions*)), a non-U.S. financial institution (“**FFI**”) must enter into an agreement with the Internal Revenue Service (an “**IRS Agreement**”) (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (“**IGA legislation**”) intended to implement an intergovernmental agreement entered into pursuant to FATCA (“**IGAs**”), may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation, where such payments are made on or after (i) July 1, 2014 in respect of certain U.S. source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce U.S. source interest or dividends and (iii) January 1, 2017 (at the earliest) in respect of “foreign passthru payments”, provided that for “obligations” that are not treated as equity for U.S. federal income tax purposes, FATCA withholding will only apply to such obligations that are issued or materially modified on or after (a) July 1, 2014 or (b) the date that is six months after the date on which the final regulations defining “foreign passthru payments” are filed with the Federal Register in the case of an obligation that would only be subject to FATCA withholding to the extent payments on such obligation were treated as “foreign passthru payments”.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes, the Collateral (if any) and the Swap Agreement (if any) and the information reporting obligations of the Company or the Issuer, as appropriate, and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Luxembourg) have entered into IGAs with the United States, which modify the way in which FATCA applies to their jurisdictions. The full impact of such IGAs and IGA legislation thereunder on reporting and withholding responsibilities under FATCA is unclear. The Company or the Issuer, as appropriate, and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how withholding on “foreign passthru payments” will be dealt with under the IGAs or if such withholding will be required at all.

Possible impact on Payments on Collateral (if any) and Swap Agreement (if any)

If the Company or the Issuer, as appropriate, fails to comply with its obligations under FATCA (including the Luxembourg IGA and any IGA legislation thereunder), it may be subject to FATCA withholding on all, or a portion of, payments it receives with respect to the Collateral (if any) or the Swap Agreement (if any). Any such withholding would, in turn, result in the Issuer having insufficient funds from which to make

payments that would otherwise have become due in respect of the Notes or Swap Agreement (if any) with respect to a Series. No other funds will be available to the Issuer to make up any such shortfall and, as a result, the Issuer may not have sufficient funds to satisfy its payment obligations to Noteholders. Additionally, if payments to the Issuer in respect of its assets, including the Collateral (if any), are, will become or are deemed on any test date to be subject to FATCA withholding, the Notes will be subject to early redemption (see “*Early Redemption*” above). No assurance can be given that the Company or the Issuer, as appropriate, can or will comply with its obligations under FATCA or that the Company or the Issuer, as appropriate, will not be subject to FATCA withholding.

Possible impact on payments on the Notes

The Issuer expects to require (and expects other intermediaries through which Notes are held to require) each Noteholder to provide certifications and identifying information about itself and its owners (or beneficial owners) in order to enable the Issuer (or such an intermediary) to identify and report on the Noteholder and certain of the Noteholder's direct and indirect U.S. beneficial owners to the Internal Revenue Service or another applicable authority. The Issuer may also be required to withhold amounts from Noteholders (including intermediaries through which such Notes are held) that are FFIs that are not compliant with, or exempt from, FATCA or Noteholders that do not provide the information, documentation or certifications required for the Issuer to comply with its obligations under FATCA. Additionally, the Issuer is also permitted to make any amendments to the Notes and the Swap Agreement (if any) as may be necessary to enable the Issuer to comply with its obligations under FATCA (including the Luxembourg IGA and any IGA legislation thereunder) and any such amendment will be binding on the Noteholders.

Neither a Noteholder nor a beneficial owner of Notes will be entitled to any additional amounts in the event FATCA withholding tax is imposed on any payments on or with respect to the Notes. As a result, Noteholders may receive less interest or principal, as applicable, than expected.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE COMPANY, THE ISSUER, THE NOTES AND NOTEHOLDERS IS SUBJECT TO CHANGE. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT SUCH NOTEHOLDER IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES.

Recent Global Events

General

Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.

The initial trigger for the instability was a downturn in the U.S. housing market. Significant declines in house prices in the U.S. from early 2005, combined with interest rate rises, led to increases in mortgage default levels, particularly in relation to mortgages granted to sub-prime borrowers (that is borrowers with a poor or no credit history). Financial exposure to such mortgage assets had been widely distributed on a global basis via securitisations and other risk transfer mechanisms. As a result, a significant number of global commercial banks, investment banks, government-sponsored entities, hedge funds, structured investment vehicles and institutional investors had gained exposure to defaults in respect of such mortgage assets. By mid-2007, concerns about the value of mortgage assets held by these entities led to a general tightening of available credit and liquidity in the global financial markets.

During 2008, the initial instability intensified into a severe global financial crisis. Notwithstanding steps taken by the central banks of the U.S., the U.K. and certain other countries and the European Central Bank to increase liquidity, continued disruption to the credit and liquidity markets and concerns about the value of mortgage assets and credit-related products generally, led to substantial write-downs of asset values by a number of institutions, including government-sponsored entities, insurers and major commercial and investment banks. These write-downs caused many such entities to seek additional capital, to merge with other institutions and, in some cases, to go into insolvency or to be the subject of government bail-out.

In September 2008, the crisis saw a series of collapses of government-sponsored entities, insurers and major commercial and investment banks around the world. These collapses included the bail-out by the U.S. government of the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), the insolvency of investment bank Lehman Brothers Holdings Inc., the bail-out by the U.S. government of the major U.S. insurer American International Group, Inc., and numerous other rescues and bail-outs in other countries.

In response to the crisis various governments and central banks took substantial measures to ease liquidity problems and enacted fiscal stimulus packages and measures to support certain entities affected by the crisis. Such measures included establishing special liquidity schemes and credit facilities, bank recapitalisation programmes and credit guarantee schemes.

In an attempt to counteract recessionary pressures, the central banks of the U.S., the U.K. and certain other countries and the European Central Bank also lowered interest rates, in some cases to record low levels.

A number of countries have accumulated significant levels of public debt both absolutely and relative to GDP. In connection with this, the global economy and financial markets have further experienced levels of instability and crises, in particular in respect of certain countries that had adopted the Euro (the “**Eurozone Countries**”), such as Greece, Italy, and Spain. This has led to concerns in relation to the sovereign credit risk of other Eurozone economies, as well as to the survival of the euro itself, and it is possible that the structure, nature and regulation of financial markets, including sovereign credit markets, may be fundamentally altered.

A number of Eurozone countries have seen yields on new issues of sovereign debt increase to levels that some commentators have argued are not sustainable. Such increases, combined with existing levels of national debt, have given rise to ongoing concerns of the ability of such Eurozone countries to service their existing debt obligations. Furthermore, Greece restructured a majority of its sovereign debt in the first half of 2012.

2012 saw dialogue among the Eurozone Countries regarding, among other things, the control of fiscal policy, the operation of the European Central Bank, the structuring of the European Financial Stability Facility and the establishment of the European Stability Mechanism. During this time several rating agencies have downgraded a number of Eurozone Countries, including Spain, by one or more notches.

The ongoing concerns regarding the Eurozone Countries, including the possibility of a withdrawal from the Euro by one or more Eurozone Countries or a wider restructuring of the Euro, are likely to continue to effect the financial condition and stability of individual Eurozone Countries and, more widely, the European Union and the global economy.

The above factors have also led to substantial volatility in markets across asset classes, including (without limitation) stock markets, foreign exchange markets, fixed income markets and credit markets.

There can be no assurance that the steps taken by governments to ameliorate the global financial crisis will be successful or that the global recovery will continue. The structure, nature and regulation of financial markets in the future may be fundamentally altered as a consequence of the global financial crisis, possibly in unforeseen ways. There can be no assurance that similar or greater disruption may not occur in the future for similar or other reasons. In addition, the attempts being taken to reduce the high level of sovereign debt may themselves contribute to a further global recession.

There can be no assurance as to how severe the global recession will be or as to how long it will last. There can be no assurance that government actions to limit the impact of the crisis will be successful and that they will not instead lead or contribute to a deeper and/or longer-lasting recession. Economic prospects are subject to considerable uncertainty.

Prospective investors should ensure that they have sufficient knowledge and awareness of the global financial crisis and the responses thereto and of the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Notes.

In particular, prospective investors should take into account the considerable uncertainty as to how the global financial crisis and the wider economic situation will develop over time.

Any person who had held securities during the periods considered above, particularly structured securities, would be highly likely to have suffered significant adverse effects as a result of such holding, including, but not limited to, major reductions in the value of those securities and a lack of liquidity. Prospective investors should consider carefully whether they are prepared to take on similar risks by virtue of an investment in the Notes.

Impact on Liquidity

The events outlined above have had an extremely negative effect on the liquidity of financial markets generally and in the markets in respect of certain financial assets or in the obligations of certain obligors. This has particularly been the case with respect to the market for structured assets and the obligations of financial institutions and certain sovereigns. Such assets may either not be saleable at all or may only be saleable at significant discounts to their estimated fair value or to the amount originally invested. No assurance can be given that liquidity in the market generally, or in the market for any particular asset class or in the obligations of any particular financial institution or sovereign, will improve or that it will not worsen in the future. Such limited liquidity may have a negative impact on the value of the Notes and the theoretical value of the funds comprising the Fund Basket (which, in turn, may have a negative impact on the value of the Original Collateral) and any Eligible Securities delivered pursuant to the Repo Agreement and the valuation of any obligations of the Reference Entity following a Credit Event. In particular, should the Notes be redeemed early, Noteholders will be exposed to the liquidation value of the Original Collateral, the Swap Agreement and any Eligible Securities delivered pursuant to the Repo Agreement which value might be affected (in some cases significantly) by such lack of liquidity and lower valuations on obligations of the Reference Entity if a Credit Event has occurred.

Impact on Credit

The events outlined above have negatively affected the creditworthiness of a number of entities, in some cases to the extent of collapse or requiring government rescue. Such credit deterioration has and may continue to be widespread and is no longer confined to the financial services sector. The value of the Notes or of the amount of payments under them may be negatively affected by such widespread credit deterioration. Prospective investors should note that recoveries on assets of affected entities have in some cases been *de minimis* and that similarly low recovery levels may be experienced with respect to other entities in the future which may include the Reference Entity, the Original Collateral Obligor and the issuers of any Eligible Securities delivered pursuant to the Repo Agreement.

Impact of Increased Regulation and Nationalisation

The events since 2007 have seen increased involvement of governmental and regulatory authorities in the financial sector and in the operation of financial institutions. In particular, governmental and regulatory authorities in a number of jurisdictions have imposed stricter regulatory controls around certain financial activities and/or have indicated that they intend to impose such controls in the future. The United States of America, the European Union and other jurisdictions are actively considering various reform measures. In certain jurisdictions (e.g. the United States of America), legislation has come into force in this respect, although the rules and regulations required to implement the particulars of any such legislation have yet to be considered. In other jurisdictions (e.g. the European Union), a number of draft pieces of legislation have been proposed and are currently being considered. Such regulatory changes and the method of their implementation may have a significant impact on the operation of the financial markets. It is uncertain how a changed regulatory environment will affect the Issuer and the treatment of the Notes, the Swap Counterparty, the Dealer and the other transaction parties. In addition, governments have shown an increased willingness wholly or partially to nationalise financial institutions, corporates and other entities in order to support the economy. Such nationalisation may impact adversely on the value of the stock or other obligations of any such entity. In addition, in order to effect such nationalisation, existing obligations or stock might have their terms mandatorily amended or be forcibly redeemed. To the extent that Credit Suisse International, as the

Swap Counterparty, Disposal Agent and Calculation Agent, and/or the Reference Entity or any other person or entity connected with the Notes is subject to nationalisation or other government intervention, it may have an adverse effect on a holder of the Notes.

Systemic Risk

Financial institutions and other significant participants in the financial markets that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk”. Financial institutions such as Credit Suisse International, and those other parties acting as the Trustee, the Custodian and certain Agents (or any affiliate of any of them), the Reference Entity referenced in the Credit Default Swap Transaction and the Original Collateral Obligor and the issuers of any Eligible Securities held by the Issuer from time to time that are financial institutions (which will be the case in respect of the Reference Entity) or are significant participants in the financial markets are likely routinely to execute a high volume of transactions with various types of counterparties, including brokers and dealers, commercial banks, investment banks, insurers, mutual and hedge funds and institutional clients. To the extent they do so, they are and will continue to be exposed to the risk of loss if counterparties fail or are otherwise unable to meet their obligations. In addition, a default by a financial institution or other significant participant in the financial markets, or concerns about the ability of a financial institution or other significant participant in the financial markets to meet its obligations, could lead to further significant systemic liquidity problems and other problems that could exacerbate the global financial crisis and as such have a material adverse impact on other entities.

Foreign Exchange Risk

The Eligible Securities and the fund units/shares comprising the Fund Basket may be denominated in a different currency from the Notes. Accordingly, the Noteholders shall be exposed to foreign exchange risk of EUR against SEK and/or any other currency against EUR and EUR against SEK in respect of the currencies that the Eligible Securities and the fund units/shares comprising the Fund Basket are denominated in. The volatility of foreign exchange rates may therefore lead to Noteholders suffering a significant loss on their investment as a result of the movement of such foreign exchange rates during the life of the Notes.

No disclosure of information; disclosure of confidential information

The Issuer or Credit Suisse International may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity, the Original Collateral Obligor, Original Collateral, Eligible Securities, the Repo Counterparty or the Swap Counterparty that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer or Credit Suisse International or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential).

TRANSACTION DESCRIPTION

This Transaction Description must be read as a description only of certain features of the Notes. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. This Transaction Description does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and the documents incorporated by reference herein. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.

The information contained in this section is subject in its entirety to the Issue Terms of the Notes.

This section is not intended as a description of the risks an investment in any of the Notes may involve. Risks specifically relating to the Notes are set out in the section of this Prospectus entitled “Risk Factors”.

Issuer

The Notes are issued by Argentum Capital S.A. (the “**Company**”) acting in respect of Compartment GAP 2239 May/June 2015 (the “**Issuer**”) and are secured, limited recourse obligations of the Issuer. The Issuer is described in more detail in the section of this Prospectus entitled “*Description of the Company and the Compartment*”.

Status of the Notes

The Notes are secured, limited recourse obligations of the Issuer. This means that the Secured Creditors (which include the Noteholders and each of the Trustee and various agents involved in the issue of the Notes) only have the right to claim against specific assets of the Issuer that relate to the Notes (being referred to in this Prospectus as the Mortgaged Property).

The Notes rank *pari passu* without any preference among themselves.

Aggregate Nominal Amount of the Notes

The Aggregate Nominal Amount of the Series on the Issue Date will be up to SEK 200,000,000 and will be issued by the Issuer on the Issue Date.

The precise Outstanding Principal Amount of the Notes to be issued will be published on the website of the Irish Stock Exchange (www.ise.ie) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive, in each case, on or around the Issue Date.

Interest on the Notes

No amount of interest will be payable on the Notes.

Maturity

No amounts are scheduled to be paid to Noteholders under the Notes until their scheduled maturity date, which is expected to be on 4 October 2022 subject to any postponement in the settlement of the Original Collateral (the “**Scheduled Maturity Date**”). The maturity date may be further postponed as a result of a payment resulting from the occurrence of a Triggered Credit Event in respect of the Reference Entity referenced in the Credit Default Swap Transaction being due and payable after the Scheduled Maturity Date and/or the determination of any Unsettled Credit Event relating to the Reference Entity as at the Credit Event Observation Period End Date of the Notes, and a corresponding postponement of the repurchase date under the Repo Transaction, as described in more detail below.

Overview of the Repo Agreement, the Swap Agreement and the Original Collateral

The payments which a Noteholder is entitled to receive will depend on (amongst other things) (a) the occurrence of any Credit Event in respect of the Reference Entity under the Credit Default Swap Transaction and (b) the return on the Original Collateral (referencing the Fund Basket), and as illustrated by the diagram at the end of this Transaction Description.

On the Issue Date, the Issuer will:

- (a) enter into the Repo Agreement in respect of the Notes with Credit Suisse International in its capacity as Repo Counterparty, under which the Issuer and the Repo Counterparty will enter into a Repo Transaction. On the Issue Date, the Issuer will pay to the Repo Counterparty an amount equal to the issue proceeds of the Notes less the cost of the Original Collateral and the commission payable to the Dealer (such amount, the “**Purchase Price**”) to purchase Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of the Notes as at the Issue Date (such securities, the “**Purchased Securities**”) under the Repo Transaction. The Eligible Securities must be debt obligations issued by any of Italy, the United States of America, Canada, the United Kingdom, France, Germany, the Netherlands, Belgium, Sweden, Switzerland or Japan. The Repo Counterparty will deliver the Eligible Securities to the Custodian within 3 Reference Business Days of the Issue Date. For so long as the Custodian (on behalf of the Issuer) is holding any such Eligible Securities, they will comprise underlying assets (or Collateral) for the Notes. The Repo Counterparty will act for its own benefit and is not required to, and will not, take into account the interests of the Noteholders in determining what securities, meeting the required criteria, to deliver to the Issuer under the Repo Transaction as Eligible Securities;
- (b) enter into the Swap Agreement in respect of the Notes with Credit Suisse International in its capacity as Swap Counterparty, under which the Issuer and the Swap Counterparty will enter into a Credit Default Swap Transaction (referencing the Reference Entity) relating to the Notes; and
- (c) purchase the Original Collateral.

The return on the Notes will reflect (a) the net amount receivable by the Issuer under the Repo Transaction and the Credit Default Swap Transaction (taking into account any amounts payable by the Issuer under the Credit Default Swap Transaction) and (b) the amount receivable by the Issuer under the Original Collateral. The return on the Original Collateral is subject to a participation percentage applied under the terms of the Original Collateral, and references the Fund Basket. Therefore, the relative return on the Notes will be dependent on the return on the Original Collateral, which will depend on the relative performance of the Fund Basket and the level of such participation, as described further below.

The Credit Default Swap Transaction will reference, as at the Issue Date, one Reference Entity (which number may increase as a result of the determination of one or more successor Reference Entities). It is important to note that the Reference Entity (and the number of Reference Entities) may change from time to time following the determination of one or more successor Reference Entities.

The Reference Entity is a bank incorporated in Asia as described in more detail below and in the section of this Prospectus entitled “*Description of the Reference Entity*”.

The notional amount of the Credit Default Swap Transaction (the “**Notional Amount**”) will be denominated in SEK and such Notional Amount will be equal to the Outstanding Principal Amount of the Notes.

For so long as the Notes remain outstanding, copies of the programme documentation (including the Base Prospectus, sections of which are incorporated by reference herein) and the issue documentation (including the documentation relating to the Repo Transaction and the Credit Default Swap Transaction) will be available for inspection in printed form free of charge, during the hours between 9.00 a.m. and 5.00 p.m. (with respect to the location of the relevant offices) on any weekday (Saturdays and public holidays

excepted), at the registered office of the Issuer and at the Specified Offices of the Issuing and Paying Agent and the Noteholder Facilitator.

Impact of the Repo Transaction and the Credit Default Swap Transaction on the Notes

Overview

The Notes are credit-linked through the Credit Default Swap Transaction, as evidenced by a confirmation, which incorporates by reference the 2014 ISDA Credit Derivatives Definitions as published by ISDA (the “**Credit Derivatives Definitions**”). The credit-linked payments in respect of the Notes will reflect net amount receivable by the Issuer under the Credit Default Swap Transaction and Repo Transaction (taking into account any amounts payable by the Issuer under such Credit Default Swap Transaction).

Under the Credit Default Swap Transaction, the Issuer is selling protection to the Swap Counterparty on the Reference Entity referenced in the Credit Default Swap Transaction. If no Credit Event has occurred by, and no Unsettled Credit Event (as defined in the confirmation of the Credit Default Swap Transaction) is outstanding on, the Reference Business Day immediately preceding 4 October 2022 (the “**Credit Event Observation Period End Date**”), under the Credit Default Swap Transaction, the Repo Counterparty will be obliged to pay an amount to the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date (the “**Repurchase Date**”) in respect of the Repo Transaction equal to the then outstanding Notional Amount as at the Repurchase Date (as the same may have been reduced as a result of purchases and cancellations of the Notes by the Issuer).

The consequences of the occurrence of a Credit Event or the existence of any Unsettled Credit Events as at the Credit Event Observation Period End Date are described in more detail below.

Reference Entity and Reference Obligation

The Reference Entity referenced in the Credit Default Swap Transaction on the Issue Date will be The Bank of China Limited.

The Reference Obligation that will be referenced in the Credit Default Swap Transaction (which constitutes an Obligation for the purposes of the Credit Default Swap Transaction, as described below) will be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA or, until such Standard Reference Obligation in respect of the Reference Entity is published by ISDA, the USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by The Bank of China Limited (ISIN: XS1016655349), subject to the terms of the Credit Default Swap Transaction.

The Notional Amount of the Credit Default Swap Transaction that is allocated to the Reference Entity (the “**Reference Entity Notional Amount**”) will be 100% of the Notional Amount on the Issue Date. Such allocation may vary after the Issue Date as a result of the determination of one or more successor Reference Entities and thereafter may not be divided equally between any successor Reference Entities.

A description of the Reference Entity is set out under the section of this Prospectus entitled “*Description of the Reference Entity*”. A description of the Reference Obligation is set out under the section of this Prospectus entitled “*Description of the Reference Obligation*”.

Credit Events

The Reference Entity referenced in the Credit Default Swap Transaction (or certain Obligations of such Reference Entity) may be subject to the occurrence of any of the following Credit Events occurring on and after 26 April 2015 (being the Credit Event Backstop Date) and on or prior to the Credit Event Observation Period End Date:

- (a) Failure to Pay;

- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of the Credit Default Swap and the Credit Event provisions relating to the Credit Default Swap Transaction and the Notes*”.

Role of the Credit Derivatives Determinations Committees

By incorporation of the Credit Derivatives Definitions, certain determinations relating to, and affecting, the Credit Default Swap Transaction may be made by a relevant CDDC, which has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules.

The Reference Entity may change as a result of the determination of a successor Reference Entity

The Reference Entity referenced in the Credit Default Swap Transaction (and to which the Notes are therefore exposed) may change from time to time as a result of the determination of one or more successor Reference Entities and, if more than one successor Reference Entity is determined, the proportion of the Notional Amount of the Credit Default Swap Transaction allocated to such Reference Entity that was subject to such succession will be divided amongst each of the new successor Reference Entities. Credit Suisse International, as Calculation Agent under the Swap Agreement, is responsible for making determinations as to any successor Reference Entity, provided that the Calculation Agent is not required to, and will not, make any such determination if ISDA has announced that a CDDC has been convened for such purpose and if such CDDC has resolved to make such determination.

Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes

On the Issue Date, the Issuer will enter into the Credit Default Swap Transaction. The Notional Amount in respect of the Credit Default Swap Transaction will be equal to 100% of the Outstanding Principal Amount on the Issue Date. The Notional Amount may be reduced from time to time as described below.

If a Credit Event has occurred on or prior to the Credit Event Observation Period End Date in respect of the Reference Entity and the Swap Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction relating to the Notes and an Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with the Credit Default Swap Transaction, such Credit Event will be a “**Triggered Credit Event**”. In such circumstances, with respect to the Triggered Credit Event, the Issuer will pay to the Swap Counterparty an amount (such amount, an “**Issuer Cash Settlement Amount**”) on the date falling 5 Reference Business Days after the latest date on which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, is determined in respect of the Reference Entity (the “**Issuer Cash Settlement Date**”) equal to the product of:

- (a) the Reference Entity Notional Amount in respect of the Reference Entity (the “**Relevant Reference Entity Notional Amount**”); and
- (b) 100% *minus* the *product of*: (i) the Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event; and (ii) the Redemption Factor (expected to be between 70% and 95%).

Under the Repo Transaction, a repurchase date (such date, a “**Partial Repurchase Date**”) will occur on the Issuer Cash Settlement Date with respect to the Credit Default Swap Transaction. On such Partial Repurchase Date:

- (a) the Repo Counterparty will pay to the Issuer an amount (such amount, a “**Partial Repurchase Price**”) equal to the Relevant Reference Entity Notional Amount (as determined under the Credit Default Swap Transaction); and
- (b) the Issuer will deliver to the Repo Counterparty the Relevant Proportion of securities equivalent to the Purchased Securities. The “**Relevant Proportion**” is equal to the proportion that (i) the Relevant Reference Entity Notional Amount bears to (ii) an amount equal to the Repurchase Price immediately prior to such Credit Event.

The obligations of the Issuer and the Repo Counterparty to make payments of the Issuer Cash Settlement Amount and the Partial Repurchase Price will be automatically satisfied and will be replaced by an obligation by the Repo Counterparty to pay to the Issuer on the Partial Redemption Date an amount (such amount, a “**Credit Suisse Net Settlement Amount**”) equal to the *product of*:

- (a) the Relevant Reference Entity Notional Amount;
- (b) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event; and
- (c) the Redemption Factor (expected to be between 70% and 95%).

On the date falling 2 Reference Business Days after the Partial Redemption Date (the “**Credit Event Instalment Date**”), in respect of each Note the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Credit Suisse Net Settlement Amount (such amount, a “**Credit Event Instalment Amount**”) to the Noteholder. Accordingly, each Note will be redeemed in part and the Outstanding Principal Amount of the Notes will be reduced by an amount equal to the Relevant Reference Entity Notional Amount. The Credit Event Instalment Amount may be due and payable before, on or after the Scheduled Maturity Date.

Upon the payment of the Credit Suisse Net Settlement Amount by the Repo Counterparty, the Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Relevant Reference Entity Notional Amount as at the relevant Issuer Cash Settlement Date. Where the Relevant Reference Entity Notional Amount is equal to 100% of the Notional Amount, the Notional Amount will be reduced to zero. A reduction of the Notional Amount of the Credit Default Swap Transaction to zero in such circumstances prior to the Scheduled Maturity Date will not cause the Credit Default Swap Transaction to terminate early or the Notes to redeem early, absent the occurrence of an Early Redemption Event (which includes, among other things, any Event of Default in respect of the Notes).

Accordingly, the Credit Event Instalment Amount payable to holders of the Notes in such circumstances will, to a significant extent, be dependent on the Auction Final Price or the Final Price, as applicable, determined in respect of the relevant obligations of the Reference Entity to which such Triggered Credit Event relates and will also be reduced by the application of the Redemption Factor. As a result, the amount payable to holders of the Notes in such circumstances will be significantly less than the amount by which the Outstanding Principal Amount of the Notes will be redeemed and may even be zero.

Application of the Redemption Factor

The Redemption Factor (expressed as a percentage) in respect of the Notes will be determined by reference to, among other things, the market spread for credit protection on the Reference Entity, the swap rate in respect of the relevant currency and the bespoke terms of the Credit Default Swap Transaction. The Redemption Factor is expected to be between 70% and 95%. The application of the Redemption Factor in the calculation of the Issuer Cash Settlement Amount and the Credit Suisse Net Settlement Amount represents an automatic reduction to a Noteholder’s investment following the occurrence of a Triggered Credit Event irrespective of the relevant Auction Final Price or Final Price (as applicable), but subject to any return at maturity derived from the Original Collateral. The Redemption Factor is to be determined by the Issuer, or the Calculation Agent on its behalf, and notified to the Noteholders on or about the Issue Date.

Payment of Final Redemption Amount

If no Credit Event has occurred and no Unsettled Credit Event (as defined below) is outstanding as at the Credit Event Observation Period End Date, on the Reference Business Day immediately preceding the Scheduled Maturity Date of the Notes (the “**Repurchase Date**”):

- (a) the Repo Counterparty will pay to the Issuer an amount (such amount, the “**Repurchase Price**”) equal to the then outstanding Notional Amount of the Credit Default Swap Transaction (if any); and
- (b) the Issuer will deliver to the Repo Counterparty securities equivalent to any remaining Eligible Securities held by the Custodian.

On the Scheduled Maturity Date, in respect of each Note the Issuer will pay an amount equal to (i) its *pro rata* share of an amount equal to the Repurchase Price (if any) *plus* (ii) the Additional Payout Amount (if any) (together, the “**Final Redemption Amount**”) to the Noteholder.

If the Notional Amount of the Credit Default Swap Transaction has been reduced to zero prior to the Scheduled Maturity Date due to the occurrence of any Triggered Credit Event, the Repurchase Price under the Repo Transaction may be zero.

Extension of the Credit Default Swap Transaction, the Repo Transaction and Payment of Partial Redemption Amount

In certain circumstances, the termination date of the Credit Default Swap Transaction and the repurchase date of the Repo Transaction may extend beyond the scheduled termination date and repurchase date, respectively. Such extension may occur, in summary, where the payment of any Issuer Cash Settlement Amount will fall after the Repurchase Date of the Repo Transaction or where:

- (a) any Credit Event has occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the Calculation Agent under the Credit Default Swap Transaction (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) but which has not been confirmed as being a Credit Event or not on or prior to the Credit Event Observation Period End Date,

(each such occurrence under (a) or (b), as used herein, an “**Unsettled Credit Event**”).

In such circumstances, the Repurchase Price (if any) payable by the Repo Counterparty to the Issuer under the Repo Transaction on the Repurchase Date will be an amount equal to the then outstanding Notional Amount *minus* the Reference Entity Notional Amount in respect of the applicable Reference Entity (as determined under the Credit Default Swap Transaction). On the Scheduled Maturity Date, in respect of each Note the Issuer will pay an amount equal to (i) its *pro rata* share of the Repurchase Price (if any) so calculated *plus* (ii) the Additional Payout Amount (if any) (together, the “**Partial Final Redemption Amount**”) to the Noteholder in partial redemption of such Note.

In relation to the Reference Entity in respect of which the Unsettled Credit Event has occurred, if it is determined that no Credit Event has occurred under the Credit Default Swap Transaction, on the date immediately following the date of such determination (an “**Additional Repurchase Date**”) the Repo Counterparty will pay to the Issuer an amount equal to the Reference Entity Notional Amount in respect of such Reference Entity (which may be 100% of the Notional Amount) (as determined under the Credit Default Swap Transaction) (the “**Additional Repurchase Price**”). On the date falling 2 Reference Business Days after the Additional Repurchase Date (an “**Unsettled Credit Event Instalment Date**”), in respect of each Note the Issuer will pay an amount equal to its *pro rata* share of the Additional Repurchase Price (the

“**Unsettled Credit Event Instalment Amount**”). The last occurring Additional Repurchase Date will be the termination date of the Repo Transaction and the Credit Default Swap Transaction.

However, if it is determined that a Credit Event has occurred in respect of such Reference Entity on or prior to the Credit Event Observation Period End Date and/or, where applicable, an Auction Final Price or Final Price is determined following the Credit Event Observation Period End Date, the Repo Counterparty will pay the Credit Suisse Net Settlement Amount to the Issuer on the Partial Repurchase Date (being the Issuer Cash Settlement Date under the Credit Default Swap Transaction), and, in respect of each Note, the Issuer will pay the Credit Event Instalment Amount on the Credit Event Instalment Date, in the manner described above under “*Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes*”.

Worked example of the impact of a Triggered Credit Event

The following sets out an example of the impact of a Triggered Credit Event on a Credit Default Swap Transaction and the Repo Transaction. The figures and events used for the purposes of the example are indicative only and are not intended as a guide as to the actual or expected performance of the Notes. The performance of the Notes may be better or worse than set out in the following example.

The example assumes the following:

- (a) the Credit Default Swap Transaction references a single Reference Entity with a Reference Entity Notional Amount of SEK 1,000,000;
- (b) the Outstanding Principal Amount of the Notes (and the Notional Amount in respect of the Credit Default Swap Transaction) as at the Issue Date is SEK 1,000,000;
- (c) the Redemption Factor for the Notes is 80%;
- (d) no Original Collateral Redemption Amount is payable under the Original Collateral; and
- (f) no Early Redemption Event (including any Event of Default) occurs in respect of the Notes and all transaction parties comply with their obligations relating to the Notes.

Based on these assumptions:

If a Triggered Credit Event occurs in respect of the Reference Entity prior to 1 January 2016 (and therefore prior to the Credit Event Observation Period End Date) and an Auction Final Price, expressed as a percentage, of 50% is determined in respect of such Reference Entity in the manner provided for under the Credit Default Swap Transaction, then:

- (a) on the Partial Repurchase Date under the Repo Transaction (being the same date as the Issuer Cash Settlement Date under the Credit Default Swap Transaction), the Repo Counterparty will pay to the Issuer a Credit Suisse Net Settlement Amount of SEK 400,000 (being equal to the *product of* (i) the Reference Entity Notional Amount of SEK 1,000,000, (ii) the Auction Final Price of 50% and (iii) the Redemption Factor of 80%). The Issuer will deliver to the Repo Counterparty securities equivalent to the Purchased Securities and the Repurchase Price will be reduced to zero (reflecting the Reference Entity Notional Amount of SEK 1,000,000); and
- (b) on the Credit Event Instalment Date, the Issuer will pay a holder of a Note having a nominal amount of SEK 10,000 a Credit Event Instalment Amount equal to SEK 4,000, being its *pro rata* share of an amount equal to the Credit Suisse Net Settlement Amount, and the outstanding nominal amount of each Note will be reduced to SEK 1 (such SEK 1 remaining outstanding until the Scheduled Maturity Date solely for the purposes of keeping the Notes outstanding in the event that any Additional Payout Amount is payable).

Accordingly, based on this example, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will be entitled to a total of SEK 4,000 in respect of such Note, representing a loss of SEK 6,000.

Impact of the Original Collateral on the Notes

Overview

An Additional Payout Amount, which is expected to be funded by the Original Collateral Redemption Amount (if any) receivable by the Issuer under the Original Collateral, may be payable as part of the redemption amount due in respect of each Note on the Scheduled Maturity Date. The Original Collateral will be issued pursuant to final terms dated 12 May 2015 (the “**Original Collateral Final Terms**”), as set out in the section of this Prospectus entitled “*Description of the Original Collateral*”. The Original Collateral Final Terms provide additional information in respect of the Original Collateral for the purposes of the Original Collateral Obligor’s base prospectus dated 17 April 2015, as supplemented from time to time, as described in the section of this Prospectus entitled “*Description of the Original Collateral*”. The Original Collateral references a target volatility strategy (as described in the Original Collateral Final Terms) linked to a basket of funds (the “**Fund Basket**”).

The performance of the Fund Basket, together with the participation percentage (as described in the Original Collateral Final Terms) and the Fund Basket Weight, as adjusted in accordance with the Target Volatility Strategy (as described in the Original Collateral Final Terms), will determine the Original Collateral Redemption Amount (if any), and therefore the Additional Payout Amount (if any) payable on the Notes on the Scheduled Maturity Date.

A holder of a Note will receive a *pro rata* share of the Original Collateral Redemption Amount (determined in accordance with the terms of the Original Collateral) received by the Issuer.

Fund Basket

The composition of the Fund Basket on the Issue Date is as set out in the Original Collateral Final Terms, and also set out below. The funds referenced in the Fund Basket may be subject to adjustment in accordance with the terms of the Original Collateral.

The Original Collateral Redemption Amount (if any) payable to the Issuer under the Original Collateral (and, accordingly, the Additional Payout Amount (if any) on the Notes) will depend in part on the performance of the Fund Basket, which on the Issue Date consists of the following basket of funds:

	Name	Bloomberg Code	Initial Weighting
1	Carmignac Patrimoine	CARMPAT FP	33.33
2	ETHNA-AKTIV E	ETAKTVE LX	33.33
3	M&G Optimal Income Fund	MGOIAEA LN	33.33

Information (including information as to their past and future performance and volatility) about the funds included in the Fund Basket may be obtained on Bloomberg under the codes set out in the table above and at the websites set out in the Original Collateral Final Terms.

Formula for calculating the Original Collateral Redemption Amount and the Additional Payout Amount

The Additional Payout Amount (if any) payable is expected to be funded by the Original Collateral Redemption Amount (if any) receivable by the Issuer on 27 September 2022, subject to postponement in accordance with the terms of the Original Collateral (the “**Original Collateral Maturity Date**”). Any such

Original Collateral Redemption Amount will be determined by the Calculation Agent (as defined in the terms of the Original Collateral) by reference to a formula.

For the purpose of determining any Original Collateral Redemption Amount receivable by the Issuer under the Original Collateral, the Calculation Agent (as defined in the terms of the Original Collateral) will apply the formula to, in summary:

- (a) determine the return of the Target Volatility Strategy (as described in the Original Collateral Final Terms), calculated by determining: (i) the arithmetic average of the Portfolio Value (as defined in the Original Collateral Final Terms) on the monthly Valuation Averaging Dates (which are the 22nd calendar day of each month from, and including, 22 September 2020 to, and including, 22 September 2022), expressed as a percentage (the “**Average Portfolio Value**”), (ii) deducting 100% from the Average Portfolio Value and (iii) dividing the resulting percentage by 100% (the “**Portfolio Return**”); and
- (b) determine, if the Portfolio Return is positive, (A) an amount per security equal to the *product of* (i) the Nominal Amount (as defined in the Original Collateral Final Terms), (ii) the Participation (which is a percentage as set out in the Original Collateral Final Terms) and (iii) the Portfolio Return, rounded to two decimal places, *multiplied by* (B) the number of securities held by the Issuer (which will be a number of securities with an aggregate Nominal Amount (as defined in the Original Collateral Final Terms) equal to the Aggregate Nominal Amount of the Notes) (the “**Original Collateral Redemption Amount**”).

Accordingly, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive its *pro rata* share of the amount calculated in accordance with the formula described above. More detailed information on the formula (and each component thereof) can be found in the Original Collateral Final Terms, as set out in the section of this Prospectus entitled “*Description of the Original Collateral*”.

Target Volatility Strategy

Prospective investors in the Notes must note that the weightings applied to each fund unit/share comprised in the Fund Basket will be rebalanced in accordance with the Target Volatility Strategy (as defined in the Original Collateral Final Terms). Therefore, the weighting for each constituent fund will be adjusted during the term of the Notes. Such adjustment, as further described in the Original Collateral Final Terms, will affect the Portfolio Values used to determine the Portfolio Return and to calculate the Original Collateral Redemption Amount, which in turn will affect any Additional Payout Amount payable on the Notes.

Adjustments and disruptions

In the event that the price of a fund unit/share comprised in the Fund Basket is determined and published and is subsequently corrected within one Settlement Cycle (as defined in the terms of the Original Collateral), the Original Collateral Obligor and the Original Collateral Calculation Agent shall be entitled to make adjustments to the terms of the Original Collateral, at their reasonable discretion, to account for the correction, as more fully described in the terms of the Original Collateral.

Prospective investors in the Notes must note that certain adjustments may be made to the dates on which the prices of the funds are determined for the purposes of the Original Collateral as a result of the occurrence of a Market Disruption (as defined in the terms of the Original Collateral, which includes, among others, a suspension or failure to announce the price of a fund unit/share on any relevant day or the occurrence of any other event that, in the opinion of the Original Collateral Calculation Agent at its reasonable discretion disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for fund units/shares).

The maturity date of the Original Collateral, and therefore the Scheduled Maturity Date of the Notes, may be postponed if there would be a delay in the receipt by a notional investor who had given due notice of the full redemption proceeds of the relevant fund units/shares.

Furthermore, the Original Collateral may also be subject to adjustment or early termination upon the occurrence of certain Potential Adjustment Events (as defined in the terms of the Original Collateral, which include, among others, (i) a violation or change of any material terms in the marketing of the fund, (ii) a change in the main investment objective of the fund, (iii) a change in the currency in which the net asset value of the fund is reported, (iv) the net asset value of the fund not being calculated or announced when it ordinarily would be available; (v) restrictions or limitations of redemptions or subscriptions for the fund being imposed; (vi) regulatory or tax treatment being changed; (vii) a review or investigation of the activities of the fund or its manager; (viii) the Original Collateral Obligor being the beneficial owner of 25 % or more of the fund units of the fund; (ix) any winding-up, liquidation of, or any termination or any loss of regulatory approval, license or registration of, a manager, or any merger, de-merger, winding-up or liquidation of or affecting the fund; (x) any arrangement between the Original Collateral Obligor and the fund or manager being changed or terminated; and (xi) any event in respect of a fund that, in the opinion of the Original Collateral Obligor and the Original Collateral Calculation Agent affects the Original Collateral Obligor's hedging activities in relation to its exposure under the Original Collateral).

Certain risks arising as a result of such events are outlined in the section of this Prospectus entitled "*Risk Factors*". More detailed information on the events referred to above and the resultant adjustments can be found in the terms of the Original Collateral.

Worked examples of the determination of an Additional Payout Amount

The figures and events used for the purposes of these examples are indicative only and are not intended as a guide as to the actual or expected performance of the Notes, which may be better or worse than the performance set out in the following examples.

The examples all assume the following:

- (a) the Nominal Amount of the Original Collateral is SEK 1,000,000; and
- (b) the Participation is 100%.

Based on these assumptions:

Example 1:

This example assumes that the Fund Basket has performed such that the Portfolio Return is -5%.

In this example, no Original Collateral Redemption Amount will be payable under the Original Collateral, as the Portfolio Return for the Fund Basket is below zero. Based on this example, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will not receive an Additional Payout Amount.

Example 2:

This example assumes that the Fund Basket has performed such that the Portfolio Return is 15%.

In this example, the Original Collateral Redemption Amount will be SEK 150,000, being the *product of* (i) the Nominal Amount of SEK 1,000,000, (ii) the Participation of 100% and (iii) the Portfolio Return of 15%. Accordingly, the Original Collateral Redemption Amount payable under the Original Collateral will be SEK 150,000.

Accordingly, based on this example, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of SEK 1,500, being its *pro rata* share of the Original Collateral Redemption Amount calculated above.

Early Redemption in Full

Overview

In certain circumstances, the Notes will be redeemed in full prior to the Maturity Date and the amount receivable by holders of the Notes will depend, amongst other things, on the liquidation proceeds of the Original Collateral, and the mark-to-market values of the Credit Default Swap Transaction and the Repo Transaction.

Early Redemption Events

The Notes may be redeemed early and in full if any of the following events happen:

- (a) a Collateral Event occurs in respect of the Original Collateral;
- (b) the Credit Default Swap Transaction is terminated, or the Swap Agreement as a whole is terminated;
- (c) the Repo Transaction is terminated, or the Repo Agreement as a whole is terminated;
- (d) upon the occurrence of certain insolvency events with respect to the Swap Counterparty or the Repo Counterparty, the occurrence of an Event of Default or a Termination Event (each as defined in the Swap Agreement), the occurrence of a Termination Event (as defined in the Swap Agreement) with respect to the Credit Default Swap Transaction where the Issuer has the right to terminate such transaction, the occurrence of an Event of Default (as defined in the Repo Agreement) or the occurrence of certain credit rating downgrading or withdrawal events in respect of the Swap Counterparty or the Repo Counterparty, no replacement Swap Counterparty and Repo Counterparty is appointed within 30 calendar days of such default by the Swap Counterparty or the Repo Counterparty. More detailed information on the events referred to above and the resultant replacement can be found in the section of this Transaction Description entitled “*Replacement of Swap Counterparty and Repo Counterparty*” below;
- (e) certain tax events occur in respect of payments due by the Issuer under the Notes, but not instances where (x) withholding or deduction of taxes on the payments on the Notes arises solely in respect of FATCA as it applies in respect of the Noteholder; (y) withholding or deduction of taxes on the Notes arises solely as a result of the Noteholder’s connection with the jurisdiction of incorporation of the Issuer (otherwise than by reason of the holding of any Note or receiving any payment in respect thereof); and (z) a withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000);
- (f) as a result of (amongst other things) the implementation or adoption of, or any change in, any applicable law, regulation or regulatory guidance or interpretation, or public or private statement or action by any court, tribunal or regulatory authority: (i) it becomes or there is a reasonable likelihood of it becoming unlawful for the Issuer to maintain the Notes or that the maintenance of the existence of the Notes would make it unlawful to maintain the existence of any other notes issued by the Issuer, to perform any duties in respect of the Notes (including, without limitation, any transactions necessary or advisable to hedge the Issuer’s risks in connection with the Notes), to hold any Collateral (or receive payment in respect of any Collateral) or to comply with any material provision of any agreement entered into in connection with the Notes, or (ii) the Issuer’s administrative expenses are materially increased and the Issuer is unable to obtain the costs of such increase from another party or source; or

- (g) an Event of Default occurs with respect to the Notes.

Payments and Deliveries following an Early Redemption Event

Upon the occurrence of one of the events listed above, the Notes may be due to be redeemed by payment to the holder of their Early Cash Redemption Amount. A description of the calculation of the Early Cash Redemption Amount is set out in the section of this Prospectus entitled “*Description of the Swap Agreement*”.

Security

The Issuer will enter into an Issue Deed on the Issue Date with, amongst others, BNY Mellon Corporate Trustee Services Limited as trustee for the Notes (the “**Trustee**”) under English law pursuant to which the Notes will be constituted and secured (such Issue Deed as it supplements the Principal Trust Deed relating to the Programme, being the Trust Deed for the Notes). In accordance with such Issue Deed, the Trustee is granted English law governed security for the benefit of itself and the other secured creditors (including the Noteholders) over, among other things, the Original Collateral, the rights of the Issuer under the Swap Agreement and the Repo Agreement as continuing security for, among other things, the payment of all sums due under the Notes. The Notes will also have the benefit of a Luxembourg law governed security interest (pledge agreement) which is granted to the Trustee (for, among other things, the benefit of itself and the other secured creditors (including the Noteholders)) over the pledged accounts allocated to Compartment GAP 2239 May/June 2015.

Under the Trust Deed, the Trustee undertakes to hold on trust the security granted to it for, among other things, the benefit of itself and the Noteholders and has the right to enforce the security upon the occurrence of an Enforcement Event, for example, in the event of a non-payment of certain amounts due under the Notes. If the Trustee enforces the security following the occurrence of an Enforcement Event, the Notes will be redeemed early.

While the Trustee is permitted to give notice to the Issuer of its determination that an Event of Default has occurred (and that accordingly the Notes have become immediately due and payable) and to determine that an Enforcement Event has occurred and enforce the security for the Notes, it is not required to do so unless (i) the Trustee is directed by an Extraordinary Resolution passed by the Noteholders to do so (in the case of either an Event of Default or Enforcement Event) or (ii) the Trustee is directed by the Swap Counterparty in writing (in the case of an Enforcement Event only), and, in each case, the Trustee is indemnified and/or secured and/or prefunded to its satisfaction.

As indicated above, the Noteholders, by passing an Extraordinary Resolution, will be entitled to direct the Trustee to give an Early Redemption Notice to the Issuer and, if necessary, enforce the security following an Enforcement Event, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction by the Noteholders. Such Extraordinary Resolution if passed by way of a signed written resolution or given by way of electronic consents through the clearing systems (where the Notes are held on behalf of a Clearing System) must be passed by Noteholders holding, in aggregate, at least 75% in nominal amount of all of the outstanding Notes. Given the wide distribution of the Notes, Noteholders should be aware that there may be a significant delay between the Noteholders becoming entitled to make such a direction to the Trustee and Noteholders holding a sufficient nominal amount of the Notes being able to make such request and provide the required indemnification, security and/or prefunding to the Trustee.

The Trustee is obliged to pay the proceeds from the realisation or enforcement of the Mortgaged Property with the priority set out below:

- (a) the payment of amounts owing to the Repo Counterparty pursuant to the Net Exposure (as defined below) (which shall be equal to the lesser of (A) the Available Proceeds, (B) the value of the Issuer’s Net Margin and (C) the value of the amounts owing to the Repo Counterparty under the Repo Agreement (which shall be deemed to be zero if no such amounts are owing);
- (b) the payment or satisfaction of all taxes owing by the Issuer;

- (c) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the security (including any taxes to be paid, legal fees and remuneration);
- (d) certain amounts owing to the Custodian, the Issuing and Paying Agent and the other Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and their fees, costs, charges, expenses and liabilities;
- (e) any fees of the Disposal Agent;
- (f) any amounts owing to the Swap Counterparty under the Swap Agreement and owing to the Repo Counterparty under the Repo Agreement, on a *pari passu* and *pro rata* basis;
- (g) fees of the Corporate Services Provider; and
- (h) amounts owing to the Noteholders on a *pari passu* and *pro rata* basis.

Margin Maintenance under the Repo Agreement

Under the Repo Agreement, the Repo Counterparty will determine any net exposure (the “**Net Exposure**”) of the Issuer or the Repo Counterparty on a weekly basis. The Issuer has a Net Exposure in respect of the Repo Counterparty if (i) (a) the aggregate of all the Issuer’s Transaction Exposures (as described below) *plus* (b) any income payments payable to the Issuer in accordance with the terms of the Repo Agreement *less* (c) the market value of any Eligible Securities provided to the Issuer as margin, exceeds (ii) (a) the aggregate of all of the Repo Counterparty’s Transaction Exposures *plus* (b) any income payments payable to the Repo Counterparty in accordance with the terms of the Repo Agreement *less* (c) the market value of any Eligible Securities provided to the Repo Counterparty as margin. The amount of the Net Exposure is the amount of the excess.

The “**Transaction Exposure**”, with respect to any Repo Transaction at any time, is equal to the amount “E” determined in accordance with the formula below:

$$E = R - AV + \text{Swap MTM}$$

Where:

“**R**” means the Repurchase Price (as defined in the Repo Agreement) at such time.

“**AV**” means the market value of the securities equivalent to the Purchased Securities held by the Custodian at such time (after the application of the relevant haircut specified in the Repo Agreement).

“**Swap MTM**” means the amount which would be payable to the Issuer (expressed as a positive number) or to the Repo Counterparty, in its capacity as the Swap Counterparty under the Swap Agreement (expressed as a negative number), pursuant to the terms of the Swap Agreement, if the Credit Default Swap Transaction were being terminated as of such time, pursuant to the terms of the Swap Agreement.

If:

- (a) E is greater than zero (a positive number), the Issuer has a Transaction Exposure equal to E; and
- (b) E is less than zero (a negative number), the Repo Counterparty has a Transaction Exposure equal to the lower of (A) the absolute value of E and (B) the value of the Purchased Securities.

If the Issuer has a Net Exposure as at the date of the weekly determination, the Repo Counterparty will be required to transfer additional Eligible Securities to the Issuer as margin such that the Net Exposure is reduced to zero. If the Repo Counterparty has a Net Exposure, the Issuer will be required to transfer Eligible Securities to the Repo Counterparty as margin such that the Net Exposure is reduced to zero. The Repo

Counterparty will act for its own benefit and is not required to, and will not, take into account the interests of the Noteholders in determining what securities, meeting the required criteria, to deliver to the Issuer under the Repo Agreement as Eligible Securities.

Replacement of Swap Counterparty and Repo Counterparty and Agents and Rights of Noteholder Facilitator

Replacement of Swap Counterparty and Repo Counterparty

The terms of the Notes provide that, upon the occurrence of (i) a Counterparty Bankruptcy Credit Event; or (ii) an Event of Default (as defined in the Repo Agreement) with respect to the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event); or (iii) the delivery of a notice of termination for tax reasons pursuant to paragraph 11 of the Repo Agreement (a “**Tax Termination Event**”); or (iv) an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Credit Event); or (v) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transaction (a “**CDS Termination Event**”); or (vi) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty or the Repo Counterparty being withdrawn or less than Ba1 or if the short term rating assigned by Moody’s to the Swap Counterparty or the Repo Counterparty is less than P-3 (any such downgrade or withdrawal, a “**Moody’s Ba1/P-3 Downgrade**” and such event, along with each of a Counterparty Bankruptcy Credit Event, an Event of Default with respect to the Swap Counterparty or the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event), a Tax Termination Event, a CDS Termination Event and a Moody’s Ba1/P-3 Downgrade, a “**Replacement Event**”), the Issuer will not designate an Early Termination Date and will notify Garantum Fondkommission AB (as Noteholder Facilitator) as soon as reasonably practicable upon becoming aware of any such occurrence.

If (i) a Replacement Event (other than a Moody’s Ba1/P-3 Downgrade) occurs or (ii) (x) a Moody’s Ba1/P-3 Downgrade occurs and (y) the Swap Counterparty and Repo Counterparty gives their prior written consent to such direction, Garantum Fondkommission AB as the Noteholder Facilitator is entitled to direct the Issuer by notice copied to the Trustee to enter into a replacement Swap Agreement with a replacement Swap Counterparty in respect of the Credit Default Swap Transaction and a replacement Repo Agreement with a replacement Repo Counterparty in respect of the Repo Transaction, being the same entity as the replacement Swap Counterparty, identified by the Noteholder Facilitator. For the avoidance of doubt, the occurrence of a Moody’s Ba1/P-3 Downgrade will not entitle the Issuer to terminate the Swap Agreement or the Repo Agreement and the Noteholder Facilitator will not be entitled to give such a replacement direction upon the occurrence of a Moody’s Ba1/P-3 Downgrade unless the Swap Counterparty and the Repo Counterparty have given their prior written consent.

With respect to the occurrence of a Replacement Event which would otherwise have given rise to an early redemption of the Notes, if a replacement Swap Agreement and a replacement Repo Agreement are entered into by the Issuer with such replacement Swap Counterparty and a replacement Repo Counterparty, respectively, within 30 calendar days of the relevant Replacement Event, then an early redemption under the Notes will not occur as a result. Instead, the ongoing payment obligations of the Swap Counterparty under the Swap Agreement would, effectively, now be ongoing payment obligations of such replacement Swap Counterparty and the ongoing payment and delivery obligations of the Repo Counterparty under the Repo Agreement would, effectively, now be ongoing payment and delivery obligations of such replacement Repo Counterparty.

Once appointed, if a replacement Swap Counterparty or a replacement Repo Counterparty were itself to be subject to a Replacement Event, the same replacement process outlined herein would apply. Again, if a replacement Swap Counterparty or a replacement Repo Counterparty was not appointed within 30 calendar days of the occurrence of a Replacement Event which gives rise to an early redemption of the Notes, then the Notes would redeem early.

In order for a replacement Swap Agreement and a replacement Repo Agreement to be entered into in these circumstances, certain requirements need to be met, including:

- (a) the replacement Swap Counterparty and the replacement Repo Counterparty must be a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, the Ba1/P-3 Rating as of the date the replacement Swap Agreement and the replacement Repo Agreement are entered into;
- (b) the replacement Swap Counterparty and the replacement Repo Counterparty must be satisfactory to the Issuer and the Trustee; and
- (c) the price such replacement Swap Counterparty is willing to pay or receive to enter into such replacement Swap Agreement must be satisfactory to the Swap Counterparty subject to the Replacement Event and the price that such replacement Repo Counterparty is willing to pay or receive to enter into such replacement Repo Agreement must be satisfactory to the Repo Counterparty subject to the Replacement Event.

Where a replacement Swap Agreement and a replacement Repo Agreement are entered into, certain costs and expenses may be incurred by the Trustee and the Issuer and these are expected to be funded by the replacement Swap Counterparty or replacement Repo Counterparty, as applicable, on the date it enters into the replacement Swap Agreement or replacement Repo Agreement, as applicable.

The Swap Counterparty and the Repo Counterparty may, under these provisions, be replaced more than once during the term of the Notes as a result of defaults by any subsequent replacement Swap Counterparty or replacement Repo Counterparty. Therefore, the Swap Counterparty and the Repo Counterparty may not be Credit Suisse International during the term of the Notes and it is not possible to know as at the Issue Date, the identity of any replacement Swap Counterparty or replacement Repo Counterparty that may enter into a replacement Swap Agreement and replacement Repo Agreement in connection with the Notes in the circumstances referred to above.

Replacement of Agents

Where the Swap Counterparty and the Repo Counterparty are replaced in the circumstances contemplated above and the existing Swap Agreement and the existing Repo Agreement have been terminated in full, it is intended that the agency roles performed by such entity, which, as at the Issue Date, include the Calculation Agent and Disposal Agent in respect of the Notes, would be transferred to another entity or entities identified by Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator), provided that certain requirements were met, including:

- (a) the entity or entities must be reputable financial institutions with a place of business in London which provides such agency services as part of their ongoing business activities and which has or have, as a minimum, the Ba1/P-3 Rating as of the date of appointment; and
- (b) the entity or entities must be satisfactory to the Issuer, Trustee, replacement Swap Counterparty and replacement Repo Counterparty.

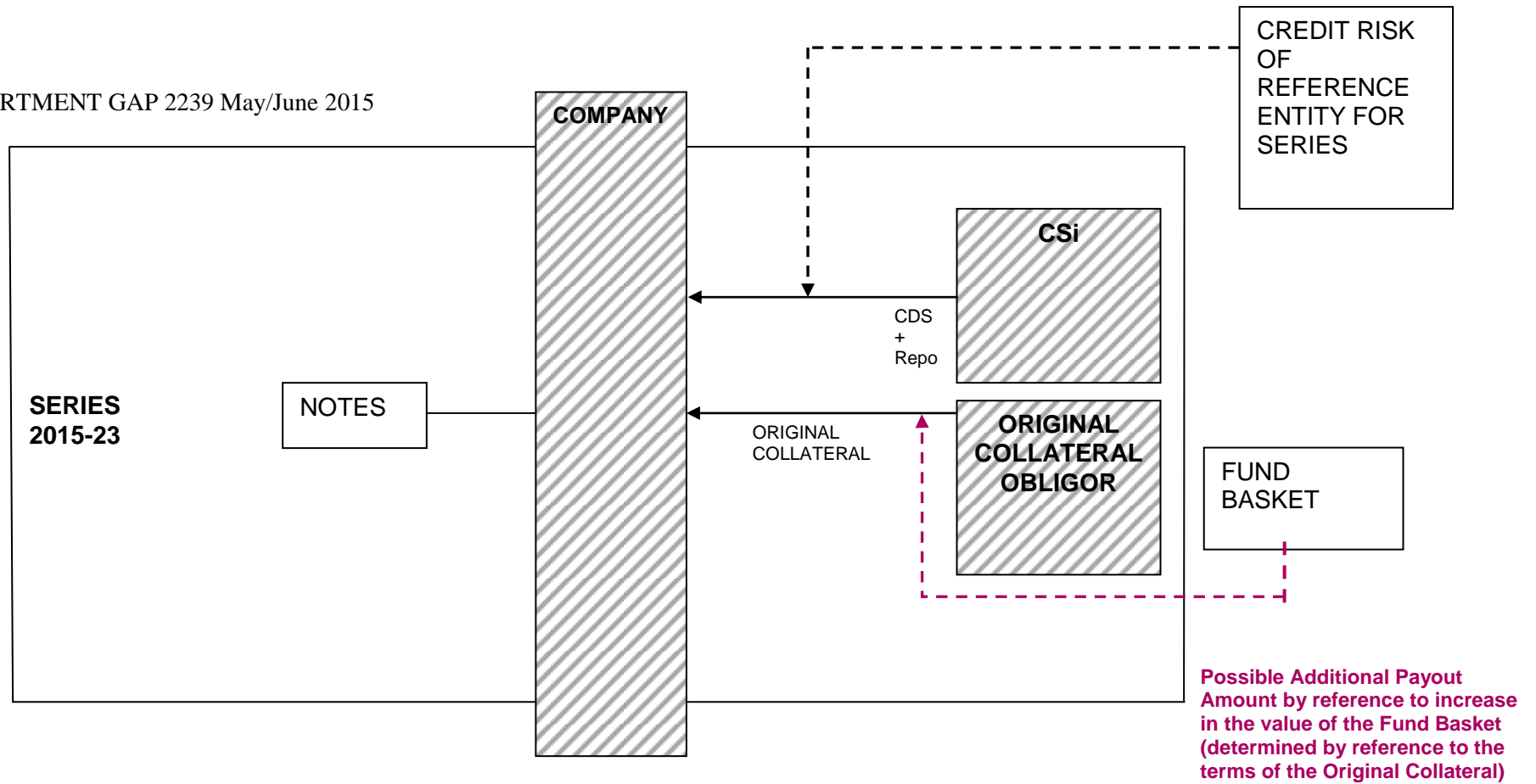
Following such identification of the replacement entity or entities, the Issuer is then required to use reasonable efforts to enter into such agreements as are necessary to appoint such entity or entities to perform such agency roles on, or as soon as reasonably practicable following, the entry into of a replacement Swap Agreement with the replacement Swap Counterparty and a replacement Repo Agreement with the replacement Repo Counterparty.

The relevant Agents may, under these provisions, be replaced more than once during the term of the Notes where the Swap Counterparty and the Repo Counterparty are also replaced as described above.

Credit and Fund Linkage

Possible reduction by reference to
a Credit Event (if any)

COMPARTMENT GAP 2239 May/June 2015



QUESTIONS AND ANSWERS

The following section answers some questions that prospective investors might have regarding the Notes, in general terms only. It does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and, in particular, the Issue Terms of the Notes, the Summary, the Risk Factors, the Transaction Description and the more detailed information in respect of the Credit Default Swap Transaction, the Repo Transaction and the Original Collateral that is contained elsewhere in this Prospectus and in the Base Prospectus or is incorporated by reference in such documents. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.

The information contained in this section is subject in its entirety to the other sections of this Prospectus.

What are the Notes? The Notes are investment instruments issued by Argentum Capital S.A. acting in respect of Compartment GAP 2239 May/June 2015 in the form of notes. They are credit-linked to a reference entity and certificate-linked to the return on the Original Collateral.

Is any interest payable on the Notes? No. Interest is not payable on the Notes.

Where is my money invested? The Issuer will use the issue proceeds of the Notes to (a) enter into the Credit Default Swap Transaction with the Swap Counterparty (b) enter into the Repo Transaction with the Repo Counterparty and (c) purchase the Original Collateral and to satisfy the commission due to the Dealer. The Issuer will pay an amount equal to the issue proceeds of the Notes less the cost of the Original Collateral and the commission payable to the Dealer to the Repo Counterparty under the Repo Transaction on or around the Issue Date to purchase Eligible Securities.

The return on the Notes is linked to the Original Collateral (referencing the performance of the Fund Basket) and the Credit Default Swap Transaction.

Are the Notes secured on any Original Collateral? Yes. The Dealer will procure that the Original Collateral is sold to and purchased by the Issuer.

In addition, the Issuer will pay an amount equal to the issue proceeds of the Notes less the cost of the Original Collateral and the commission payable to the Dealer to the Repo Counterparty under the Repo Agreement (out of which the Repo Counterparty will pay on behalf of the Issuer the commission due to the Dealer) on the Issue Date. The Repo Counterparty will transfer to the Issuer Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of the Notes as at the Issue Date.

Under the Repo Agreement, the Repo Counterparty may be required to deliver to the Custodian (on behalf of the Issuer) additional Eligible Securities in respect of an increase in the Issuer's net exposure to the Swap Counterparty and the Repo Counterparty. For so long as the Custodian (on behalf of the Issuer) is holding any such Eligible Securities, they will comprise underlying assets for the Notes and Collateral. If such net exposure decreases, the Issuer may be required to redeliver equivalent Eligible Securities to the Repo Counterparty. Such Eligible Securities that are redelivered will cease to comprise part of the Collateral.

When are the Notes The Notes are scheduled to mature on 4 October 2022. However, the scheduled

scheduled to mature if not redeemed early? maturity of the Notes may be extended beyond this date as a result of any postponement in the settlement of the Original Collateral to the latest date for payment of any Original Collateral Redemption Amount to the Issuer.

Furthermore, the maturity date of the Notes will be extended beyond the Scheduled Maturity Date, and the amount payable on redemption of the Notes in connection with such extension will change, in the event that there is any Unsettled Credit Event in respect of the Reference Entity under the Credit Default Swap Transaction as at the Credit Event Observation Period End Date. The maturity date of the Notes may also be extended beyond the Scheduled Maturity Date if a Credit Event has occurred in respect of which the settlement date under the Credit Default Swap Transaction falls after the Scheduled Maturity Date.

Do the Notes redeem at par on the Scheduled Maturity Date? It is expected that, on the Scheduled Maturity Date, provided that no Credit Event has occurred and there is no Unsettled Credit Event under the Credit Default Swap Transaction as at the Credit Event Observation Period End Date, each Note having an outstanding nominal amount equal to SEK 10,000 will be redeemed on the Scheduled Maturity Date by payment of:

- (a) its *pro rata* share of an amount equal to the Repurchase Price receivable by the Issuer under the Repo Transaction; and
- (b) an Additional Payout Amount (if any), being its *pro rata* share of an amount (if any) equal to the Original Collateral Redemption Amount receivable by the Issuer under the Original Collateral.

Notwithstanding the above, there can be no assurance that the Additional Payout Amount will be greater than zero or that a Credit Event will have occurred. If a Credit Event does occur, the return on the Notes will be limited to the Credit Event Instalment Amount and may be significantly less than the principal initially invested.

Who is the Swap Counterparty and the Repo Counterparty and what is its role? The Swap Counterparty and the Repo Counterparty will be Credit Suisse International on the Issue Date and it will continue to act as Swap Counterparty and Repo Counterparty until the Maturity Date unless (i) it defaults under the Swap Agreement or the Repo Agreement; (ii) it becomes insolvent; (iii) the Credit Default Swap Transaction is otherwise capable of being terminated by the Issuer; or (iv) a Moody's Ba1/P-3 Downgrade occurs and, in each case, the Swap Counterparty and Repo Counterparty is replaced, at the direction of Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator) in accordance with the Issue Terms of the Notes within 30 calendar days of such occurrence. There can be no assurance that any such replacement will occur even where such an event has occurred. Where such replacement does not occur within 30 calendar days following any such event (except for a Moody's Ba1/P-3 Downgrade), both the Swap Agreement and the Repo Agreement will terminate and the Notes will redeem early.

In consideration for the issue of the Notes, the Dealer will procure that (a) the Swap Counterparty will enter into a Swap Agreement with the Issuer governing the Credit Default Swap Transaction in respect of the Notes and (b) the Repo Counterparty will enter into a Repo Agreement with the Issuer governing the Repo Transaction. The Issuer will pay or arrange payment of an amount to the Repo Counterparty equal to the issue proceeds of the Notes less the cost of the Original Collateral and the commission payable to the Dealer and under the terms of the Swap Agreement and the Repo Agreement, the Swap Counterparty and the Repo Counterparty will pay to the Issuer certain amounts that will correspond to those amounts due to be paid on

the Notes.

The Credit Default Swap Transaction is a credit derivative transaction referencing a Reference Entity. The terms of the Credit Default Swap Transaction will be bespoke, in respect of the Redemption Factor.

What Reference Entity is referenced in the Credit Default Swap Transaction?

The Reference Entity referenced in the Credit Default Swap Transaction as at the Issue Date is The Bank of China Limited.

This may change during the life of the Notes (including as a result of events occurring prior to the Issue Date) as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014).

The Notional Amount of the Credit Default Swap Transaction that is allocated to the Reference Entity as at the Issue Date is equal to the Outstanding Principal Amount of the Notes. The weighting of such allocation may vary upon the determination of one or more successor Reference Entities.

Prospective investors must note that it is possible that their investment in a Note may be reduced to SEK 1 as a result of the occurrence of a Credit Event occurring prior to the Issue Date. In such event a Credit Event Instalment Amount will be payable on the related Credit Event Instalment Date, meaning that a Note may only pay the Additional Payout Amount that is linked to the Original Collateral at scheduled maturity. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities) is a bank with operations across the globe including in Asia, Europe, North America and South America.

Is it possible to change a Reference Entity?

The Reference Entity may not be changed at the election of the Noteholders, the Issuer or the Swap Counterparty, although the determination of one or more successor Reference Entities with respect to the Reference Entity on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014) may result in its replacement (which may include the original Reference Entity).

A “**Universal Successor**” means, with respect to a Reference Entity which is not a sovereign, the single entity which assumes all of the obligations (including at least one relevant bond or loan) of the Reference Entity and at the time of the determination either (i) the Reference Entity has ceased to exist, or (ii) the Reference Entity is in the process of being dissolved (however described) and the Reference Entity has not issued or incurred any borrowed money obligation at any time since the legally effective date of the assumption.

What is a “Successor” to a Reference Entity and how can succession affect the Notes?

If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to the original Reference Entity or the Calculation Agent under the Credit Default Swap Transaction identifies a “Successor” to the original Reference Entity, for example where such successor assumes obligations of the original Reference Entity under the latter’s bonds or loan, or issues bonds or incurs loans in exchange for bonds or loans of the original Reference Entity, including in certain circumstances as part of a pre-determined series of steps, to which the Notes are linked, then such entity will be deemed to be a

“Successor” to the original Reference Entity.

The identity of an original Reference Entity will be treated as having been amended accordingly for the purposes of the Notes so that, following the determination or announcement of a “Successor”, the Notes will be linked to the credit risk of the Successor. Where “Financial Reference Entity Terms” applies to the Credit Default Swap Transaction and “Senior Level” has been specified as applicable, the successor will follow the senior debt. The credit risk associated with a Successor or Successors may be different from and could be greater than the credit risk associated with the original Reference Entity.

The Successor Backstop Date is a rolling date which is:

- (a) if a CDDC receives a request to resolve whether or not there is one or more Successors to the Reference Entity, 90 calendar days prior to the date of such request (regardless of whether the CDDC resolves to determine such matter or not); or
- (b) otherwise, 90 calendar days prior to the date on which notice of the occurrence of a succession is delivered by the Calculation Agent.

If the CDDC makes no resolution as to whether a succession has occurred or is not convened to consider the question, the Calculation Agent may determine the occurrence of a succession.

Can a succession occur prior to the Issue Date?

Yes. The Successor Backstop Date may be prior to the Issue Date and therefore a succession may occur prior to the Issue Date.

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to convene a CDDC prior to the Issue Date to determine whether a succession has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website <http://www.isda.org/credit>.

What happens if a Credit Event occurs in respect of the Reference Entity under the Credit Default Swap Transaction?

The Credit Events applicable to the Reference Entity (and the relevant obligations relating thereto) are:

- (a) Failure to Pay;
- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of the Credit Default Swap and the Credit Event provisions relating to the Credit Default Swap Transaction and the Notes*”.

If a Credit Event occurs in respect of the Reference Entity referenced in the Credit Default Swap Transaction and an Event Determination Date relating thereto is determined:

- (a) an Issuer Cash Settlement Amount will be payable by the Issuer to the Swap Counterparty under the Credit Default Swap Transaction on the

relevant Issuer Cash Settlement Date;

- (b) a Partial Repurchase Date will occur under the Repo Transaction on the same date as the Issuer Cash Settlement Date. On such Partial Repurchase Date, the Repo Counterparty will pay to the Issuer a Partial Repurchase Price. The Issuer will deliver to the Repo Counterparty the corresponding proportion of equivalent Eligible Securities;
- (c) the obligations of the Issuer and the Repo Counterparty to make payments of the Issuer Cash Settlement Amount under the Credit Default Swap Transaction and the Partial Repurchase Price under the Repo Transaction will be automatically satisfied and will be replaced by an obligation by the Repo Counterparty to pay to the Issuer a Credit Suisse Net Settlement Amount equal to the *product of* (i) the Reference Entity Notional Amount (as determined under the Credit Default Swap Transaction) of the Reference Entity, (ii) the Redemption Factor and (iii) the applicable Auction Final Price (or, where the Fallback Settlement Method applies, the Final Price) determined in respect of the Reference Entity (as determined under the Credit Default Swap Transaction);
- (d) on the next following Credit Event Instalment Date (being 2 Reference Business Days after the Issuer Cash Settlement Date), the Issuer shall pay in respect of such Note a *pro rata* share of such Credit Suisse Net Settlement Amount receivable from the Repo Counterparty. A Credit Event Instalment Date may fall before, on or after the Scheduled Maturity Date; and
- (e) the Outstanding Principal Amount of the Notes and the Notional Amount of the Credit Default Swap Transaction will be reduced as at the relevant Credit Event Instalment Date and Issuer Cash Settlement Date, respectively, by an amount equal to the Reference Entity Notional Amount (as determined under the Credit Default Swap Transaction).

On the Reference Business Day immediately preceding the Scheduled Maturity Date (such date, the “**Repurchase Date**”), the Repo Counterparty will pay to the Issuer an amount (if any) equal to the then outstanding Notional Amount of the Credit Default Swap Transaction (being equal to the then Outstanding Principal Amount of the Notes).

If there is any Unsettled Credit Event in respect of the Reference Entity as at the Credit Event Observation Period End Date (which will arise not just where a Credit Event has occurred but no related Event Determination Date has yet occurred, but also if a Potential Credit Event has been determined in respect of the Reference Entity), the termination date of the Credit Default Swap Transaction, and accordingly, the final maturity date of the Notes, may be extended beyond the Scheduled Maturity Date (which may have been postponed as a result of settlement of the Original Collateral). In such circumstances, there may be a significant amount of time between the Scheduled Maturity Date and the date on which the Notes are redeemed in full. During such extension period, the Repo Counterparty will pay any Credit Suisse Net Settlement Amount and/or any Additional Repurchase Price (being equal to the Reference Entity Notional Amount) (as determined under the Credit Default Swap Transaction) to the Issuer under the Repo Transaction. Noteholders do not receive any compensation as a result of any such extension or postponement.

More detailed descriptions of the net amounts receivable by the Issuer under the

Credit Default Swap Transaction and the Repo Transaction and thus payable to the Noteholders (and the associated timing and potential adjustments thereof) are set out in the section of this Prospectus entitled “*Transaction Description*”.

Can a Credit Event occur prior to the Issue Date? Yes. The earliest Credit Event Backstop Date is 26 April 2015 and therefore a Credit Event affecting the Notes may have occurred prior to the Issue Date or the date when an investor decides to invest.

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to ISDA to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website at <http://www.isda.org/credit>.

What is the difference between the Notes and a bond issued by the Reference Entity? The Notes give the investor exposure to the credit risk of the Reference Entity without having to own a bond or other type of debt obligation of the Reference Entity. The Reference Entity itself is not a party to the Notes nor does the Reference Entity have a direct involvement in the issue of the Notes or the entry into the Swap Agreement, and an investor will not be able to claim against the Reference Entity for any losses it suffers from a Credit Event of the Reference Entity. Neither the Issuer nor the Swap Counterparty is obliged to hold any obligation of the Reference Entity or otherwise have any credit risk exposure to the Reference Entity. In addition to the credit risk of the Reference Entity to which the Notes are linked, an investor will also be exposed to credit risk in relation to the Agents, the Custodian and the Swap Counterparty, so even if the Reference Entity is performing well, an investor may still suffer a loss under the Notes as a result of these other credit risks. The Notes also give the investor exposure to the Original Collateral.

What determines the amount of any Additional Payout Amount payable under the Notes? The Additional Payout Amount forming part of the redemption amounts payable on the Notes is determined by the Original Collateral Redemption Amount receivable by the Issuer under the Original Collateral.

In respect of each Note, its *pro rata* share of an amount equal to the Original Collateral Redemption Amount receivable by the Issuer under the Original Collateral will be the Additional Payout Amount (which will never be less than zero).

The Original Collateral Redemption Amount is also subject to the level of Participation applied to the Fund Basket (which may be as low as 70%) under the terms of the Original Collateral and other adjustments described in this section and the section of this Prospectus entitled “*Description of the Original Collateral*”, so the Additional Payout Amount (if any) payable on the Notes may vary from the actual performance of target volatility strategy referencing the Fund Basket.

What is the Original Collateral? The Original Collateral comprises UBS Gearing Certificates with an aggregate nominal amount equal to the Aggregate Nominal Amount of the Notes linked to a basket of funds, issued by UBS AG. The Original Collateral allows the Issuer, and therefore the Noteholders, to benefit from any average positive performance of the funds, as adjusted by the target volatility strategy, determined by reference to the relevant formula. As the average performance of the funds is subject to a floor of zero, if the average performance of the funds is less than or equal to zero (determined by reference to the formula), this will result in no final payment under the Original Collateral.

What is the The Notes give the investor exposure to the Original Collateral without having to

difference between the Notes and a bond issued by the Original Collateral Obligor?	own the Original Collateral, a bond or any other type of debt obligation of the Original Collateral Obligor. The Original Collateral Obligor itself is not a party to the Notes nor does the Original Collateral Obligor have a direct involvement in the issue of the Notes or the entry into the Swap Agreement, and an investor will not be able to claim against the Original Collateral Obligor for any losses it suffers from a Collateral Event in respect of the Original Collateral. In addition to the credit risk of the Original Collateral Obligor, an investor will also be exposed to credit risk in relation to the Reference Entity, the Agents, the Custodian, the Swap Counterparty and the Repo Counterparty, so even if the Original Collateral is performing well, an investor may still suffer a loss under the Notes as a result of these other credit risks.
Which funds will the Notes be exposed to?	<p>The Original Collateral references the performance of a basket of funds. Therefore, the Notes will be exposed to the performance of funds comprised in the Fund Basket.</p> <p>The Fund Basket for the Original Collateral is set out in the section of this Prospectus entitled “<i>Transaction Description</i>” and in the final terms of the Original Collateral (the “Original Collateral Final Terms”), set out in the section of this Prospectus entitled “<i>Description of the Original Collateral</i>”.</p>
Can there be any change to the funds in the basket?	<p>Yes. With respect to the Fund Basket, in relation to a fund or its manager, the Original Collateral Obligor and UBS AG in its role as the Calculation Agent under the Original Collateral (the “Original Collateral Calculation Agent”) may determine a certain potential adjustment event has occurred in respect of a fund and is material and adversely affects the fund or the calculation of the net asset value of the fund. If the Original Collateral Obligor and the Original Collateral Calculation Agent do determine that such an event has occurred, they may make adjustments to any calculation methods or use reasonable efforts to select one or more alternative funds and replace the fund with such fund(s), as more fully described in the terms of the Original Collateral.</p> <p>These events and associated potential adjustments are described in more detail in the terms of the Original Collateral.</p>
How will the payments under the Original Collateral be calculated?	<p>The Original Collateral Redemption Amount determined under the Original Collateral is calculated by the Original Collateral Calculation Agent in accordance with the terms of the Original Collateral using a formula that factors in the target volatility strategy, the performance of each fund comprised in the basket and the Participation.</p> <p>A summary of the formula used is set out in the section of this Prospectus entitled “<i>Transaction Description</i>” and the formula is set out in the Original Collateral Final Terms.</p>
What is the Participation?	The Participation reflects the level of exposure to the performance of the Fund Basket and is a percentage determined by the Original Collateral Obligor, and notified to the Issuer, following which it will be notified to the Noteholders, on or about the Issue Date, which is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 70%. A Participation of 100% will track the positive performance of the Fund Basket. A Participation that is higher or lower than 100% will increase or reduce, respectively, the result of any increase in the average value of the Fund Basket, creating a higher or lower Additional Payout Amount, respectively, than would otherwise have been the case.
Are there any	Yes. The terms of the Original Collateral provide for a number of circumstances

circumstances where payments under the Original Collateral may be adjusted, delayed or postponed? where both the amounts payable under the Original Collateral and the timing of such payments may be adjusted or postponed and/or which may lead to the early redemption of the Original Collateral in certain circumstances.

These include, among others, as a result of:

- (a) the occurrence of certain market disruption events in respect of the funds in the Fund Basket;
- (b) the occurrence of certain Potential Disruption Events (as defined in the terms of the Original Collateral); and/or
- (c) delays in the settlement of a notional investor's investment in any of the funds.

More detail on these factors is provided in the sections of this Prospectus entitled "*Risk Factors*", "*Transaction Description*" and "*Description of the Original Collateral*".

What is ISDA?

The International Swaps and Derivatives Association, Inc. ("**ISDA**") is a trade organisation of participants in the market for over-the-counter ("**OTC**") derivatives. It is headquartered in New York, and is responsible for creating standardised contracts such as the ISDA Master Agreement, standardised asset class provisions such as the 2014 ISDA Credit Derivatives Definitions (the "**Credit Derivatives Definitions**") and a wide range of related documentation, that are used to enter into derivatives transactions. Definitions, confirmations and other documents and information published by ISDA are available on ISDA's website: <http://www2.isda.org/>. Certain publications are available free of charge while others are available to subscribers of the website only.

At the date of this Prospectus, ISDA has more than 800 member institutions from 67 countries on six continents. These members include a broad range of OTC derivatives market participants including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure including exchanges, clearinghouses and repositories, as well as law firms, accounting firms and other service providers.

Who is the Calculation Agent?

Credit Suisse International will act as Calculation Agent for the Notes and the Swap Agreement for so long as it maintains the role of Swap Counterparty (and, by extension, the Credit Default Swap Transaction thereunder).

What is the role of the Calculation Agent and the Issuer in deciding certain issues related to the Notes?

The Calculation Agent under the Swap Agreement may exercise certain discretions and make certain determinations relating to the Notes, including (but not limited to) the following: (i) determination of whether an Event Determination Date has occurred with respect to the Reference Entity, whether or not the CDDC has considered such determination, (ii) determination of whether there is a Successor with respect to the Reference Entity, whether or not the CDDC has considered such determination, (iii) where auction settlement does not apply, the right to determine the value of the obligations selected for determination of the Final Price on the basis of bid quotations from third party dealers and (iv) determination of the occurrence of a Collateral Event.

Noteholders should note that any determination and/or calculation by the

Calculation Agent will, in the absence of manifest error, be final and binding on the Trustee and Noteholders.

Where a CDDC has made a determination as to whether an Event Determination Date or there is a Successor with respect to the Reference Entity, the Calculation Agent may apply the same determination for the purposes of the Notes.

**Can my Notes
redeem in full prior
to the Maturity
Date?**

Yes. This may occur if any of the following events happen:

- (a) a Collateral Event occurs in respect of the Original Collateral;
- (b) the Credit Default Swap Transaction is terminated, or the Swap Agreement as a whole is terminated;
- (c) the Repo Transaction, or the Repo Agreement as a whole, is terminated;
- (d) upon the occurrence of certain insolvency events in respect of the Swap Counterparty or the Repo Counterparty, the occurrence of an Event of Default or a Termination Event (each as defined in the Swap Agreement), the occurrence of an Event of Default (as defined in the Repo Agreement), the occurrence of a Termination Event (as defined in the Swap Agreement) in respect of the Credit Default Swap Transaction where the Issuer has the right to terminate such transaction or the occurrence of certain credit rating downgrading or withdrawal events in respect of the Swap Counterparty or the Repo Counterparty, no replacement Swap Counterparty and Repo Counterparty is appointed within 30 calendar days of such event;
- (e) certain tax events occur in respect of payments due by the Issuer under the Notes, but not instances where (x) withholding or deduction of taxes on the Notes arises solely in respect of FATCA as it applies in respect of the Noteholder; (y) withholding or deduction of taxes on the Notes arises solely as a result of the Noteholder's connection with the jurisdiction of incorporation of the Issuer (otherwise than by reason of the holding of any Note or receiving any payment in respect thereof); and (z) a withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000);
- (f) it becomes or there is a reasonable likelihood of it becoming unlawful for the Issuer to perform any duties in respect of the Notes, to hold any Collateral (or receive payment in respect of any Collateral) or to comply with any provision of any agreement entered into in connection with the Notes or as a result of the implementation or adoption of, or any change in, any applicable law, regulation or regulatory guidance or interpretation the Issuer's administrative expenses are materially increased and the Issuer is unable to obtain the costs of such increase from another party or source; or
- (g) an Event of Default occurs in respect of the Notes.

Upon the occurrence of one of the events listed above, the Notes held by a Noteholder will be due to be redeemed by payment to such holder of a *pro rata* share of the Early Cash Redemption Amount. A description of the calculation of the Early Cash Redemption Amount is set out in the section of this Prospectus entitled "*Description of the Swap Agreement*".

Will the Notes be

No. The Notes are not rated by any rating agency.

rated?

Will there be a secondary market in the Notes?

Credit Suisse Securities (Europe) Limited, Credit Suisse International, Credit Suisse AG, or any of their respective agents may purchase Notes subject to all regulatory requirements and the internal policies and procedures of Credit Suisse Securities (Europe) Limited, Credit Suisse International, Credit Suisse AG or such agent (as applicable). However, no assurance is given that this will be the case and investors should be prepared to retain the Notes until their maturity.

What tax will I have to pay and how will tax affect payments made to me?

General information relating to certain aspects of Luxembourg, Swedish and Irish taxation, to the extent applicable to you, is set out under the headings “*Luxembourg Taxation*”, “*Swedish Taxation*” and “*Irish Taxation*” in this Prospectus.

In addition, general information relating to certain aspects of United Kingdom and Swiss taxation, to the extent applicable to you, is set out under the heading “*Taxation*” in the Base Prospectus.

If withholding taxes are imposed on payments under the Notes (as described in more detail in the terms and conditions), the Issuer will not pay any additional amounts to “gross-up” such payments.

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment (including any stamp or transfer tax) which may arise as a result of the ownership, transfer, exercise or enforcement of any Note by any person and all payments made by the Issuer will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. For the avoidance of doubt, the Issuer will not assume any responsibility for such withholding or deduction. If any such taxes apply (subject to certain exceptions including, but not limited to where withholding or deduction of taxes on the Notes arises solely in respect of FATCA as it applies in respect of the Noteholder), the Notes will be redeemed early as described under “*Can my Notes redeem in full prior to the Maturity Date?*” above and elsewhere in this Prospectus.

Noteholders must also carefully review, and understand, the risk factor in the section of this Prospectus entitled “*Risk Factors*” under the heading “*FATCA and the possibility of U.S. withholding tax on payments*”.

The tax treatment of the Notes for individual Noteholders may vary significantly. The general information regarding taxation set out in this Prospectus and the Base Prospectus does not consider the implications of a holding of the Notes for individual Noteholders based upon their specific circumstances. Accordingly, you must consult with your tax advisers (along with your legal and financial advisers) prior to making an investment in any of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The provisions of the base prospectus dated 22 December 2014 relating to the Secured Note Programme of the Company (the “**Base Prospectus**”), which has previously been published and have been filed with the CSSF and the Central Bank, issued by the Issuer in respect of the Programme, but excluding the “*Summary*” on pages 5 to 16 of the Base Prospectus and the section entitled “*The Swap Agreement*” on pages 233 to 236 of the Base Prospectus, shall be incorporated in, and form part of, this Prospectus.

For the purpose of this Prospectus, references in the Base Prospectus to the applicable Issue Terms or Alternative Drawdown Document (including, for the avoidance of doubt, within the sections thereof incorporated by reference and forming part of this Prospectus) shall be to the provisions set out below under “*Issue Terms*”. In the event of any inconsistency between the Issue Terms and this Prospectus on the one hand, and the Master Conditions or Base Prospectus on the other, the Issue Terms and this Prospectus will prevail. The Base Prospectus is available for viewing at the following link:

http://www.ise.ie/debt_documents/Base%20Prospectus_2a722261-0bfb-4e50-b42f-2f364598da93.PDF?v=312015

The audited financial statements of the Issuer for the financial year ended 31 December 2013 (the “**2013 Accounts**”) are incorporated in, and form a part of this Prospectus.

The 2013 Accounts are available at the following link:

<http://www.argentumcapital.lu/pdfs/financial/2013-12-31%20Argentum%20Financial%20Statements%20FULL%20SIGNED.pdf>

The audited financial statements of the Issuer for the financial year ended 31 December 2014 (the “**2014 Accounts**”) are incorporated in, and form a part of this Prospectus. There has been no material adverse change in the prospects of the Issuer since 31 December 2014, being the date of the Issuer’s last audited financial statements.

The 2014 Accounts are available at the following link:

http://www.argentumcapital.lu/pdfs/financial/Argentum_Capital_SA_aud_en_31122014_fully_signed.pdf

The non-incorporated parts of the documents incorporated by reference are either not relevant for prospective investors in the Notes or covered elsewhere in this Prospectus.

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Copies of documents incorporated by reference in this Prospectus can be obtained from the specified office of the Issuing and Paying Agent for the time being in London. In addition, such documents will be available from the registered office of the Issuer.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus.

ISSUE TERMS

PART A – CONTRACTUAL TERMS

The Notes will be subject to the Master Conditions as set out in the Base Prospectus dated 22 December 2014 and also to the provisions set out in these issue terms (the “**Issue Terms**” which include the relevant schedule(s) attached hereto). References in such Master Conditions to the Issue Terms or Alternative Drawdown Document shall be to the provisions set out in these Issue Terms. In the case of a discrepancy or conflict with such Master Conditions, the following Issue Terms shall prevail.

SERIES DETAILS

1. Issuer: Argentum Capital S.A. (the “**Company**”), acting in respect of its Compartment GAP 2239 May/June 2015.

2. (i) Series Number: 2015-23

A separate compartment has been created by the Board in respect of the Notes (“**Compartment GAP 2239 May/June 2015**”). Compartment GAP 2239 May/June 2015 is a separate part of the Company’s assets and liabilities. The Collateral (relating to the Notes) is exclusively available to satisfy the rights of the Secured Creditors (in accordance with the terms and conditions set out in these Issue Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of Compartment GAP 2239 May/June 2015, as contemplated by the Articles and subject to the order of priority set out therein.

(ii) Classes: Not Applicable.

3. Specified Currency: Swedish Krona (“**SEK**”).

4. Aggregate Nominal Amount of Notes:

(i) Series: The Aggregate Nominal Amount of the Series as at the Issue Date shall be up to SEK 200,000,000 (the “**Initial Aggregate Nominal Amount**”).

At any time after the Issue Date, the Aggregate Nominal Amount of the Series shall be the Outstanding Principal Amount as at such date.

The Initial Aggregate Nominal Amount of the Notes will be specified in the Issue Deed in respect of the Notes.

The Outstanding Principal Amount of and, accordingly, the Aggregate Nominal Amount of the Notes is also subject to reduction at any time and from time to time as a result of any purchase and cancellation of Notes pursuant to Master Conditions

8(r) (*Purchases*) and 8(s) (*Cancellation*).

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| | (ii) | Classes: | Not Applicable. |
| 5. | | Issue Price: | 100 per cent. of the Outstanding Principal Amount as at the Issue Date. |
| 6. | (i) | Specified Denominations: | SEK 10,000. |
| | (ii) | Calculation Amount | SEK 10,000 |
| 7. | (i) | Issue Date: | 14 July 2015 |
| | (ii) | Interest Commencement Date: | Not Applicable. |
| 8. | | Maturity Date: | <p>The latest of:</p> <ul style="list-style-type: none"> (a) the later of (i) 4 October 2022, subject to adjustment in accordance with the Following Business Day Convention; and (ii) the Reference Business Day immediately following the Original Collateral Maturity Date in respect of the Original Collateral (which is expected to be the 27 September 2022, unless there are any postponements and/or adjustments in respect thereof pursuant to the terms of the Original Collateral) (the “Scheduled Maturity Date”); (b) the latest Credit Event Instalment Date falling after the Scheduled Maturity Date (if any); and (c) the Potential Credit Event Extension Maturity Date (if any). <p>A Noteholder will not receive any compensation as a result of the Maturity Date falling after 4 October 2022.</p> |
| 9. | | Interest basis: | Not Applicable. |
| 10. | | Redemption/Payment Basis: | <p>In respect of the Notes:</p> <ul style="list-style-type: none"> (a) upon the occurrence of a Triggered Credit Event in respect of a Reference Entity under the Credit Default Swap Transaction, each Note will be redeemed in whole or in part, as the case may be, on each Credit Event Instalment Date at the Credit Event Instalment Amount (as described in paragraph 1 of Schedule 2 to these Issue Terms) and, in each case, the Outstanding Principal Amount will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to the Credit Default Swap Transaction) of the Reference Entity to |

which such Triggered Credit Event relates. If there is a Triggered Credit Event outstanding as at the Credit Event Observation Period End Date for which the Credit Event Instalment Date relating thereto will fall on or after the Scheduled Maturity Date, the Outstanding Principal Amount shall be deemed to have been reduced in accordance with the foregoing as at the Credit Event Observation Period End Date solely for the purpose of calculating the Partial Final Redemption Amount (if any) or the Final Redemption Amount (if any);

- (b) each Note may also be redeemed on the Scheduled Maturity Date either in whole or in part at the Final Redemption Amount or the Partial Final Redemption Amount (if any), as applicable, in accordance with paragraph 20 of Part A of these Issue Terms. In respect of each Note, following the payment of the Final Redemption Amount or the Partial Final Redemption Amount (if any), as the case may be, the Outstanding Principal Amount shall be reduced by an aggregate amount equal to the Reference Entity Notional Amount (as determined pursuant to the Credit Default Swap Transaction) of each such Reference Entity to which such payments relate; and
- (c) if there is an Unsettled Credit Event outstanding as at the Credit Event Observation Period End Date in respect of which no Credit Event is determined to have occurred, each Note will be redeemed in whole or in part, as the case may be, on each Unsettled Credit Event Instalment Date at the Unsettled Credit Event Instalment Amount (as described in paragraph 2 of Schedule 2 to these Issue Terms) and, in each case, the Outstanding Principal Amount will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to the Credit Default Swap Transaction) of the Reference Entity to which such Unsettled Credit Event Instalment Date relates,

provided that, where the Outstanding Principal Amount would otherwise be reduced to zero prior to the Scheduled Maturity Date as a result of the occurrence of any Triggered Credit Event, SEK 1 of each Note shall remain outstanding so as to enable any portion of the Partial Final Redemption Amount or the Final Redemption Amount, as applicable, attributable to an Additional Payout Amount to be payable to the holders of the Notes on the Scheduled Maturity Date.

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| 11. | Date of Board approval for issuance of Notes obtained: | The issue of the Notes will be authorised by the Board on or about the Issue Date. |
| 12. | Method of distribution: | Non-syndicated. |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 13. | Fixed Rate Note Provisions: | Not Applicable. |
| 14. | Floating Rate Note Provisions: | Not Applicable. |
| 15. | Zero Coupon Note Provisions: | Not Applicable. |
| 16. | Business Day Convention: | Not Applicable. |
| 17. | Business Centre(s): | Not Applicable. |
| 18. | Default Interest: | Not Applicable. |

MORTGAGED PROPERTY

19. Mortgaged Property:

- (i) Original Collateral: The Original Collateral comprises UBS Gearing Certificates with an aggregate nominal amount equal to the Aggregate Nominal Amount of the Notes linked to a basket of funds (ISIN: CH0281137874).

Original Collateral UBS AG
Obligor:

Asset:

ISIN: CH0281137874

Valar: 28113787

Maturity: 27 September 2022, subject to adjustment in accordance with the terms of the Original Collateral

Currency: SEK

Markets on which admitted to trading: The Original Collateral Obligor intends to apply for listing of the Original Collateral on Nasdaq Stockholm.

Governing law: Federal Republic of Germany

The Issuer is expected to purchase the Original Collateral from Credit Suisse International on the Issue Date pursuant to the securities sale provisions contained within the Issue Deed.

(ii) Swap Agreement:

Applicable. The Issuer and the Swap Counterparty will enter into a 2002 ISDA Master Agreement and Schedule thereto (in the form of the Master Swap Terms dated 19 December 2014, as amended and supplemented by the Issue Deed) by executing an Issue Deed to be dated on or about the Issue Date, as supplemented by a confirmation evidencing a credit default swap transaction relating to the Notes (the “**Credit Default Swap Transaction**”) between the Issuer and the Swap Counterparty (together, the “**Swap Agreement**”).

The confirmations evidencing the Credit Default Swap Transaction are available for inspection at the registered office of the Company and at the specified offices of the Issuing and Paying Agent and the Registrar during normal business hours (with respect to the location of the relevant office) on any weekday (Saturdays, Sundays and public holidays excepted).

Upon the occurrence of a Replacement Event, one or more replacement Swap Agreement(s) may be entered into as provided in paragraph 4 of Schedule 2 to these Issue Terms.

(iii) Swap Counterparty:

Credit Suisse International.

(iv) Credit Support Annex:

Not Applicable.

(v) Original Collateral Substitution:

Not Applicable.

(vi) Repo Agreement:

Applicable. The Issuer and the Repo Counterparty will enter into a Global Master Repurchase Agreement (2011 version), as published by the Securities Industry and Financial Markets Association and the International Capital Market Association, together with an Annex I thereto (in the form of the Master Repo Terms dated on or about the Issue Date, as amended and supplemented by the Issue Deed) by executing an Issue Deed to be dated on or about the Issue Date, as supplemented by a confirmation evidencing a repurchase transaction relating to the Notes (the “**Repo Transaction**”) between the Issuer and the Repo Counterparty (together, the “**Repo Agreement**”).

The confirmation evidencing each Repo Transaction is available for inspection at the registered office of the Company and at the specified offices of the Issuing and Paying Agent and the Registrar during normal business hours (with respect to the location of the

relevant office) on any weekday (Saturdays, Sundays and public holidays excepted).

Upon the occurrence of a Replacement Event, one or more replacement Repo Agreement(s) may be entered into as provided in paragraph 4 of Schedule 2 to these Issue Terms.

(vii) Repo Counterparty: Credit Suisse International

PROVISIONS RELATING TO REDEMPTION

20. Final Redemption Amount of each Note: Master Condition 8(a) (*Final Redemption*) shall be deleted in its entirety and replaced with the following:

“Final Redemption: Provided that the Notes have not been previously redeemed in whole, each Note (or, if applicable, a part thereof) will be redeemed by the Issuer on the Scheduled Maturity Date by payment of an amount in respect of such Note equal to:

- (i) where there is no Reference Entity in respect of which (A) an Unsettled Credit Event is outstanding as at the Credit Event Observation Period End Date or (B) a Triggered Credit Event is outstanding as at the Credit Event Observation Period End Date for which the Credit Event Instalment Date relating thereto falls on or after the Scheduled Maturity Date, the Final Redemption Amount (if any); or
- (ii) where there is any Reference Entity in respect of which there is any such Unsettled Credit Event or Triggered Credit Event, the Partial Final Redemption Amount (if any), provided that a further amount may be payable on any Credit Event Instalment Date (if any) or Unsettled Credit Event Instalment Date (if any), as applicable, falling on or after the Scheduled Maturity Date in accordance with paragraphs 1 and 2 of Schedule 2 to the Issue Terms respectively.”

21. Collateral Event: Original Collateral Call
Original Collateral Default
Original Collateral Payment Failure
Original Collateral Conversion
Currency Redenomination Event

For avoidance of doubt, for the purposes of the definition of “Original Collateral Call”, the scheduled maturity date of the Original Collateral shall be the maturity date set out in paragraph (i) of the definition of “Maturity Date” in the terms of the Original Collateral and shall exclude the maturity date set out in

paragraph (ii) of that definition.

22. Early Redemption Notification Period: As per Master Conditions.
23. Regulatory Event: Applicable.
24. Trigger Event: Not Applicable.
25. Redemption by Instalments: The Notes may be redeemed by instalments as set out in paragraph 1 of Schedule 2 to these Issue Terms (following a Triggered Credit Event, in which case a Credit Event Instalment Amount shall be payable in respect of each Note) or paragraph 2 of Schedule 2 to these Issue Terms (following an Unsettled Credit Event, in which case an Unsettled Credit Event Instalment Amount shall be payable in respect of each Note).
- Each Instalment Amount shall be the amount payable in accordance with such paragraph 1 or paragraph 2 of Schedule 2 and the Outstanding Principal Amount of the Notes will be reduced in accordance with paragraph 10 of Part A of these Issue Terms above, notwithstanding anything to the contrary in Master Condition 8(b) (*Redemption by Instalments*).
26. Independent Class Early Redemption: Not Applicable.
27. Early Cash Redemption Amount: The Early Cash Redemption Amount in respect of a Note will be its *pro rata* share of the result of the following:
- (a) the Specified Currency Proceeds realised in respect of (i) the Original Collateral and (ii) all Eligible Securities which have been transferred to (and then held by or on behalf of) the Issuer in respect of the Repo Agreement; *plus*
 - (b) any Net Termination Payment Amount payable to the Issuer by the Repo Counterparty together, if applicable, with any interest payable thereon; *minus*
 - (c) any Net Termination Payment Amount payable to the Repo Counterparty by the Issuer together, if applicable, with any interest payable thereon.

For the purpose of the above:

“**Net Termination Payment Amount**” means an amount payable to the Issuer by the Repo Counterparty or to the Repo Counterparty by the Issuer in accordance with the Repo Agreement which shall be calculated by taking an account of the Termination

Payments in respect of the Swap Agreement and the Repo Agreement, as determined by the Calculation Agent acting in a commercially reasonable manner.

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| 28. | Early Redemption Settlement Method: | Cash Settlement, subject to the provisions set out in these Issue Terms. |
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PRODUCT SUPPLEMENTS AND ADDITIONAL CONDITIONS

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| 29. | Applicable Product Supplement: | Not Applicable. The additional provisions contained in Schedules 1 to 3 to these Issue Terms amend the Master Conditions. |
| 30. | Pass-through Notes: | Not Applicable. |
| 31. | Collateral Basket CLNs: | Not Applicable. |
| 32. | Collateral Event Noteholder Payment Option: | Not Applicable. |
| 33. | Credit-linked Notes: | Not Applicable. |

PROVISIONS RELATING TO DISPOSAL AGENT

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| 34. | Disposal Agent: | Applicable. |
| | (i) Disposal Agent: | Credit Suisse International. |
| | (ii) Liquidation: | See paragraph 3 of Schedule 2 to these Issue Terms. |
| | (iii) Liquidation Parameters: | Not Applicable. |
| | (iv) Quotation Dealers: | Not Applicable. |
| | (v) Disposal Agent Fee: | No. |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|--|--|
| 35. | Form of Notes: | |
| | (i) Bearer or Registered: | <p>Registered Notes:</p> <p>Global Certificates in respect of up to SEK 200,000,000 in nominal amount of the Notes, registered in the name of a nominee for a common depositary for Euroclear and exchangeable for Certificates in the limited circumstances specified in the Global Certificate.</p> |
| | (ii) The Issuer intends to permit indirect interests in the Notes to be held through the CREST Depositary Interests to be issued through the CREST | Not Applicable. |

Depository:

36. Applicable TEFRA exemption: TEFRA Not Applicable.
37. New Global Note: No.
38. Financial Centre(s): For the purpose of Master Condition 9(d) (*Business Day Convention*), a “**Business Day**” shall mean a Reference Business Day as defined in Master Condition 1(a) (*Definitions*).

Notwithstanding anything to the contrary in the Master Conditions or these Issue Terms, the definition of Business Day shall also include a day on which the TARGET System is open for the settlement of payments in euro.
39. Reference Business Day: London, Stockholm and TARGET Settlement Day.
40. Reference Business Day Convention: Not Applicable.
41. Agents:
- (i) Calculation Agent: Credit Suisse International
One Cabot Square
London E14 4QJ
 - (ii) Custodian: The Bank of New York Mellon (Luxembourg) S.A.
2-4 rue Eugène Ruppert
Vertigo Building – Polaris
L-2453 Luxembourg
 - (iii) Disposal Agent: Credit Suisse International
One Cabot Square
London E14 4QJ
 - (iv) Issuing and Paying Agent: The Bank of New York Mellon, acting through its
London Branch
One Canada Square
London E14 5AL
 - (v) Additional Paying Agents: Not Applicable.
 - (vi) Registrar: The Bank of New York Mellon (Luxembourg) S.A.
2-4 rue Eugène Ruppert
Vertigo Building – Polaris
L-2453 Luxembourg
 - (vii) Transfer Agent(s): The Bank of New York Mellon (Luxembourg) S.A.
2-4 rue Eugène Ruppert
Vertigo Building – Polaris
L-2453 Luxembourg
 - (viii) Listing Agent: Arthur Cox Listing Services Limited
Earlsfort Centre

Earlsfort Terrace
Dublin 2
Ireland

- (ix) Swedish Agent: Skandinaviska Enskilda Banken AB (publ)
Kungsträdgårdsgatan 8
SE-106 40 Stockholm
Kingdom of Sweden

DISTRIBUTION

42. (i) If syndicated, names of Managers: Not Applicable.
- (ii) Stabilising Manager(s) (if any): Not Applicable.
43. If non-syndicated, name of Dealer: Credit Suisse International.
44. Non-exempt Offer: An offer of the Notes may be made by Garantum Fondkommission AB (the “**Financial Intermediary**”) other than pursuant to Article 3(2) of the Prospectus Directive in the Kingdom of Sweden (“**Public Offer Jurisdiction**”) during the period from 21 May 2015 until 22 June 2015 (“**Offer Period**”).
- See further paragraph 6 of Part B – “*Other Information*” below.
45. Fees and Commissions: The total commission payable by the Issuer to the Dealer in respect of the issue of the Notes will not exceed 6.5% of the Aggregate Nominal Amount of the Notes issued. The Issuer will fund the payment of such commission on the Issue Date using a portion of the issue proceeds. The Dealer will use such commission payable by the Issuer to pay a corresponding commission to the Distributor.
46. Additional Selling Restrictions: **Sweden**
- Each of the Issuer, Credit Suisse International as Dealer, Garantum Fondkommission AB as Distributor, and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), as amended from time to time.

PART B – OTHER INFORMATION

1. LISTING:

Listing and admission to trading: Application has been made by the Issuer (or on its behalf) to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's regulated market with effect from the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the Stockholm Stock Exchange.

Estimate of total expenses related to admission to trading: EUR 3,000

2. RATINGS:

Ratings: The Notes will not be rated.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

Save for the fees payable to the Dealer and the Distributor, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

- | | | |
|-------|---------------------------|---|
| (i) | Reasons for the offer: | See the section entitled “ <i>Use of Proceeds</i> ” in the Base Prospectus. |
| (ii) | Estimated net proceeds: | Up to SEK 200,000,000 |
| (iii) | Estimated total expenses: | EUR 3,000 |

5. OPERATIONAL INFORMATION

ISIN Code: XS1223425577

Common Code: 122342557

Clearing system(s) and any relevant identification number(s): Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. Luxembourg.

Euroclear Sweden AB of Box 191, SE-103 23, Stockholm will also act as accountholder at Euroclear.

Delivery: Delivery free of payment.

Intended to be held in a manner which would allow Eurosystem eligibility: No.

Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes

are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

6. TERMS AND CONDITIONS OF THE OFFER

Offer Price: The Issue Price plus a subscription fee of up to 2% of such Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Swap Counterparty.

Conditions to which the offer is subject: Offers of the Notes are conditional upon their issue and the early closure of the Offer Period.

The Issuer reserves the right for any reason to close the Offer Period early.

Any early closure of the Offer will be published on the Irish Stock Exchange's website (www.ise.ie).

Description of the application process: A prospective investor should contact the Distributor during the Offer Period. The Issuer has the right to close the Offer Period early. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.

Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.

Details of the minimum and/or maximum amount of application: The minimum amount of an application in respect of the Notes is SEK 50,000. Any application in excess of SEK 50,000 must be in respect of integral multiples of SEK 10,000.

Description of possibility to reduce subscriptions: The Issuer has the right to terminate the Offer Period at any time and not proceed with the issuance.

Any early closure of the Offer will be published on the

Irish Stock Exchange's website (www.ise.ie).

Details of the method and time limits for paying up and delivering the Notes:

The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash account on or before the Issue Date or in accordance with the procedures specified by the Distributor. Allotted Notes will be delivered to a securities account of each Noteholder as soon as practicable after the Issue Date.

Manner in and date on which results of the offer are to be made public:

The precise Outstanding Principal Amount of the Notes will be published on the website of the Irish Stock Exchange (www.ise.ie) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive in each case on or around the Issue Date.

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

Not Applicable.

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:

Offers may be made by the Distributor in Sweden to any person.

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

Following the end of the Offer Period, the Distributor will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes, if any.

Dealing may not begin before notification is made.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

Taxes charged in connection with the subscription, transfer, purchase, or holding of the Notes must be paid by the Noteholders. Neither the Issuer nor the Distributor shall have any obligation in relation thereto. In this respect, prospective investors must consult professional tax advisers to determine the tax regime applicable to their own circumstances.

Subscription fees: Up to 2% of the Issue Price of the Notes, which will be charged by, and payable to, Garantum Fondkommission AB in its capacity as Distributor of the Notes. For the avoidance of doubt, neither the Issuer nor the Swap Counterparty shall be liable to pay any subscription fees.

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:

Garantum Fondkommission AB of Norrmalmstorg 16, Stockholm, Sweden (the “**Distributor**”) will be the sole Distributor in Sweden.

7. DOCUMENTS ON DISPLAY:

For so long as any Notes remain outstanding, copies of the following documents will, when published (to the extent applicable), be available in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and from the specified offices of the Issuing and Paying Agent and Registrar:

- (a) the Articles of the Company;
- (b) copies of the latest annual reports and accounts of the Issuer;
- (c) the Issue Deed relating to the Notes;
- (d) the Programme Deed (and the documents incorporated therein, including, *inter alia*, the Principal Trust Deed, the Agency Agreement, the Dealer Agreement, the Mandate Agreement and the Repurchase and Cancellation Agreement), as amended from time to time;
- (e) the confirmations of the Credit Default Swap Transaction and the Repo Transaction;
- (f) a copy of the Base Prospectus and this Prospectus, together with any other document required or permitted to be published by the Irish Stock Exchange; and
- (g) any future supplements to the Base Prospectus and this Prospectus.

The Base Prospectus has been published on the Irish Stock Exchange's website at www.ise.ie. This Prospectus together with any other document required or permitted to be published by the Irish Stock Exchange and any future supplements to this Prospectus will be published on the Irish Stock Exchange's website at www.ise.ie.

Clearing Systems

The Notes have been accepted for clearance through Euroclear.

The address for Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium.

The Notes have also been accepted for clearance through Euroclear Sweden.

Significant or Material Change

There has been no significant change in the financial or trading position of the Company and no material adverse change in the financial position or prospects of the Company since 31 December 2014, being the date of the Company's last audited financial statements.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since 11 December 2013 (being the date of incorporation of the Company) which may have or have in such period had a significant effect on the financial position or profitability of the Company.

Company Chairman

Alexandra Fantuz was appointed by the directors of the Company as the chairman of the Board on 8 August 2014.

Auditors

The approved statutory auditors (*réviseurs d'entreprises agréés*) of the Company, which were appointed by a resolution of the Board dated 2 June 2014 until the date of the meeting of the Board resolving to submit the annual accounts of the Company for the 2014 financial period, are PricewaterhouseCoopers, Société coopérative whose address is 2, rue Gerhard Mercator, L-2182 Luxembourg and who belong to the Luxembourg institute of auditors (*Instituts des réviseurs d'entreprises*). PricewaterhouseCoopers, Société cooperative, in its capacity as auditors of the Company, have no material interest in the Company.

Post-Issuance Information

The Issuer does not intend to provide any post-issuance information in relation to the Notes or Collateral.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Process Agent

Law Debenture Corporate Services Limited will be appointed as the Issuer's agent for the service of proceedings issued out of the Courts of England in respect of each of the Issue Deed, the Swap Agreement and the Global Certificates relating to the Notes.

8. CREDIT SUISSE:

Credit Suisse International acts as the **Swap Counterparty** under the Swap Agreement and the **Repo Counterparty** under the Repo Agreement.

The business of Credit Suisse International is banking and it is regulated as an EU credit institution by the Financial Conduct Authority and the Prudential Regulation Authority of England and Wales. Credit Suisse International was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was re-registered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed Credit Suisse First Boston International on 27 March 2000 and Credit Suisse International on 16 January 2006. Credit Suisse International's registered office and principal place of business is at One Cabot Square, London E14 4QJ, telephone number +44 (0)20 7888 8888. Credit Suisse International has securities admitted to trading on the Main Securities Market of the Irish Stock Exchange. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

SCHEDULE 1 TO THE ISSUE TERMS – ADDITIONAL DEFINITIONS

The following words and expressions shall be deemed to be inserted as additional definitions in the correct alphabetical order or, as the case may be, replace the existing definitions, in each case, in Master Condition 1(a) (*Definitions*):

“**Additional Repurchase Date**” has the meaning given to such term in the Repo Transaction.

“**Additional Repurchase Price**” has the meaning given to such term in the Repo Transaction.

“**Additional Payout Amount**” means, in respect of each Note, its *pro rata* share of the Original Collateral Redemption Amount (if any) receivable by the Issuer under the Original Collateral, subject to a minimum of zero.

“**Agency Agreement**” has the meaning given to it in Master Condition 1(a) (*Definitions*), as such agreement may be amended and/or restated from time to time.

“**Credit Event**” has the meaning given to such term in the Credit Default Swap Transaction.

“**Credit Event Instalment Amount**” has the meaning given to such term in paragraph 1 of Schedule 2 to these Issue Terms.

“**Credit Event Instalment Date**” means the date falling 2 Reference Business Days immediately following the relevant Partial Repurchase Date under the Repo Transaction.

“**Credit Event Observation Period End Date**” means the Reference Business Day immediately preceding 4 October 2022.

“**Early Redemption Event**” means a Liquidation Event, other than the occurrence of an Early Redemption Commencement Date owing to the occurrence of a Counterparty Bankruptcy Credit Event.

“**Eligible Securities**” means securities comprising the Repo Posted Collateral.

“**Final Redemption Amount**” means, in respect of each Note, the sum of (i) its *pro rata* share of an amount equal to the Outstanding Principal Amount as at the Credit Event Observation Period End Date and (ii) any Additional Payout Amount in respect of such Note

“**Instalment Amount**” means each Credit Event Instalment Amount and Unsettled Credit Event Instalment Amount, if any.

“**Issuer Cash Settlement Amount**” has the meaning given to such term in the Credit Default Swap Transaction.

“**Issuer Cash Settlement Date**” has the meaning given to such term in the Credit Default Swap Transaction.

“**Original Collateral Maturity Date**” has the meaning given in paragraph (i) of the definition of “Maturity Date” in the terms of the Original Collateral.

“**Original Collateral Redemption Amount**” has the meaning given to the term “Redemption Amount” in the terms of the Original Collateral.

“**Outstanding Principal Amount**” means the principal amount of the Notes outstanding from time to time, determined and reduced as such in accordance with paragraphs 4 and 10 of Part A of these Issue Terms.

“Partial Final Redemption Amount” means, in respect of each Note, the sum of (i) its *pro rata* share of an amount equal to (A) the Outstanding Principal Amount as at the Credit Event Observation Period End Date *minus* (B) if there is an Unsettled Credit Event in respect of any Reference Entity as at the Credit Event Observation Period End Date, an amount in SEK equal to the Reference Entity Notional Amount of such Reference Entity and (ii) any Additional Payout Amount in respect of such Note.

“Partial Repurchase Date” has the meaning given to such term in the Repo Transaction.

“Partial Repurchase Price” has the meaning given to such term in the Repo Transaction.

“Potential Credit Event Extension Maturity Date” means the date falling 2 Reference Business Days immediately following the Potential Credit Event Extension Termination Date of the Credit Default Swap Transaction.

“Potential Credit Event Extension Termination Date” has the meaning given to such term in the Credit Default Swap Transaction.

“Reference Entity” has the meaning given to such term in the Credit Default Swap Transaction, as the same may be adjusted from time to time in accordance with the terms of the Credit Default Swap Transaction.

“Reference Entity Notional Amount” in respect of any Reference Entity, has the meaning given to such term in the Credit Default Swap Transaction, as the same may be adjusted from time to time in accordance with the terms of the Credit Default Swap Transaction.

“Repurchase Price” has the meaning given to such term in the Repo Transaction, being an amount equal to the Outstanding Principal Amount as at the Credit Event Observation Period End Date.

“Swap Counterparty Event” means, in accordance with the terms of the Swap Agreement, the occurrence of an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty.

“Swap Termination Event” means that an Early Termination Date in respect of the Credit Default Swap Transaction has been designated or deemed to have been designated by the Issuer or the Swap Counterparty, as applicable, under the Swap Agreement for any reason other than (i) as a result of the occurrence of a Swap Counterparty Event or (ii) as a result of the occurrence of an Early Redemption Commencement Date in respect of the Notes other than pursuant to Master Condition 8(f) (*Redemption for Termination of Swap Agreement*).

“Triggered Credit Event” means the occurrence of a Credit Event on or prior to the Credit Event Observation Period End Date in respect of a Reference Entity for which the Swap Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction and an Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with the Credit Default Swap Transaction.

“Unsettled Credit Event” means:

- (a) the occurrence of a Credit Event in respect of the Reference Entity for which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has not been determined in accordance with the Credit Default Swap Transaction on or prior to the Credit Event Observation Period End Date; or
- (b) an event which, in the sole and absolute determination of the Calculation Agent under the Credit Default Swap Transaction, has occurred on or prior to the Credit Event Observation Period End Date and may be a Credit Event in respect of the Reference Entity thereunder, but which has not been confirmed as being a Credit Event or not as at the Credit Event Observation Period End Date.

“Unsettled Credit Event Instalment Amount” has the meaning given to such term in paragraph 2 of Schedule 2 to these Issue Terms.

“Unsettled Credit Event Instalment Date” means the date falling 2 Reference Business Days immediately following the relevant Additional Repurchase Date under the Repo Transaction.

SCHEDULE 2 TO THE ISSUE TERMS – AMENDMENTS TO MASTER CONDITIONS

1. **Credit Event Redemption**

On each Credit Event Instalment Date (which, for the avoidance of doubt, may occur before or after the Scheduled Maturity Date), the Notes shall be redeemed in part (or, after the Scheduled Maturity Date, potentially in whole) by payment by the Issuer of an amount in respect of each Note (the “**Credit Event Instalment Amount**”) equal to such Note’s *pro rata* share of an amount equal to (i) the Partial Repurchase Price receivable by the Issuer under the Repo Transaction on the Partial Repurchase Date to which such Credit Event Instalment Date relates; *minus* (ii) the Issuer Cash Settlement Amount payable by the Issuer under the Credit Default Swap Transaction on the Issuer Cash Settlement Date to which such Credit Event Instalment Date relates.

2. **Unsettled Credit Event Redemption**

On each Unsettled Credit Event Instalment Date (which, for the avoidance of doubt, may occur before or after the Scheduled Maturity Date), the Notes shall be redeemed in part (or, after the Scheduled Maturity Date, potentially in whole) by payment by the Issuer of an amount in respect of each Note (the “**Unsettled Credit Event Instalment Amount**”) equal to such Note’s *pro rata* share of an amount equal to the Additional Repurchase Price receivable by the Issuer under the Repo Transaction on the Additional Repurchase Date to which such Unsettled Credit Event Instalment Date relates.

3. **Early Redemption**

Notwithstanding the provisions of Master Condition 13 (*Liquidation*) if an Early Redemption Event occurs in respect of the Notes, the Disposal Agent shall (in accordance with the Agency Agreement) arrange for the Liquidation of the non-cash Collateral (and the security created pursuant to the Trust Deed over such Collateral shall automatically be released for the purposes of permitting such Liquidation). Following such Liquidation, the Notes will be redeemed at their Early Cash Redemption Amount (as defined in paragraph 27 of Part A of these Issue Terms) on the Early Redemption Date by payment of such Early Cash Redemption Amount to the Noteholders on a *pro rata* basis.

4. **Redemption for Termination of Swap Agreement and/or Repo Agreement and Swap Counterparty and Repo Counterparty Replacement Option**

For the purposes of Master Condition 8(f) (*Redemption for Termination of Swap Agreement*), the reference to Swap Counterparty Event in item (i) of the second paragraph thereof shall be deemed to be deleted and instead refer to the occurrence of a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the outstanding Credit Default Swap Transaction under the Swap Agreement.

Swap Counterparty and Repo Counterparty Replacement Option

Upon the occurrence of (i) a Counterparty Bankruptcy Credit Event; or (ii) a Repo Counterparty Event (other than a Counterparty Bankruptcy Credit Event); or (iii) the delivery of a notice of termination for tax reasons pursuant to paragraph 11 of the Repo Agreement (a “**Tax Termination Event**”); or (iv) a Swap Counterparty Event (other than a Counterparty Bankruptcy Credit Event); or (v) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transactions (a “**CDS Termination Event**”); or (vi) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty or the Repo Counterparty being withdrawn or less than Ba1 or the short term rating assigned by Moody’s to the Swap Counterparty or the Repo Counterparty being less than P-3 (any such downgrade or withdrawal, a “**Moody’s Ba1/P-3**

Downgrade” and such event, along with each of a Counterparty Bankruptcy Credit Event, a Swap Counterparty Event or Repo Counterparty Event (other than a Counterparty Bankruptcy Credit Event), a Tax Termination Event, a CDS Termination Event and a Moody’s Ba1/P-3 Downgrade each a “**Replacement Event**”), the Issuer shall not designate an Early Termination Date and shall notify the Noteholder Facilitator as soon as reasonably practicable upon becoming aware of any such occurrence. Upon receipt by the Issuer of written directions (such notice to be copied to the Trustee) (a “**Replacement Counterparty Notice**”) from Garantum Fondkommission AB (or any successor thereto) (in such capacity, the “**Noteholder Facilitator**”) requesting the Issuer to enter into a replacement Swap Agreement in respect of the Credit Default Swap Transaction (the “**Replacement Swap Agreement**”) with a replacement swap counterparty (the “**Replacement Swap Counterparty**”) designated by the Noteholder Facilitator (and, provided that, in the case of a Replacement Event that is a Moody’s Ba1/P-3 Downgrade, the Swap Counterparty has provided its prior written consent to such replacement) and a replacement Repo Agreement in respect of all Repo Transactions (the “**Replacement Repo Agreement**”) with a replacement repo counterparty being the same entity as the Replacement Swap Counterparty (the “**Replacement Repo Counterparty**”) the Issuer shall use reasonable efforts to enter into such Replacement Swap Agreement with such Replacement Swap Counterparty and such Replacement Repo Agreement with such Replacement Repo Counterparty; provided that (A) such Replacement Swap Counterparty (with the Replacement Repo Counterparty being the same entity) is a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, a long term senior, unsecured rating of Ba1 and/or a short term rating of P-3 (or their equivalent ratings, in each case, as assigned by Moody’s) as of the date the Replacement Swap Agreement and the Replacement Repo Agreement are entered into, (B) the Replacement Swap Counterparty and the Replacement Repo Counterparty must be satisfactory to the Trustee and the Issuer, (C) the price that the Replacement Swap Counterparty is willing to pay to, or receive from the existing Swap Counterparty (the “**Existing Swap Counterparty**”) is reasonably satisfactory to the Existing Swap Counterparty and the price that the Replacement Repo Counterparty is willing to pay to, or receive from the existing Repo Counterparty (the “**Existing Repo Counterparty**”) is reasonably satisfactory to the Existing Repo Counterparty, and (D) where such Replacement Counterparty Notice relates to a Replacement Event other than a Moody’s Ba1/P-3 Downgrade, such Replacement Swap Agreement and Replacement Repo Agreement are entered into within 30 calendar days of the occurrence of the relevant Replacement Event (and provided such Replacement Event is still continuing at such time) (such period, the “**Replacement Period**”).

If the relevant Replacement Swap Agreement or Replacement Repo Agreement is not entered into following a Replacement Event other than a Moody’s Ba1/P-3 Downgrade within the Replacement Period (including where, in such circumstances, no Replacement Counterparty Notice is delivered by the Noteholder Facilitator), the Swap Agreement and the Repo Agreement shall automatically terminate and, if a Swap Termination Event or a Repo Termination Event has occurred and no Early Redemption Commencement Date or Early Redemption Event has occurred pursuant to any other applicable Condition, the Issuer shall, as soon as is practicable (or, in any case, within 2 Reference Business Days after the end of the Replacement Period), give an Early Redemption Notice to the Noteholders (the date on which such Early Redemption Notice is deemed to have been given shall be an “**Early Redemption Commencement Date**”).

Following the delivery of such Early Redemption Notice, each Note shall become due and payable on the Early Redemption Date. In connection with such redemption of each Note on the Early Redemption Date, the Disposal Agent shall (in accordance with the Agency Agreement) arrange for, and administer the sale of (a) the Original Collateral and (b) any Eligible Securities delivered by the Repo Counterparty to the Issuer under the Repo Agreement (and the security created pursuant to the Trust Deed over such Eligible Securities (if any) shall automatically be released for purposes of permitting such sale). The Notes will be redeemed at their applicable Early Cash Redemption Amount (as defined in paragraph 27 of Part A of these Issue Terms) on the relevant Early Redemption Date by payment of such Early Cash Redemption Amount to the Noteholders on a *pro rata* basis.

Any Replacement Swap Agreement or Replacement Repo Agreement shall be entered into on identical terms as the Swap Agreement (including the Credit Default Swap Transaction) or the Repo Agreement (including the Repo Transaction thereunder), as applicable, save for such terms as the Issuer and the Replacement Swap Counterparty or the Replacement Repo Counterparty, as applicable, acting in good faith, determine are necessary to reflect the replacement of the Existing Swap Counterparty with the Replacement Swap Counterparty or the Existing Repo Counterparty with the Replacement Repo Counterparty.

On the entry into of the Replacement Swap Agreement and the Replacement Repo Agreement, the Swap Agreement with the Existing Swap Counterparty and the Repo Agreement with the Existing Repo Counterparty shall to the extent of the relevant replacement terminate immediately and:

- (i) the amount (if any) due to the Existing Swap Counterparty or the Existing Repo Counterparty from the Issuer upon termination of the Swap Agreement or the Repo Agreement shall be funded out of the amount paid to it by the Replacement Swap Counterparty or the Replacement Repo Counterparty, as applicable, and the Existing Swap Counterparty or the Existing Repo Counterparty, as applicable, shall have no further claims against the Issuer or any other party in respect of such amounts; and
- (ii) the amount (if any) due to the Issuer from the Replacement Swap Counterparty or the Replacement Repo Counterparty upon the entry into of the Replacement Swap Agreement or the Replacement Repo Agreement shall be increased (or, as the case may be, the amount due from the Issuer to the Replacement Swap Counterparty or the Replacement Repo Counterparty shall be reduced) by an amount equal to any fees, costs and/or expenses incurred by the Issuer and/or the Trustee in relation to the appointment of the Replacement Swap Counterparty or the Replacement Repo Counterparty and any Replacement Agents appointed pursuant to paragraph 5 of this Schedule 2 to these Issue Terms below.

Following the entry into of a Replacement Swap Agreement and a Replacement Repo Agreement, all references to the Replacement Swap Counterparty or the Replacement Repo Counterparty shall be deemed to be the Swap Counterparty or Repo Counterparty, as applicable, for the purposes of these Issue Terms and any other documentation relating to the Notes. Accordingly, more than one Replacement Event may occur.

For the avoidance of doubt, and notwithstanding any other provisions of the Issue Deed, Principal Trust Deed or any other document relating to the Notes, no Swap Termination Event shall occur for the purposes of Master Condition 8(f) (*Redemption for Termination of Swap Agreement*) as a result of the termination of the Swap Agreement and entry into the Replacement Swap Agreement in accordance with the foregoing and no Repo Termination Event shall occur for the purposes of Master Condition 8(u) (*Redemption for Termination of Repo Agreement*) as a result of the termination of the Repo Agreement and entry into the Replacement Repo Agreement in accordance with the foregoing, and the consent of the Noteholders will not be sought or be required in connection with a Replacement Event in accordance with the foregoing nor for any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes that the Noteholder Facilitator certifies in writing to the Trustee are consequential to and necessary in connection with the entry into of such Replacement Swap Agreement and/or Replacement Repo Agreement (upon which certificate the Trustee shall be entitled to rely on absolutely without incurring any liability to any person for so doing (even though such certificate may later be found to have been invalidly given)). None of the Issuer, the Trustee, the Swap Counterparty, the Repo Counterparty, the Noteholder Facilitator, the Calculation Agent, the Disposal Agent, the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent, the Dealer, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with any Replacement Event and/or any entry into of a Replacement Swap Agreement or Replacement Repo Agreement or in respect of any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes which the Noteholder Facilitator has certified in writing to the Trustee are consequential and necessary in connection with the entry into

of such Replacement Swap Agreement or Replacement Repo Agreement and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting from a Replacement Event and/or any entry into of a Replacement Swap Agreement or Replacement Repo Agreement.

5. **Agent Replacement Option**

Concurrently with the appointment of a Replacement Swap Counterparty and Replacement Repo Counterparty and entry into of a Replacement Swap Agreement and Replacement Repo Agreement pursuant to paragraph 4 of this Schedule 2 to these Issue Terms above, but only where both the Swap Agreement with the Existing Swap Counterparty and the Repo Agreement with the Existing Repo Counterparty have been terminated in full, the Issuer undertakes, upon receipt of written directions from the Noteholder Facilitator requesting the Issuer to replace the existing Calculation Agent and/or Disposal Agent (a **“Replacement Agent Notice”**), to use reasonable efforts to appoint a replacement calculation agent (the **“Replacement Calculation Agent”**) and replacement disposal agent (the **“Replacement Disposal Agent”**), and together with the Replacement Calculation Agent, the **“Replacement Agents”**) designated by the Noteholder Facilitator, provided that (i) in the case of a Replacement Calculation Agent, is a reputable financial institution with a place of business in London which provides calculation agency services as part of its ongoing business activities and (ii) in the case of a Replacement Disposal Agent, is a reputable financial institution with a place of business in London which customarily sells securities in the market as part of its ongoing business activities, and in each case, are satisfactory to the Issuer, the Trustee and the Replacement Swap Counterparty. Upon receipt of such Replacement Agent Notice, the Issuer shall make reasonable efforts to effect such replacement on, or as soon as practicable following, the entry into of the Replacement Swap Agreement and Replacement Repo Agreement. The costs of appointment of the Replacement Agents shall be borne jointly and severally by the Replacement Swap Counterparty and Replacement Repo Counterparty.

Following the appointment of any Replacement Agent, all references to the Calculation Agent and/or Disposal Agent, as applicable, shall be deemed to be references to the Replacement Agent for the purposes of these Issue Terms and any other documentation relating to the Notes. Accordingly, the Calculation Agent and/or Disposal Agent may be replaced more than once.

For the avoidance of doubt, and notwithstanding Master Condition 11 (*Agents*) or any other provisions of the Issue Deed, Principal Trust Deed or any other document relating to the Notes, the consent of the Noteholders will not be sought or be required in connection with the appointment of any Replacement Agents in accordance with the foregoing nor for any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes that the Noteholder Facilitator certifies in writing to the Trustee are consequential to and necessary in connection with the appointment of such Replacement Agents upon which certificate the Trustee shall be entitled to rely absolutely without incurring any liability to any person for so doing (even though such certificate may later be found to have been invalidly given). None of the Issuer, the Trustee, the Swap Counterparty, the Repo Counterparty, the Noteholder Facilitator, the Calculation Agent, the Disposal Agent, the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent, the Dealer, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with the appointment of any Replacement Agent or in connection with any amendment which may be made to the Master Conditions insofar as the proposed amendments relate to this Series only or these Issuer Terms and any other documentation relating to the Notes which the Noteholder Facilitator has certified in writing to the Trustee are consequential to and necessary in connection with the entry into of the Replacement Swap Agreement in accordance with the foregoing and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting from any such appointment of a Replacement Agent.

6. **Amendment of Master Condition 1 (*Definitions and interpretation*)**

- 6.1 The definition of “Actual Currency Proceeds” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:

“**Actual Currency Proceeds**” means the Available Proceeds as of the Early Valuation Date but excluding any amount paid by the Swap Counterparty to the Issuer as a result of the termination of all outstanding Swap Transactions under the Swap Agreement relating to the Notes and/or any amount paid by the Repo Counterparty to the Issuer as a result of the termination of all outstanding Repo Transactions under the Repo Agreement relating to the Notes) provided that if any Collateral has not been Liquidated by the Early Valuation Date then the Actual Currency Proceeds in respect of such Collateral not then Liquidated shall be deemed to be the fair bid-side market value of such Collateral as of the Early Valuation Date (as determined by the Calculation Agent) net of any taxes, costs or charges that would be incurred on the sale of the Collateral.”

- 6.2 The definition of “Available Proceeds” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:

“**Available Proceeds**” means, with respect to a Liquidation Event or Enforcement Event and as of a particular day:

- (i) all cash sums derived from any Liquidation of the Collateral for the Notes, any amount paid by the Swap Counterparty to the Issuer as a result of the termination of all outstanding Swap Transactions under the Swap Agreement relating to the Notes, any amount paid by the Repo Counterparty to the Issuer as a result of the termination of all outstanding Repo Transactions under the Repo Agreement, any amounts realised by the Trustee on enforcement of the Security and all other cash sums available to the Issuer or the Trustee, as the case may be, derived from the Mortgaged Property for such Series; less
- (ii) any cash sums which have already been applied by or on behalf of the Issuer pursuant to Condition 15(a) on any Issuer Application Date or by the Trustee pursuant to Condition 15(b) on any Trustee Application Date, as the case may be.”

- 6.3 Sub-paragraph (iii) of the definition of “Calculation Agent Bankruptcy Event” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:

“(iii) the Calculation Agent is an Affiliate of the Swap Counterparty or the Repo Counterparty and a Counterparty Bankruptcy Credit Event has occurred with respect to such Swap Counterparty or Repo Counterparty, as the case may be.”

- 6.4 The definition of “Collateral” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:

“**Collateral**” means, in connection with the issue of the Notes, the Issuer’s rights, title and/or interests in and to:

- (i) the Original Collateral;
- (ii) from time to time, any Repo Posted Collateral held by the Issuer; and
- (iii) any other securities, cash or other assets or property transferred or delivered to the Issuer pursuant to the Repo Agreement.”

- 6.5 The definition of “Counterparty Bankruptcy Credit Event” in Master Condition 1 (*Definitions and interpretation*) shall be amended by deleting each instance of “the Swap Counterparty” and replacing such with “the Swap Counterparty and/or the Repo Counterparty”.
- 6.6 Sub-paragraph (iii) of the definition of “Disposal Agent Bankruptcy Event” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:
- “(iii) the Disposal Agent is an Affiliate of the Swap Counterparty or the Repo Counterparty and a Counterparty Bankruptcy Credit Event has occurred with respect to such Swap Counterparty or Repo Counterparty, as the case may be.”
- 6.7 The definition of “Early Termination Date” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:
- ““**Early Termination Date**” has the meaning given to it in the Swap Agreement and/or the Repo Agreement, as applicable.”
- 6.8 The following sub-paragraph (iv) shall be added to the definition of “**Enforcement Event**” in Master Condition 1 (*Definitions and interpretation*):
- “(iv) following payment in full by the Issuer of any amount that has become due and payable and/or deliverable, as the case may be, to the Noteholders and the Couponholders (whether before or after the Maturity Date), the failure by the Issuer to pay any amount due and payable or deliver any securities deliverable to the Repo Counterparty on the relevant due date for payment (or delivery) under the Repo Agreement.”
- 6.9 The definition of “Issuer Application Date” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:
- ““**Issuer Application Date**” means each of:
- (i) where no Physical Redemption Amount is payable in respect of any Notes, the Early Redemption Date or Relevant Payment Date, as applicable or, if later, the fifth Reference Business Day after the earliest date on which the amount owing to or from the Swap Counterparty under the Swap Agreement, the amount owing to or from the Repo Counterparty under the Repo Agreement and the Early Redemption Amount, the Final Redemption Amount and any interest or Instalment Amount that has become due and payable on the Maturity Date in respect of the Series, as applicable, have been determined pursuant to the Conditions and/or the terms of the relevant Transaction Document(s), as applicable and, to the extent not all the Collateral has been Liquidated in full or the cash proceeds of such Liquidation have not been received by or on behalf of the Issuer by such time, each day that is five Reference Business Days following receipt by the Issuer of additional proceeds resulting from the related Liquidation; and
 - (ii) in respect of each sum received by the Issuer from the Mortgaged Property that has not already been applied on the Initial Issuer Application Date, the date falling five Reference Business Days following receipt by the Issuer of such sum.”
- 6.10 The definition of “Liquidation Commencement Date” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:
- ““**Liquidation Commencement Date**” means the later of (i) the day on which the Disposal Agent receives a Liquidation Commencement Notice and (ii) where the Repo Agreement requires the Issuer to deliver any securities equivalent to any non-cash Collateral to the Repo Counterparty upon termination thereof, the date on which the Issuer transfers such equivalent securities to the Repo Counterparty.”

- 6.11 The definition of “Liquidation Commencement Notice” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:
- “**Liquidation Commencement Notice**” means a notice from the Issuer in writing to the Disposal Agent, the Custodian and the Trustee of the occurrence of a Liquidation Event. Any Early Redemption Notice and/or Swap Termination Notice and/or Repo Termination Notice given or copied to the Disposal Agent shall constitute a Liquidation Commencement Notice.”
- 6.12 The following sub-paragraph (iv) shall be added to the definition of “**Mortgaged Property**” in Master Condition 1 (*Definitions and interpretation*) and sub-paragraphs (iv) and (v) shall be renumbered accordingly:
- “(iv) the rights and interest of the Issuer in and under the Repo Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from any such Repo Agreement;”
- 6.13 The following definitions shall be inserted into Master Condition 1 (*Definitions and interpretation*):
- “**Repo Agreement**” means the agreement entered into between the Issuer and Credit Suisse International by execution of the Issue Deed and which is in the form of the Global Master Repurchase Agreement (2011 Version) and the Annexes thereto, together with all confirmations documenting the Repo Transactions entered into thereunder in respect of the Notes.
- “**Repo Counterparty**” means Credit Suisse International as at the Issue Date.
- “**Repo Counterparty Event**” means, in accordance with the terms of the Repo Agreement, the occurrence of an Event of Default (as defined in the Repo Agreement) with respect to the Repo Counterparty.
- “**Repo Posted Collateral**” means securities, cash or other assets or property transferred by the Repo Counterparty to the Issuer pursuant to the Repo Agreement.
- “**Repo Termination Event**” means that an Early Termination Date in respect of all outstanding Repo Transactions has been designated or deemed to have been designated by the Issuer or a Repo Counterparty, as applicable, under the Repo Agreement for any reason other than (i) as a result of the occurrence of a Repo Counterparty Event or (ii) as a result of the occurrence of an Early Redemption Commencement Date in respect of the Notes other than pursuant to Condition 8(g) (*Redemption for Termination of Repo Agreement*).
- “**Repo Termination Notice**” means a notice of termination given under the Repo Agreement by the Issuer or the Repo Counterparty, as the case may be, in connection with which an Early Termination Date is designated or is deemed to have been designated in respect of all outstanding Repo Transactions thereunder.
- “**Repo Transaction**” means a repurchase transaction entered into between the Issuer and the Repo Counterparty in relation to the Notes.”
- 6.14 The definition of “Secured Payment Obligations” in Master Condition 1 (*Definitions and interpretation*) shall be amended by inserting the words “, the Repo Agreement” after the words “the Swap Agreement” and before the words “and each Note”.
- 6.15 The definition of “Termination Payment” in Master Condition 1 (*Definitions and interpretation*) shall be deleted in its entirety and replaced with the following:

““**Termination Payment**” means: (i) in the case of the Swap Agreement, any Early Termination Amount (as defined in the Swap Agreement) due under the Swap Agreement; and (ii) in the case of the Repo Agreement the balance determined pursuant to paragraph 10(d) thereof.”

6.16 The Repo Agreement is designated as a Transaction Document.

7. **Amendment of Master Condition 4(b) (Collateral)**

Master Condition 4(b) (*Collateral*) shall be deleted in its entirety and replaced with the following:

“(b) **Collateral**

In connection with the issue of the Notes, the Issuer may acquire rights, title and/or interests in and to the Collateral. In addition or in the alternative to its acquisition of rights, title and/or interests in and to the Collateral, the Issuer may enter into a Swap Agreement with respect to the Notes as specified in the applicable Issue Terms relating to the Notes and/or may enter into a Repo Agreement as specified in the applicable Issue Terms relating to the Notes.”

8. **Amendment of Master Condition 5 (Security)**

8.1 The following sub-paragraph (V) shall be added to Master Condition 5(a)(ii) and the remaining sub-paragraphs (V) to (VIII) shall be renumbered accordingly:

“(V) an assignment by way of security of the Issuer’s rights, title and interest under the Repo Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Repo Agreement);”.

8.2 Sub-paragraph (VII) (renumbered to sub-paragraph (VIII) of Master Condition 5(a)(ii) shall be deleted in its entirety and replaced with the following:

“(VIII) a first fixed charge over (A) all sums held by the Issuing and Paying Agent to meet payments due in respect of any Secured Payment Obligation and (B) any sums received by the Issuing and Paying Agent under the Swap Agreement and/or the Repo Agreement.”

8.3 The following Master Condition 5(f) (*Repo Agreement*) shall be added to Master Condition 5 (*Security*):

“(f) **Repo Agreement**

The Issuer will enter into a Repo Agreement with the Repo Counterparty pursuant to which the Issuer shall, if required in accordance with the terms of the Repo Agreement, transfer some or all of the Collateral to the Repo Counterparty. The Repo Counterparty may also, if required in accordance with the terms of the Repo Agreement, transfer to the Issuer from time to time Repo Posted Collateral. Collateral transferred by the Issuer pursuant to the Repo Agreement will be deemed to be released by the Trustee from the Security described in Master Condition 5(a) (*Security*) immediately prior to the delivery or transfer of such Collateral by or on behalf of the Issuer to the Repo Counterparty.”

9. **Amendment of Master Condition 6 (Restrictions)**

9.1 The first sentence of Master Condition 6 (*Restrictions*) shall be amended by inserting the words “and the Repo Counterparty” after the words “and the Swap Counterparty”.

9.2 Master Condition 6(c) shall be deleted in its entirety and replaced with the following:

“(c) cause or permit the Swap Agreement or the Repo Agreement or the priority of the Security created by the Trust Deed or any other Security Document to be amended, terminated or discharged;”.

9.3 Master Condition 6(d) shall be deleted in its entirety and replaced with the following:

“(d) release any party to the Swap Agreement, the Repo Agreement, the Principal Trust Deed, the Issue Deed or any other Security Document from any existing obligations thereunder;”.

9.4 Master Condition 6(f) shall be deleted in its entirety and replaced with the following:

“(f) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of the Swap Agreement, the Repo Agreement, the Conditions, the Principal Trust Deed, the Issue Deed, any other Security Document or any other Transaction Document;”.

10. **Amendment of Master Condition 8 (*Redemption and Purchase*)**

10.1 The following Master Condition 8(u) (*Redemption for Termination of Repo Agreement*) shall be added to Master Condition 8 (*Redemption and Purchase*):

“(u) **Redemption for Termination of Repo Agreement**

The Issuer shall, as soon as is practicable after becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Repo Termination Event (or, in any case, within 2 Reference Business Days thereof), give an Early Redemption Notice to the Noteholders and each Note in respect of which no Early Redemption Commencement Date or Early Redemption Date has previously occurred pursuant to any other Condition, shall become due and payable on the Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon). The date on which such Early Redemption Notice is deemed to have been given shall be an “Early Redemption Commencement Date”.

If, prior to the Maturity Date:

- (i) pursuant to the terms of the Repo Agreement the Issuer becomes aware that it is able to designate an Early Termination Date in respect of all outstanding Repo Transactions under the Repo Agreement pursuant to the occurrence of a Repo Counterparty Event and such right is then continuing;
- (ii) no Early Termination Date has already been designated or occurred in respect of all outstanding Repo Transactions under the Repo Agreement; and
- (iii) no Early Redemption Commencement Date or Early Redemption Date has occurred under any other Condition in respect of all Notes outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Master Conditions),

the Issuer shall, as soon as is practicable after becoming aware of the same, notify the Noteholders in accordance with Master Condition 22 (Notices) and the Trustee in writing of the same. Following delivery of such notice from the Issuer, the Trustee shall, if directed by an Extraordinary Resolution and provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction and that no further Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition, give notice to the Issuer that the Issuer is to designate an Early Termination Date in respect of all outstanding Repo Transactions under the Repo Agreement.

Subject to the Issuer still having such designation right, the Issuer shall, as soon as reasonably practicable, designate an Early Termination Date in respect of all outstanding Repo Transactions under the Repo Agreement and shall then notify the Noteholders in accordance with Master Condition 22 (Notices) and the Trustee in writing of the same. Such notice shall constitute an Early Redemption Notice for purposes of the first paragraph of this Master Condition 8(u).

For the avoidance of doubt, none of the Issuer, the Trustee or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Repo Termination Event or Repo Counterparty Event has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee and/or the Calculation Agent of the occurrence of a Repo Termination Event or Repo Counterparty Event, the Trustee and/or Calculation Agent, as the case may be, shall be entitled to rely conclusively on such notice without further investigation.”

- 10.2 Sub-paragraph (i) of Master Condition 8(k) (*Redemption of all Classes Following the Occurrence of an Event of Default*) is deleted in its entirety and replaced with the following:

“(i) default is made for more than 14 days in the payment of any interest or Instalment Amount in respect of any Notes forming part of the Series, other than any interest or Instalment Amount due and payable on the Maturity Date, and other than where any such default occurs as a result of a Collateral Event, a Note Tax Event, an Original Collateral Tax Event, a Swap Termination Event, a Swap Counterparty Event, a Counterparty Bankruptcy Credit Event, a Repo Termination Event or a Repo Counterparty Event.”

11. **Amendment to Master Condition 9 (*Calculations and Determinations, Rounding and Business Day Convention*)**

The final sentence of Master Condition 9(a) is deleted in its entirety and replaced with the following:

“If the Calculation Agent at any time does not make any determination or calculation or take any action that it is required to do pursuant to the Conditions, it shall forthwith notify the Issuer, the Trustee, the Issuing and Paying Agent, Swap Counterparty and/or the Repo Counterparty.”

12. **Amendment to Master Condition 11 (*Agents*)**

- 12.1 Sub-paragraphs (i) and (ii) of Master Condition 11(b) (*Calculation Agent Appointment, Termination and Replacement*) shall be deleted in their entirety and replaced with the following:

“(i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior approval of the Trustee and, provided no Counterparty Bankruptcy Credit Event in relation to the Swap Counterparty or Swap Counterparty Event has occurred, of the Swap Counterparty and, provided no Counterparty Bankruptcy Credit Event in relation to the Repo Counterparty or Repo Counterparty Event has occurred, of the Repo Counterparty to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market that is most closely connected with the calculation(s) and/or determination(s) to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed; or

(ii) if a Counterparty Bankruptcy Credit Event, Swap Counterparty Event or Repo Counterparty Event has occurred, and if the Issuer has been directed by an Extraordinary Resolution that the Issuer appoint a replacement Calculation Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are

substantially the same as the terms on which the outgoing Calculation Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Calculation Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as calculation agent in respect of the Notes.”

12.2 Sub-paragraphs (i) and (ii) of Master Condition 11(c) (*Disposal Agent Appointment, Termination and Replacement*) shall be deleted in their entirety and replaced with the following:

- “(i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior written approval of the Trustee and, provided no Counterparty Bankruptcy Credit Event has occurred in relation to the Swap Counterparty, or Swap Counterparty Event has occurred, of the Swap Counterparty and, provided no Counterparty Bankruptcy Credit Event in relation to the Repo Counterparty or Repo Counterparty Event has occurred, of the Repo Counterparty to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market to act as such in its place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed; or
- (ii) if a Counterparty Bankruptcy Credit Event, Swap Counterparty Event or Repo Counterparty Event has occurred, and if the Issuer has been directed by an Extraordinary Resolution resolving that the Issuer appoint a replacement Disposal Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Disposal Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use its reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as Disposal Agent in respect of the Notes,”.

13. **Amendment to Master Condition 13 (*Liquidation*)**

13.1 Master Condition 13(b) (*Liquidation Process*) shall be amended by deleting the sentence beginning “The Disposal Agent shall not be liable” and replacing it with the following:

“The Disposal Agent shall not be liable to the Issuer, the Trustee, the Swap Counterparty, the Repo Counterparty, the Noteholders, the Couponholders, holders of Receipts or any other person merely because a larger amount could have been received had any such Liquidation been delayed or had the Disposal Agent selected a different method of Liquidating any such Collateral or Affected Class Collateral, as applicable.”

13.2 Master Condition 13(l) (*Sales to Affiliates*) shall be deleted in its entirety and replaced with the following:

“In effecting any Liquidation, the Disposal Agent may sell any Collateral to Affiliates of itself or Affiliates of the Swap Counterparty or Repo Counterparty provided that the Disposal Agent sells at a price that it reasonably believes to be a fair market price.”

14. **Amendment to Master Condition 14(a) (*Trustee to Enforce Security*)**

Master Condition 14(a) (*Trustee to Enforce Security*) shall be amended by inserting the words “and/or the Repo Counterparty (whichever shall be the first to so request or direct, as the case may be)” after the words “directed in writing by the Swap Counterparty”.

15. **Amendment to Master Condition 15 (*Application of Available Proceeds or Affected Class Collateral Proceeds*)**

15.1 Master Condition 15(a) (*Application of Available Proceeds or Affected Class Collateral Proceeds of Liquidation*) shall be deleted in its entirety and replaced with the following:

“(a) **Application of Available Proceeds or Affected Class Collateral Proceeds of Liquidation**

The Issuer shall, on each Issuer Application Date, apply the Available Proceeds or the Affected Class Collateral Proceeds, as applicable, as they stand on such date as follows:

- (i) first, where immediately prior to the associated termination of the Repo Agreement, the Issuer’s Net Margin (if any, as defined in the Repo Agreement) was greater than zero, an amount (as determined by the party responsible for determining such amounts under the Repo Agreement and such amount being a “**Repo Return Amount**”) equal to the lesser of (A) the Available Proceeds or Affected Class Collateral Proceeds, as applicable (B) the value of the Issuer’s Net Margin (or the relevant portion thereof where not all outstanding Classes, if applicable, are redeeming) that was used in determining the Termination Payment payable under the Repo Agreement and (C) the value of the net amounts owing to the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, if any, which shall be deemed to be zero if no such amounts are owing (the excess of the value defined in (C) above the value defined in (B), if any, the “**Remaining Counterparty Claim Amount**”) shall be paid to the Repo Counterparty on behalf of the Swap Counterparty and the Repo Counterparty;
- (ii) secondly, in payment or satisfaction of the Issuer’s share of any taxes owing by the Company;
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees and the Trustee’s remuneration);
- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Mortgaged Property, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;
- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of:
 - (1) any amounts owing to the Swap Counterparty under the Swap Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(a)(i), shall be, in aggregate with any amount paid in accordance with Master Condition 15(a)(vi)(2) below, limited to the Remaining Counterparty Claim Amount), provided that where:

- (x) the Swap Agreement (or any relevant Swap Transactions thereunder) has not been subject to a designation or occurrence of an Early Termination Date; and
- (y) in addition to amounts owing to the Swap Counterparty under the Swap Agreement there are also amounts that are owed by the Swap Counterparty under the Swap Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Swap Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Swap Counterparty under this limb and no payment to any person ranking junior to the Swap Counterparty under this Master Condition 15(a) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined; and

- (2) any amounts owing to the Repo Counterparty under the Repo Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(a)(i), shall be, in aggregate with any amount paid in accordance with Master Condition 15(a)(vi)(1) above, limited to the Remaining Counterparty Claim Amount), provided that where:

- (x) the Repo Agreement (or any relevant Repo Transaction thereunder) has not been subject to a designation or occurrence of an Early Termination Date; and
- (y) in addition to amounts owing to the Repo Counterparty under the Repo Agreement there are also amounts that are owed by the Repo Counterparty under the Repo Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Repo Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Repo Counterparty under this limb and no payment to any person ranking junior to the Repo Counterparty under this Master Condition 15(a) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined;

- (vii) seventhly, in payment or satisfaction of the Issuer's share of Corporate Services Provider Fees owing by the Company;
- (viii) eighthly, *pari passu* in payment of (I) any Early Redemption Amount then due and payable, (II) any Final Redemption Amount then due and payable and/or (III) any interest or Instalment Amount that became due and payable on the Maturity Date and that remains due and payable, as applicable, and, in each case, any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the holders of Notes; and
- (ix) ninthly, in payment rateably of the Residual Amount to the holders of Notes,

save that no such application shall be made at any time following an Enforcement Notice having been effectively delivered by the Trustee following the occurrence of an Enforcement Event.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

Notwithstanding the above, if, upon a Counterparty Bankruptcy Credit Event, the Swap Counterparty or the Repo Counterparty (as the case may be) or any of their respective agents or representatives has indicated that it disagrees with any calculations or determinations made in respect of the Swap Agreement or the Repo Agreement (as the case may be) or the Issuer has reasonable grounds for anticipating that there will be such a disagreement (and, for this purpose, the mere fact that a Counterparty Bankruptcy Credit Event has occurred or that the Swap Counterparty or the Repo Counterparty (as applicable) is subject to an insolvency or analogous event shall not, of itself, constitute reasonable grounds), the Issuer may prior to any payment made under this Master Condition 15(a): (i) require to be indemnified and/or secured and/or pre-funded to its satisfaction in respect of any payment that might be required to be made to the Swap Counterparty or the Repo Counterparty (as applicable) should the relevant determination or determinations be found or agreed to be incorrect, and/or (ii) make such retention as seems reasonable to it in order to provide for any payments that might be required to be made by or on behalf of the Issuer should the relevant calculations or determinations be found or agreed to be incorrect.

If, following the Initial Issuer Application Date, the Issuer receives any sum from the Mortgaged Property, the Issuer shall send a notice to the Trustee, the Issuing and Paying Agent, the Disposal Agent (where there is one), the Swap Counterparty and the Repo Counterparty of the same as soon as is reasonably practicable upon receiving any such sum.”

- 15.2 Master Condition 15(b) (*Application of Available Proceeds of Enforcement of Security*) shall be deleted in its entirety and replaced with the following:

“(b) **Application of Available Proceeds of Enforcement of Security**

Subject to and in accordance with the terms of the Security Documents, with effect from the date on which any valid Enforcement Notice is effectively delivered by the Trustee following the occurrence of an Enforcement Event, the Trustee will hold the Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Trustee Application Date as follows:

- (i) first, where immediately prior to the associated termination of the Repo Agreement, the Issuer’s Net Margin (if any, as defined in the Repo Agreement) was greater than zero, an amount (as determined by the party responsible for determining such amounts under the Repo Agreement and such amount being a “**Repo Return Amount**”) equal to the lesser of (A) the Available Proceeds (B) the value of the Issuer’s Net Margin that was used in determining the Termination Payment payable under the Repo Agreement and (C) the value of the net amounts owing to the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, if any, which shall be deemed to be zero if no such amounts are owing (the excess of the value defined in (C) above the value defined in (B), if any, the “**Remaining Counterparty Claim Amount**”) shall be paid to the Repo Counterparty on behalf of the Swap Counterparty and the Repo Counterparty;
- (ii) secondly, in payment or satisfaction of the Issuer’s share of any taxes owing by the Company;
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee or any receiver in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Security and the Trustee’s remuneration);

- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Collateral, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;
- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of:

- (1) any amounts owing to the Swap Counterparty under the Swap Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(b)(i), shall be, in aggregate with any amount paid in accordance with Master Condition 15(b)(vi)(2) below, limited to the Remaining Counterparty Claim Amount), provided that where:

- (x) the Swap Agreement has not been subject to a designation or occurrence of an Early Termination Date; and

- (y) in addition to amounts owing to the Swap Counterparty under the Swap Agreement there are also amounts that are owed by the Swap Counterparty under the Swap Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Swap Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Swap Counterparty under this limb and no payment to any person ranking junior to the Swap Counterparty under this Master Condition 15(b) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined; and

- (2) any amounts owing to the Repo Counterparty under the Repo Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(b)(i), shall be, in aggregate with the amount paid in accordance with Master Condition 15(b)(vi)(1) above, limited to the Remaining Counterparty Claim Amount), provided that where:

- (x) the Repo Agreement (or any relevant Repo Transaction thereunder) has not been subject to a designation or occurrence of an Early Termination Date; and

- (y) in addition to amounts owing to the Repo Counterparty under the Repo Agreement there are also amounts that are owed by the Repo Counterparty under the Repo Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Repo Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Repo Counterparty under this limb and no payment to any person ranking junior to the Repo Counterparty under this

Master Condition 15(b) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined;

- (vii) seventhly, in payment or satisfaction of the Issuer's share of Corporate Services Provider Fees owing by the Company;
- (viii) eighthly, *pari passu* in payment of (I) any Early Redemption Amount then due and payable, (II) any Final Redemption Amount then due and payable and/or (III) any interest or Instalment Amount that became due and payable on the Maturity Date and that remains due and payable, as applicable, and, in each case, any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the holders of Notes; and
- (ix) ninthly, in payment rateably of the Residual Amount to the holders of Notes.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

If the amount of moneys available to the Trustee for payment in respect of the Notes under this Master Condition 15(b) at any time following delivery by the Trustee of an Enforcement Notice in accordance with the Conditions, other than where the Mortgaged Property has been exhausted, amount to less than 10 per cent. of the nominal amount of the Notes then outstanding, the Trustee shall not be obliged to make any payments under this Master Condition 15(b) and shall, place such amounts on deposit as provided in paragraph (c) below and shall retain such amounts and accumulate the resulting income until the amounts and the accumulations, together with any other funds for the time being under the Trustee's control and available for such payment, amount to at least 10 per cent. of the nominal amount of the Notes then outstanding and then such amounts and accumulations (after deduction of, or provision for, any applicable taxes and negative interest) shall be applied as specified in this Master Condition 15(b)."

- 15.3 Master Condition 15(e) (*Foreign Exchange Conversion*) shall be deleted in its entirety and replaced with the following:

"(e) Foreign Exchange Conversion

To the extent that any proceeds payable to any party pursuant to this Master Condition 15 are not in the Specified Currency, then such proceeds shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Disposal Agent (prior to the Trustee enforcing the Security pursuant to the Security Documents and as described in Master Condition 14 (Enforcement of Security)) or the Trustee (following the Trustee enforcing the Security pursuant to the Security Documents and as described in Master Condition 14 (Enforcement of Security)), but having regard to current rates of exchange, if available. Any rate, method and date so specified shall be binding on the Issuer, the Noteholders, the Couponholders, the Swap Counterparty, the Repo Counterparty and the Custodian.

(f) Non-Payment under Swap Agreement and/or Repo Agreement after Maturity

If, on or after the day falling five Reference Business Days after the Maturity Date of the Notes (such fifth Reference Business Day, the "**Maturity Cut-off Date**"):

- (i) there are amounts that have become payable under the Swap Agreement by the Swap Counterparty and/or under the Repo Agreement by the Repo Counterparty and which remain unpaid as at the Maturity Cut-off Date or there are obligations that were required to be settled by delivery from the Swap Counterparty and/or the Repo

Counterparty to the Issuer on or prior to the Maturity Date and which have not been so settled as at the Maturity Cut-off Date;

- (ii) no Early Termination Date has already been designated or occurred under the Swap Agreement and/or the Repo Agreement; and
- (iii) no Early Redemption Commencement Date or Early Redemption Date has occurred under any other Condition,

then the Issuer shall, as soon as is practicable after becoming aware of the same, notify the Noteholders in accordance with Master Condition 22 (Notices) and the Trustee in writing of the same. Following delivery of such notice from the Issuer, the Issuer shall, if directed by an Extraordinary Resolution, exercise its right to designate an Early Termination Date in respect of all outstanding Swap Transactions under the Swap Agreement and/or all outstanding Repo Transactions under the Repo Agreement.”

16. **Amendment to Master Condition 19 (*Meetings of Noteholders, Modification, Waiver and Substitution*)**

- 16.1 Master Condition 19(b) (*Modification of the Conditions and/or any Transaction Document*) shall be deleted in its entirety and replaced with the following:

“(b) **Modification of the Conditions and/or any Transaction Document**

The Trustee (i) shall agree, without the consent of the Noteholders or the Couponholders, to any modification of any of the Conditions or any of the provisions of the Transaction Documents that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error and (ii) may agree, without the consent of the Noteholders or the Couponholders, to any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the Conditions or any of the provisions of the Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. To the extent that any Agent is appointed or replaced pursuant to Master Condition 11(b)(ii) (*Calculation Agent Appointment, Termination and Replacement*) and/or Master Condition 11(c)(ii) (*Disposal Agent Appointment, Termination and Replacement*), the Issuer may make such amendments to the Conditions and/or the Transaction Documents as it determines necessary to reflect such appointment or replacement to which the Trustee shall agree, and the Trustee shall sign such documents as may be required to give effect to such amendments. Any such modification, authorisation or waiver as is made or given under this Master Condition 19(b) shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as is practicable.”

- 16.2 Master Condition 19(c) (*Substitution*) shall be amended by inserting the words “and the Repo Counterparty” after the words “written consent of the Swap Counterparty”.

17. **Amendment to Master Condition 23 (*Indemnification and Obligations of the Trustee*)**

Master Condition 23 (*Indemnification and Obligations of the Trustee*) shall be amended by inserting the words “, the Repo Counterparty” after each instance of the words “the Swap Counterparty”.

SCHEDULE 3 TO THE ISSUE TERMS – PROVISIONS RELATING TO EUROCLEAR SWEDEN

1. General

For so long as the Notes are represented by a Global Certificate and are shown in the records of Euroclear as being held by the Swedish CSD as defined below, the provisions of paragraph 2 of this Schedule will apply.

1.1 Form of Swedish Notes

The Global Certificate issued in respect of the Notes will be deposited upon issuance with and registered in the name of a nominee for Euroclear. The Notes will be shown in the records of Euroclear as being held by a Swedish central securities depository (the “**Swedish CSD**”) which will be Euroclear Sweden AB (“**Euroclear Sweden**”) or any successor acceptable to or substitute appointed by the Issuer. The Swedish CSD will hold all interests in the Notes for the sole purpose of enabling clearing and settlement of interests therein in uncertificated and dematerialised book-entry form in the records maintained by the Swedish CSD in accordance with the CSD Rules (as defined below) for the benefit of the ultimate beneficial owners.

Beneficial interests in the Swedish CSD's interest in the Notes will be shown in the records of the Swedish CSD pursuant to an affiliation agreement dated prior to the Issue Date entered into between the Issuer and the Swedish CSD. No owner of such a beneficial interest is entitled to transfer (and the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

The holders of the Notes expressly accept and acknowledge that the Swedish CSD will only distribute payments for the Notes that the Swedish CSD has received from Euroclear in respect of the Notes.

1.2 Euroclear Sweden

Euroclear Sweden is a subsidiary within the Euroclear group of companies. Euroclear Sweden is a limited liability company. It is authorised and regulated by the Swedish Financial Supervisory Authority as a central securities depository within the meaning of the Swedish Financial Instruments Accounts Act (1998:1479 (as amended)) and as a clearing organisation within the meaning of the Swedish Securities Markets Act (2007:528 (as amended)). All transactions relating to the beneficial interests in the Swedish CSD's interest in the Notes (such as issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) are executed as computerised book-entry registrations. Consequently, in order to effect such entries beneficial owners must establish a book-entry account through a credit institution or a securities firm acting as an account operator with the Swedish CSD (currently Euroclear Sweden). More information regarding Euroclear Sweden and its rules and operating procedures can be found at its internet web site at www.euroclear.com.

1.3 Swedish Agent

In addition, the Issuer has appointed or will appoint Skandinaviska Enskilda Banken AB (publ) as “**Swedish Agent**” in relation to the Notes pursuant to an issuing and paying agency agreement dated 16 April 2014 (the “**Swedish Agency Agreement**”).

2. Amendments to the Master Conditions

The following provisions shall supplement and amend the Master Conditions and the provisions of the Global Certificate:

2.1 Beneficial interests and transfer

The beneficial interests in the Swedish CSD's interest in the Notes will be held in Swedish uncertificated and dematerialised book-entry form in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) and all such other Swedish laws, regulations and operating procedures applicable to and/or issued by the Swedish CSD (the “**CSD Rules**”). No owner of such a beneficial interest is entitled to transfer (and the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

Such beneficial interests will be transferable only in accordance with the CSD Rules. Title to such beneficial interests shall pass in the records maintained by the Swedish CSD in accordance with the CSD Rules.

The Issuer shall be entitled to obtain information from the register of the Swedish CSD in accordance with the CSD Rules.

2.2 Amendments while in global form

For the purpose of ascertaining the validity of a beneficial holding by a person on whose behalf the Swedish CSD is holding an interest in the Notes, the records of the Swedish CSD (in which regard, any electronic record, record statement, certificate or other information issued by the Swedish CSD as to the beneficial holding or the holding of any person duly authorised to act as a nominee (*Sw. förvaltare*)) shall be conclusive and final for all purposes and shall constitute commercially reasonable evidence, save in the case of manifest error.

2.3 Payments

Each holder of beneficial interests in the Swedish CSD's interest in the Notes must look solely to the Swedish CSD for its share of the payments so made by the Issuer. The Swedish CSD does not assume the obligations of the Issuer and is only obliged to distribute payments it has received in its capacity of Swedish CSD in respect of the Notes. It is expected that payments in respect of the Notes will be received by holders of the beneficial interests in the Swedish CSD's interest in the Notes holding such interests at an account with the Swedish CSD no later than the seventh business day (as defined by the then applicable CSD Rules) after the date on which such payment becomes due and payable in accordance with the terms and conditions of the Notes. Pursuant to the CSD Rules, payments in respect of any such beneficial interest shall be made to the holders shown as such on the fifth business day (as defined by the then applicable CSD Rules) before the due date for such payment, or such other business day falling closer to the due date as then may be stipulated in the CSD Rules. Such day shall be the “**Record Date**” in respect of the Notes in accordance with the CSD Rules. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and will be made in accordance with the CSD Rules.

2.4 Notices

So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to the Swedish CSD may be given by the Issuer delivering the relevant notice to that clearing system for communication to the Swedish CSD (along with a copy of such notice being delivered by the Issuer to the Swedish Agent pursuant to the Swedish Agency Agreement) rather than by mail as required by the Conditions (except that if and for so long as the Notes are listed on a stock exchange, all notices to holders of the Notes will be published in accordance with the rules of such stock exchange). Notices to each holder of beneficial interests in the Swedish CSD's interest in the Notes will be sent in accordance with the CSD Rules but shall be deemed to have been given to the holders of the Notes on the Reference Business Day immediately following the day on which the said notice was given to the Swedish CSD.

2.5 Agents

Master Condition 11(a) (*Appointment of Agents*) will be deleted and the following substituted therefor:

- “(a) **Appointment of Agents:** The Issuing and Paying Agent, the Registrar, the Transfer Agents, the Custodian, the Disposal Agent and the Calculation Agent initially appointed by the Issuer and their respective Specified Offices, along with the Swedish Agent, are listed in the applicable Issue Terms. Subject to the provisions of (i) the Agency Agreement, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Custodian, the Disposal Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder and (ii) the Issuing and Paying Agency Agreement dated 16 April 2014 (in respect of the Swedish Agent), the Swedish Agent acts solely as agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any Noteholder, other than to the extent any such obligations result from mandatory provisions in the Swedish Financial Instruments Accounts Act. The Issuer reserves the right at any time with the approval of the Trustee (except that the approval of the Trustee shall not be required for the appointment of a replacement Disposal Agent or Calculation Agent where Noteholders direct the Issuer to appoint such replacement pursuant to this Condition) to vary or terminate the appointment of the Issuing and Paying Agent, the Registrar, any Transfer Agent, the Custodian, the Disposal Agent, the Calculation Agent, the Swedish Agent and the Swedish CSD and to appoint additional or other Issuing and Paying Agent(s), Transfer Agent(s), Custodian(s), Disposal Agent(s), Calculation Agent(s), Swedish Agent(s), a substitute Swedish CSD or such other agents as may be required provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Disposal Agent, (v) a Calculation Agent, (vi) a Custodian, (vii) a Swedish Agent in Sweden duly authorised under the CSD Rules, (viii) a Swedish CSD duly authorised as a central securities depository under the Swedish Financial Instruments Accounts Act, and (ix) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as approved by the Trustee (subject as provided above).

Notice of any such change or any change of any Specified Office shall promptly be given by the Issuer to the Noteholders in accordance with Master Condition 22 (*Notices*).”.

2.6 Substitution

The following sentence shall be added at the end of Master Condition 19(c) (*Substitution*):

“In respect of any such substitution of the Issuer, the substitution will, in addition to the other criteria set forth above in this Master Condition 19(c), be subject to the prior written consent of the Swedish CSD.”.

DESCRIPTION OF THE COMPANY AND THE COMPARTMENT

Company

Argentum Capital S.A. (the “**Company**”) is a public limited liability company (*société anonyme*) incorporated under Luxembourg law and is established as a *société de titrisation* within the meaning of the Securitisation Act 2004 (as may be amended from time to time). The Company has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) as a regulated securitisation undertaking within the meaning of articles 19 et seq. of the Securitisation Act 2004 and is supervised by the CSSF.

The registered office of the Company is at 51 Avenue J.-F. Kennedy, L-1855 Luxembourg. The share capital of the Company is EUR 31,000 divided into 31,000 shares with a par value of EUR 1 (each a “**Company Share**”) all of which are fully paid. All the issued Company Shares are held by Stichting Argentum, a foundation (*stichting*) incorporated under the laws of The Netherlands (the “**Shareholder**”).

Compartment and source of funds

In connection with the issue of the Notes, the board of directors of the Company will create a compartment of the Company (Compartment GAP 2239 May/June 2015 (the “**Compartment**”)) relating solely to these Notes separate from any other Series of Notes issued by the Company. A compartment is a separate part of the Company’s assets and liabilities. An investor’s recourse to the Issuer in respect of these Notes is limited to the assets and liabilities allocated to the Compartment created in respect of these Notes.

The principal assets of the Issuer allocated to the Compartment are the Issuer’s rights against the Swap Counterparty under the Swap Agreement and the Issuer’s rights against the Repo Counterparty under the Repo Agreement.

The ability of the Issuer to pay the intended amounts due under the Notes (as described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Issue Terms*”) will be dependent upon the payment of:

- (a) the Original Collateral Redemption Amount due from the Original Collateral Obligor under the Original Collateral or, in certain circumstances, the value of the Original Collateral;
- (b) the net amounts due from the Swap Counterparty and/or the Repo Counterparty under the Swap Agreement and the Repo Agreement; and
- (c) the value of any Eligible Securities delivered to the Issuer under the Repo Agreement in certain circumstances.

Where such assets are not sufficient to meet the claims of the investors in relation to the Notes, investors will have no further recourse to any other assets of the Company. In connection with this, investors should be aware that where any Notes redeem early the assets allocated to the Compartment relating to the Notes and any amounts derived from such assets shall first be used to pay certain amounts owing to other parties, including Credit Suisse International as the Swap Counterparty and as the Repo Counterparty to the extent that any amounts are owing to it. These amounts may be significant and will reduce the amount available to investors in the Notes, potentially to zero.

Under the Securitisation Act 2004, the assets of each Compartment for each Series and the proceeds thereof are, in principle, exclusively available for distribution to the specified Noteholders and the relevant swap counterparties relating to such Series. A creditor of the Company may have claims against the Company in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Mortgaged Property relating to such Series only. Upon a liquidation of a Compartment, if the Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, are not sufficient to make all payments and deliveries, as applicable, due in respect of the Notes, then the obligations of the

Issuer in respect of the Notes of that Series will be limited to the Mortgaged Property of the Compartment in respect of that Series, as specified in the Master Conditions and this Prospectus. The Issuer will not be obliged to make any further payment or delivery, as applicable, for any Series of Notes in excess thereof. Following application of the relevant Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, in accordance with the Master Conditions, the claims of the relevant Noteholders and the relevant swap counterparties of the relevant Series for any shortfall shall be extinguished and the relevant Noteholders and the relevant swap counterparties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall and none of them should be able to petition for the winding-up, the liquidation or the bankruptcy of the Company or any other similar insolvency related proceedings. Failure to make any payment or delivery, as applicable, in respect of any such shortfall shall in no circumstances constitute an event of default under the Master Conditions. Any shortfall shall be borne by the Noteholders and the swap counterparties of the relevant Series in respect of which the Notes have been issued according to the priorities specified in the Master Conditions as amended by this Prospectus.

DESCRIPTION OF THE SWAP AGREEMENT AND THE REPO AGREEMENT

Overview of the Swap Agreement

The Swap Agreement comprises the swap agreement relating to the Notes and entered into by the Issuer and the Swap Counterparty by their execution of the Issue Deed relating to the Notes on the terms of the ISDA 2002 form of Master Agreement as amended by the Schedule set out in the Master Swap Terms (dated 19 December 2014) incorporated by reference into (and as modified and/or supplemented by) such Issue Deed and as supplemented by a confirmation evidencing a credit default swap transaction relating to the Notes between the Issuer and the Swap Counterparty (the “**Credit Default Swap Transaction**”) (together, the “**Swap Agreement**”).

The Issuer has assigned by way of security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, under the Swap Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Swap Agreement).

The Master Swap Terms comprised in the Swap Agreement in respect of the Notes include the following provisions:

- (A) The transaction comprised in the Swap Agreement will be capable of termination at the option of the Issuer upon the occurrence of any of the following events of default in relation to the Swap Counterparty: failure to pay or deliver, misrepresentation, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms) provided that, the Issuer may be obliged to first use reasonable efforts to enter into a replacement swap agreement with a replacement counterparty and if a replacement swap transaction is not entered into, the Swap Agreement will automatically terminate (as more fully described in the Issue Terms of the Notes). The transaction comprised in the Swap Agreement will be capable of termination at the option of the Swap Counterparty upon the occurrence of any of the following events of default in relation to the Issuer: failure to pay or deliver, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms).
- (B) In the event that it becomes unlawful for either the Issuer or the Swap Counterparty to perform its obligations under a transaction comprised in the Swap Agreement, either the Issuer or the Swap Counterparty (or both) will have the right to terminate such transaction.
- (C) In the event that a withholding or deduction is imposed on any payment to be made by the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement as a result of (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (ii) any similar or successor legislation to (i); (iii) any agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986; (iv) any regulations or guidance pursuant to any of the foregoing; (v) any official interpretations of any of the foregoing; (vi) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an “**IGA**”); or (vii) any law implementing an IGA, either the Issuer or the Swap Counterparty (or both) has the right to terminate such transaction.
- (D) Subject to sub-paragraphs (E), (F) and (G) below, in the event that a withholding or deduction for or on account of any Indemnifiable Tax is imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement, neither party is obliged to gross up such payment.
- (E) Subject to sub-paragraph (G) below, in the event that a withholding or deduction is or there is a substantial likelihood that a withholding or deduction will be imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement as a result of (i) any action taken by a taxing authority or brought in a court of competent jurisdiction or (ii) a change in tax law(s), either the Issuer or the Swap Counterparty (or both) have the right to terminate such transaction.

- (F) Subject to sub-paragraph (G) below, in the event that the Issuer or the Swap Counterparty will receive a payment from the other party from which an amount has been withheld or deducted on account of any tax (such receiving party, the “**Burdened Party**”) under a transaction comprised in the Swap Agreement solely as a result of a merger event affecting the Burdened Party, the Burdened Party has the right to terminate such transaction.
- (G) In the event that the Swap Counterparty has the right to terminate a transaction comprised in the Swap Agreement as a result of the events described in sub-paragraphs (E) or (F) above, the Swap Counterparty is required to use its reasonable endeavours to arrange for the transfer of all of its rights and obligations under the relevant transactions comprised in the Swap Agreement to an office or affiliated company of the Swap Counterparty within 30 days such that the relevant termination event described in sub-paragraph (E) or (F) above ceases to exist, failing which, the Swap Counterparty shall give notice to the Issuer and may terminate the transaction.
- (H) If an Early Redemption Commencement Date occurs or the Issuer fails to give an Early Redemption Notice when required to do so (in each case, other than in circumstance where the Swap Agreement has already terminated) then the Swap Counterparty has the right to terminate the Swap Agreement.
- (I) The Swap Counterparty has the right to terminate the Swap Agreement if any of the clauses in the Principal Trust Deed relating to pre-liquidation and enforcement of the Security, post-liquidation and enforcement of the Security or post-enforcement of the Security are amended, or if the equivalent provisions of the Conditions are amended (after the Issue Date of the Notes) such that the Issuer’s obligations to the Swap Counterparty under the Swap Agreement are further contractually subordinated to the Issuer’s obligations to any other secured creditor.
- (J) The Swap Counterparty has the right to terminate the Swap Agreement if certain amendments or waivers are made by the Issuer to the relevant Series documents without the Swap Counterparty’s prior written consent which would result in the Swap Counterparty paying more or receiving less under the Swap Agreement than would otherwise have been the case immediately prior to such amendment or waiver.
- (K) The Swap Counterparty has the right to terminate the Swap Agreement if the Issuer breaches any of the covenants contained in the Principal Trust Deed, unless the Trustee and the Swap Counterparty have given their prior written consent to such breach of a restrictive covenant in accordance with the terms of the Principal Trust Deed.
- (L) If the Notes are repurchased and cancelled by the Issuer pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*), a proportionate part of each transaction attributable to such Notes comprised in the Swap Agreement will terminate.

In the event of any inconsistency between the Master Swap Terms and the terms of any confirmation in respect of a transaction comprised in the Swap Agreement, the terms of such confirmation shall prevail.

Overview of the Repo Agreement

The Repo Agreement comprises the repurchase agreement relating to the Notes and entered into by the Issuer and the Repo Counterparty by their execution of the Issue Deed relating to the Notes on the terms of the Global Master Repurchase Agreement (2011 version), as published by the Securities Industry and Financial Markets Association and the International Capital Market Association, together with an Annex I thereto set out in the Master Repo Terms (dated on or about the Issue Date) (the “**Master Repo Terms**”) incorporated by reference into (and as modified and/or supplemented by) such Issue Deed and as supplemented by confirmations evidencing a repurchase transaction relating to the Notes (the “**Repo Transaction**”) between the Issuer and the Repo Counterparty (together, the “**Repo Agreement**”).

Under the Repo Transaction, the Issuer will purchase Eligible Securities from the Repo Counterparty on the Issue Date at a purchase price equal to the issue proceeds in respect of the Notes less the cost of the Original

Collateral and the commission payable to the Dealer. The value of such Eligible Securities (after the application of the relevant haircut specified in the Repo Agreement) shall be no less than the Outstanding Principal Amount of the Notes as at the Issue Date. Such Eligible Securities may, at the option of the Repo Counterparty, comprise negotiable debt obligations issued by the governments of the Republic of Italy, the United States of America, Canada, the United Kingdom, France, Germany, the Netherlands, Belgium, Sweden, Switzerland or Japan. Subject to the occurrence of a Credit Event or an Early Redemption Commencement Date in respect of the Notes, on the Business Day before the Scheduled Maturity Date of the Notes, the Repo Counterparty will purchase securities equivalent to the Eligible Securities transferred to the Issuer under the Repo Transaction relating to the Notes (the “**Equivalent Securities**”) from the Issuer at a price equal to the then Outstanding Principal Amount of the Notes at that date (provided that such Outstanding Principal Amount has not been reduced to SEK 1 per Note) (the “**Repurchase Price**”).

The Issuer has assigned by way of security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, under the Repo Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Repo Agreement).

The Master Repo Terms comprised in the Repo Agreement in respect of the Notes include the following provisions:

- (A) The transactions comprised in the Repo Agreement will be capable of termination at the option of the Issuer or the Repo Counterparty upon the occurrence of any of the following events of default in relation to the other party:
- (i) failure to make, when due, any payment or delivery of any asset required to be made by it if not remedied within the time period specified in the Repo Agreement;
 - (ii) failure to comply with the relevant margin maintenance provisions under the Repo Agreement, to the extent applicable;
 - (iii) failure to transfer or credit to the other party when due a sum equal to (and in the same currency as) any sum it receives as income in respect of any securities transferred to it under the Repo Agreement;
 - (iv) an act of insolvency (as such event is more particularly described in the Master Repo Terms);
 - (v) any representations made by that party are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated;
 - (vi) that party admitting that it is unable to, or intends not to, perform any of its obligations hereunder or in respect of any Repo Transaction;
 - (vii) that party being declared in default or being suspended or expelled from membership of or participation in, any securities exchange or suspended or prohibited from dealing in securities by any regulator, supervisor or any similar official, in each case on the grounds that it has failed to meet any requirements relating to financial resources or credit rating; or
 - (viii) that party failing to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so,

provided that, the Issuer may be obliged to first use reasonable efforts to enter into a replacement repurchase agreement with a replacement counterparty and if a replacement repurchase agreement is not entered into, the Repo Agreement will terminate (as more fully described in the Issue Terms of the Notes).

- (B) If any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax), has or will, in a party's reasonable opinion, have a material adverse effect on that party in the context of a Repo Transaction, that party may, subject to certain conditions, terminate the Repo Transaction on 30 days notice.
- (C) If the Credit Default Swap Transaction is terminated, cancelled or unwound for any reason, the Repo Transaction shall terminate on the same date automatically without the need for any notice or other action from either party.
- (D) If an Early Redemption Commencement Date occurs or the Issuer fails to give an Early Redemption Notice when required to do so (in each case, other than in circumstances where the Repo Agreement has already terminated) then the Repo Counterparty has the right to terminate the Repo Agreement.
- (E) The Repo Counterparty has the right to terminate the Repo Agreement if any of the clauses in the Principal Trust Deed relating to pre-liquidation and enforcement of the Security, post-liquidation and enforcement of the Security or post-enforcement of the Security are amended, or if the equivalent provisions of the Conditions are amended (after the Issue Date of the Notes) such that the Issuer's obligations to the Repo Counterparty under the Repo Agreement are further contractually subordinated to the Issuer's obligations to any other secured creditor.
- (F) The Repo Counterparty has the right to terminate the Repo Agreement if certain amendments or waivers are made by the Issuer to the relevant Series documents without the Repo Counterparty's prior written consent which would result in the Repo Counterparty paying more or receiving less under the Repo Agreement than would otherwise have been the case immediately prior to such amendment or waiver.
- (G) The Repo Counterparty has the right to terminate the Repo Agreement if the Issuer breaches any of the covenants contained in the Principal Trust Deed, unless the Trustee, the Swap Counterparty and the Repo Counterparty have given their prior written consent to such breach of a restrictive covenant in accordance with the terms of the Principal Trust Deed.
- (H) If the Notes are repurchased and cancelled by the Issuer pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*), a proportionate part of each transaction attributable to such Notes comprised in the Repo Agreement will terminate.

In the event of any inconsistency between the Master Repo Terms and the terms of any confirmation in respect of a transaction comprised in the Repo Agreement, the terms of such confirmation shall prevail.

Margin Maintenance

Under the terms of the Repo Agreement, a weekly valuation will be performed by the Repo Counterparty as to the Net Exposure (as defined in the Repo Agreement) under the Repo Agreement and the Swap Agreement, whereupon (subject to certain thresholds being met, as set out below) the Repo Counterparty may be required to transfer Eligible Securities to the Issuer or the Issuer may be required to transfer Eligible Securities to the Repo Counterparty in order to eliminate such Net Exposure.

The Adjusted Value (as defined in the Repo Agreement) of the Eligible Securities which may be transferred as margin is 95% of their market value. This means that the minimum value of Eligible Securities required to have been transferred following any valuation will be greater than the corresponding Transaction Exposure (at around 105%).

The amount of margin required to be transferred by the Repo Counterparty or the Issuer under Repo Agreement in respect of a valuation date will depend on the Net Exposure (as defined in the Repo

Agreement), which takes into account each party's net exposure under the Repo Agreement and the Swap Agreement, and the value of any net margin held by the Issuer or the Repo Counterparty, as applicable, as determined by the Repo Counterparty in accordance with the terms of the Repo Agreement.

All valuations will be by reference to the Base Currency under the Repo Agreement, being SEK.

To the extent that the value of any net margin which is provided to the Issuer or the Repo Counterparty, as applicable, exceeds such party's Net Exposure to the other party, then that party may be obliged to return any excess margin to the other party in accordance with the terms of the Repo Agreement, as more fully described in the section of this Prospectus entitled "*Transaction Description*".

Payments and early redemption

Payments to the Noteholders under the Notes are contingent on the full and timely performance of the obligations of the Swap Counterparty under the Swap Agreement and of the Repo Counterparty under the Repo Agreement.

If the Credit Default Swap Transaction comprised in the Swap Agreement are terminated (or the Swap Agreement is terminated in whole) or if the Repo Transaction comprised in the Repo Agreement is terminated (or the Repo Agreement is terminated in whole), the Notes shall be redeemed by payment of the Early Cash Redemption Amount, subject as provided in paragraph 27 of Part A of the Issue Terms and paragraph 3 of Schedule 2 of the Issue Terms of the Notes.

Early Cash Redemption Amount

Where the Notes are to be redeemed early, each Noteholder shall be entitled to an amount per Note referred to as its "Early Cash Redemption Amount". The quantum of such amount will depend on the value of the Credit Default Swap Transaction and the Repo Transaction, in each case from the perspective of the Issuer and as determined in accordance with the Swap Agreement and the Repo Agreement. In addition, an account shall also be taken of the SEK equivalent value of the proceeds of the Collateral (including the Original Collateral and the Collateral that has derived from the assets transferred by the Repo Counterparty to the Issuer under the Repo Agreement) that have been realised and are available for distribution to Noteholders (after satisfying any costs and expenses that are due to be satisfied in accordance with the terms and conditions of the Notes prior to Noteholders being paid). This is referred to in the terms and conditions of the Notes as the "Termination Payment", which reflects an amount determined in accordance with the Swap Agreement that is called the "Early Termination Amount".

Early Termination Amount under the Swap Agreement

The Early Termination Amount consists of aggregating three components that are detailed within the terms of the Swap Agreement:

- (A) the value (expressed in SEK), considered from the Issuer's perspective, of the Credit Default Swap Transaction under the Swap Agreement (referred to in the Swap Agreement as the Close-out Amount(s) for each swap transaction being terminated, as described below); plus
- (B) the value (expressed in SEK) of any Unpaid Amounts (as described below) owing to the Issuer; less
- (C) the value (expressed in SEK) of any Unpaid Amounts (as described below) owing to the Swap Counterparty.

Unpaid Amounts

Unpaid Amounts are, broadly, (a) payments or (b) valuations in respect of deliveries, that were scheduled to have been made to a party on or before the date that the relevant Swap Transactions were terminated but which were not made, in each case together with interest from (and including) the date the relevant obligation was scheduled to be performed to (but excluding) the relevant early termination date. These

payments or deliveries may not have been made, for example, because of a default by the payer, the deferral of payment as a result of the payee being in default or the payment obligation having terminated by reason of designation of the early termination date.

Close-out Amount

The Close-out Amount for the Credit Default Swap Transaction is, broadly, a measure of determining the value to the Issuer of such swap transactions by determining the cost that it would incur in replacing, or providing the economic equivalent of, the material terms of such swap transactions. In calculating the Close-out Amounts, Unpaid Amounts (as described above) and legal fees and out-of-pocket expenses are excluded.

In determining a Close-out Amount, the determining party (which is likely to be the Swap Counterparty other than where it has defaulted) may consider any relevant information, including, without limitation, *one or more* of the following types of information: (a) quotations for replacement transactions supplied by one or more third parties; (b) relevant market data in the relevant market supplied by one or more third parties (of the type described below), including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or (c) information of the types described in clause (a) or (b) above from internal sources (including any of the determining party's affiliates) if that information is of the same type used by the determining party in the regular course of its business for the valuation of similar transactions. In addition, there may be situations in which it is commercially reasonable for the determining party to consider any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to the terminated transactions (or any gain resulting from any of them), provided that there is no double-counting of such amounts in the determining party's calculation.

Commercially reasonable procedures used in determining a Close-out Amount may include the following: (a) application by the Swap Counterparty of pricing or other valuation models to relevant market data from third parties or information from internal sources, provided that, at the time of the determination of the Close-out Amount, these models are used by it in the regular course of its business in pricing or valuing transactions between the determining party and unrelated third parties that are similar transactions; and (b) application of different valuation methods to terminated transactions depending on the type, complexity, size or number of the Terminated Transactions.

Termination Payment under the Repo Agreement

The Termination Payment determined in accordance with the Repo Agreement consists of the following:

- (A) determining the "Default Market Value" (determined in accordance with the Repo Agreement) of the Equivalent Securities to be transferred and the Repurchase Prices and other cash amounts to be paid by each party for all Repo Transactions, provided that the Default Market Value in respect of the Equivalent Securities under the Repo Transaction shall be equal to the Specified Currency Proceeds realised from the liquidation of such Equivalent Securities, and shall not include the Default Market Value in respect of any Equivalent Margin Securities (described more fully below); and
- (B) on the basis of the sums so established, an account shall be taken of what is due from each party to the other under the Repo Agreement and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing). For the purposes of this calculation, all sums not denominated in SEK shall be converted into SEK.

Liquidation of the Original Collateral and Collateral under the Repo Transaction

As noted above, on the early redemption of the Notes, the Original Collateral and the Equivalent Securities forming part of the Collateral shall be liquidated by the Disposal Agent on behalf of the Issuer pursuant to the terms of the Agency Agreement in order to realise cash proceeds for the non-cash assets comprised

therein, and then the remaining cash converted into SEK (the “**Collateral Value**”). Such Collateral Value, after satisfaction of certain costs and expenses that may be due, attributable to the Equivalent Securities under the Repo Agreement shall be treated as an amount due from the Issuer to the Repo Counterparty for the purposes of determining the Termination Payment under the Repo Agreement in lieu of the Issuer having to redeliver Equivalent Securities or pay any Default Market Value to the Repo Counterparty. Whilst this treatment will reduce the Termination Payment that would otherwise be determined to be payable from the Repo Counterparty or possibly reverse the payment (so that the Issuer owes the Swap Counterparty and/or the Repo Counterparty such excess), the Early Cash Redemption Amounts include the Repo Collateral Value within the amount that is ultimately payable by the Issuer to Noteholders.

The aggregate Early Cash Redemption Amounts payable to the Noteholders in such circumstances are therefore expected to be (i) the Collateral Value, plus (ii) the Net Termination Payment Amount if payable to the Issuer (which will be the case where the combined net Termination Payments and in respect of the terminating transactions are due to the Issuer and exceed the Collateral Value attributable to the Equivalent Securities under the Repo Agreement) or (iii) *minus* the Net Termination Payment Amount if payable to the Repo Counterparty (which will be the case where the combined net Termination Payments in respect of the relevant terminating transactions are either due to the Swap Counterparty or the Repo Counterparty irrespective of their value, or are due to the Issuer but are less than the Collateral Value attributable to the Equivalent Securities under the Repo Agreement).

Termination of the Swap Agreement and the Repo Agreement in full in connection with the Early Redemption of the Notes

Where the Notes are redeemed, then, as noted above, the Early Cash Redemption Amount shall be determined not only by the Close-out Amounts and Unpaid Amounts relating to the terminating swap transaction and the Termination Payment under the Repo Agreement (as described above), but also by the Collateral Value of the Original Collateral and both the Equivalent Securities and the Equivalent Margin Securities, being the SEK equivalent value of all assets transferred by the Repo Counterparty and then held by the Issuer under the Repo Agreement.

The aggregate Early Cash Redemption Amounts payable to the Noteholders in such circumstances are therefore expected to be (i) the portion of the Collateral Value relating to the value of the Original Collateral, the Credit Default Swap Transaction and Repo Transaction, *plus* (ii) the portion of the Net Termination Payment Amount if payable to the Issuer (which will be the case where the combined net Termination Payments in respect of the relevant terminating transactions are due to the Issuer and exceed such portion of the Collateral Value attributable to the Equivalent Securities under the Repo Agreement) relating to the value of the Credit Default Swap Transaction and the Repo Transaction or *minus* (iii) the portion of the Net Termination Payment Amount if payable to the Repo Counterparty (which will be the case where the combined net Termination Payments in respect of the relevant terminating transactions are either due to the Swap Counterparty or the Repo Counterparty irrespective of their value, or are due to the Issuer but are less than such portion of the Collateral Value attributable to the Equivalent Securities under the Repo Agreement) relating to the value of the Credit Default Swap Transaction and the Repo Transaction.

DESCRIPTION OF THE CREDIT DEFAULT SWAP AND THE CREDIT EVENT PROVISIONS RELATING TO THE CREDIT DEFAULT SWAP TRANSACTION AND THE NOTES

Credit derivatives and credit default swaps

A credit derivative transaction is a transaction which is entered into between two parties generally to transfer to one of the parties the credit risk of a third party. One of the parties to the transaction will be a purchaser of credit protection (and hence a seller of credit risk), whilst the other will be a seller of credit protection (and therefore a purchaser of credit risk). The Notes represent a funded credit derivative transaction in the form of a debt security whilst the Credit Default Swap Transaction includes a credit derivative component. Under the terms of the Notes, the Issuer will be the buyer of credit protection and the Noteholders will be the sellers of credit protection. Under the Credit Default Swap Transaction, the Issuer will be the seller of credit protection and the Swap Counterparty will be the buyer of credit protection.

A description of the Credit Default Swap Transaction, including the amounts receivable by the Issuer thereunder and the related definitions, is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Impact of the Credit Default Swap Transaction on the Notes*”.

Credit default swaps are transactions in which settlement is triggered by one of a specified number of events, which may include default, insolvency or distressed restructuring, of a particular Reference Entity or Reference Entities referenced in the terms of such transaction. Credit default swaps are contracts rather than securities and are traded between two parties “over-the-counter”. A protection buyer will typically make one or more fixed rate payments to the protection seller. In exchange, the protection seller typically agrees to make payment to the protection buyer following the occurrence of the relevant event in relation to the Reference Entity, subject to satisfaction of certain conditions. Alternatively, the protection seller may agree in such case to purchase at par bonds or loans of the Reference Entity (which are likely to be trading in the market at a discount to par following the occurrence of the relevant event in relation to the Reference Entity). Credit default swaps are the most commonly-traded form of credit derivative transaction and many banks and financial institutions regularly quote prices for entering into credit default swaps. Credit default swaps may be entered into in relation to the credit risk of a single Reference Entity or a basket of Reference Entities. The Credit Default Swap Transaction entered into between the Issuer and the Swap Counterparty relates to the credit risk of one Reference Entity, which is a financial institution in Asia on the Issue Date.

Documentation and terms of a credit default swap

Credit default swaps are typically entered into on the basis of standard definitions and provisions published by ISDA. ISDA is a trade association whose membership comprises participants in the over-the-counter derivatives markets. As at the date of this Prospectus, these definitions and provisions are primarily contained in the 2014 ISDA Credit Derivatives Definitions, referred to below as the “**Credit Derivatives Definitions**”. The full text of the Credit Derivatives Definitions is available on ISDA's website <http://www2.isda.org/> on a subscription basis. The Credit Derivatives Definitions are incorporated into the confirmation in respect of the Credit Default Swap Transaction (the “**Confirmation**”) and cross referred to in the Issue Terms of the Notes.

Certain terms of credit default swaps are subject to negotiation between the parties, for example the maturity of each transaction and the price of credit protection purchased. However, many key terms of credit default swaps - for example, the applicable Credit Events - are typically determined by reference to a matrix of market standard terms published by ISDA (referred to below as the “**Settlement Matrix**”). The Settlement Matrix recognises a variety of standard terms based on the nature of the Reference Entity (corporate, sovereign, etc.) and its location (Europe, North America, Latin America, etc.). The Settlement Matrix is updated by ISDA from time to time. The standard terms in the Settlement Matrix applicable to the Reference Entity in the Credit Default Swap Transaction is “Asia Financial Corporate”. The terms of the Confirmation are based on these key terms. As at the date of this Prospectus, the Settlement Matrix is available free of charge on ISDA's website at <http://www2.isda.org/>.

Credit derivatives determinations committees (“CDDCs”) have the power to make binding determinations

The CDDCs were established in March 2009 to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Prospective Noteholders should note that a CDDC may have the power to make binding decisions that may apply to the Notes on critical issues such as whether a Credit Event has occurred and whether one or more Auctions should take place. Noteholders will be bound by any such relevant decisions that the Calculation Agent determines are applicable to the Notes and the timing and/or occurrence of any payments on the Notes may be affected by any such relevant decisions or subsequent determinations.

The CDDCs are regional and as at the date of this Prospectus there is a CDDC for each of the following five regions: the Americas, Asia (excluding Japan), Australia and New Zealand, Europe, the Middle East and Africa and Japan. The CDDC which is relevant for the Notes will be Asia (excluding Japan) (i.e. the one constituted for the region applicable to the Reference Entity to which a given determination relates).

The proceedings of each CDDC will be governed by rules published from time to time by ISDA (the “**DC Rules**”). A copy of the DC Rules published by ISDA as of 7 April 2014 (as updated from time to time) is available free of charge at <http://www2.isda.org/>. A CDDC will be convened upon referral of a question to ISDA by an eligible market participant, subject to the agreement of a specified number of the voting members of the relevant CDDC. ISDA will convene the CDDC for the region to which the referred question relates, as determined in accordance with the DC Rules. Noteholders will not have any rights to submit questions for resolution by a CDDC solely by virtue of being an investor in the Notes, and none of the Issuer, the Trustee, the Swap Counterparty, any Agent nor any entity connected with any of them will have an obligation to submit a question on behalf of any Noteholders.

In resolving that a Credit Event has occurred, a CDDC must act by a super-majority of 80 per cent. of voting members. Certain other determinations, for example, as to the initial list of eligible obligations for purposes of an Auction (see below) may be made by a majority of more than 50 per cent. of voting members. Where either a CDDC is required to resolve a particular matter by way of a super-majority, but having voted on such matter is unable to do so, or where a CDDC so resolves by a majority, questions may be submitted to an external review process which will be convened to review the question and potentially overturn the decision of the CDDC. In order for the external review panel to overturn the decision of a CDDC, (i) two out of three of the members of the panel must vote in the affirmative if the original vote of the CDDC did not exceed 60 per cent., or (ii) all three members of the panel must vote in the affirmative if the original vote of the CDDC was between 61 per cent. and 79 per cent. The external review panel will be chosen from a pool that is made of industry experts nominated by ISDA members. The members of each external review panel will be chosen with the unanimous approval of the applicable CDDC or by ISDA.

A CDDC may decline to resolve a particular question. Questions referred to the CDDC and the results of binding votes will be published on <http://www2.isda.org/>. None of the Issuer, the Trustee, the Swap Counterparty, any Agent nor any entity connected with any of them will be obliged to inform the Noteholders that a CDDC has been or is likely to be convened.

CDDC membership

Each CDDC is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region. Noteholders will have no role in the composition of the CDDC.

As at the date of this Prospectus, the Swap Counterparty and certain of its affiliates are members of one or more CDDCs. In reaching decisions, neither the Swap Counterparty nor any other member of the CDDC will

take account of the interests of the Noteholders and for such purpose the Swap Counterparty may ignore any conflict of interest arising from the Swap Counterparty's rights and obligations under, or in respect of, the Swap Agreement relating to the Notes. Noteholders will not have any recourse against ISDA or the members of any CDDC in relation to resolutions passed or not passed by any such CDDC.

Changes to the terms of market standard credit default swaps

From time to time the terms of market standard credit default swap transactions may be subject to modification. Where such modifications are intended to affect existing transactions (in addition to transactions entered into after the date on which the relevant modification is announced), such modifications have previously been implemented by way of a protocol published by ISDA. Market participants may elect to adhere to such a protocol in order to confirm that they wish transactions to which they are a party to be subject to such modification.

If the Issuer and the Swap Counterparty wished to amend the Credit Event provisions relating to the Credit Default Swap Transaction and the Notes, the Issuer is likely to seek consent from the Noteholders.

Calculation Agent Determinations and Discretions

Noteholders should note that the Calculation Agent (under both the Notes and the Swap Agreement) is responsible for making certain determinations and has the right to exercise certain discretions with respect to the Notes and the Swap Agreement (and, by extension, each of the Credit Default Swap Transaction thereunder).

Determinations

For example, the Calculation Agent is responsible for:

- (i) determining whether an Auction would apply for the purposes of the Credit Event;
- (ii) where there are multiple Auctions held concurrently, determining the Auction which will apply to the Credit Default Swap Transaction;
- (iii) where the Issuer Cash Settlement Amount is not determined by an Auction, determining the Issuer Cash Settlement Amount on the basis of bid quotations from third party dealers (in which context the Calculation Agent will be entitled to select the cheapest eligible obligation for valuation);
- (iv) notwithstanding publication by ISDA of a resolution of a CDDC, determining successor Reference Entities for the purposes of the Credit Default Swap Transaction;
- (v) determining the value of the obligations selected for determination of the Final Price, for the purpose of the Credit Default Swap Transaction; and
- (vi) determining whether, under the terms of the Credit Default Swap Transaction (and by extension, the Notes), certain obligations of the parties would be suspended pending a resolution of a CDDC.

Discretions

The Calculation Agent has the right to:

- (i) elect whether to deliver a notice and supporting information to trigger an early redemption of the Notes following the occurrence of a Credit Event (whether or not a CDDC considered the same);
- (ii) (A) select a date for the valuation of the obligations selected for determination of the Final Price and (B) select third party dealers from which to obtain bid quotations for the purposes of such valuation,

in each case, only in those instances where the Issuer Cash Settlement Amount is not determined pursuant to an Auction; and

- (iii) select the date on which certain valuations are undertaken to determine the Early Cash Redemption Amounts payable under the Notes.

Noteholders should note that any determination and/or calculation made by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Noteholders.

Reference Entities and successors

Noteholders are exposed, through the Issue Terms, to the credit risk of one Reference Entity as at the Issue Date (as described in more detail in the section of this Prospectus entitled “*Transaction Description*”). The creditworthiness of a Reference Entity may change over time. If the creditworthiness of the Reference Entity declines, then the market value of the Notes is likely to decline, reflecting an increase in the perceived likelihood that a Credit Event may occur in relation to the Reference Entity.

The identity of the Reference Entity, and hence the credit risk associated with the Notes, may change as a result of a succession or a series of successions (forming part of a plan evidenced by certain eligible information) in respect of relevant obligations of that Reference Entity, provided that, in the case of a sovereign Reference Entity, events such as annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar events (referred to in the Credit Derivatives Definitions as a “**Sovereign Succession Event**”) resulted in the succession. If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to any such original Reference Entity, then the identity of the original Reference Entity may be treated as having been amended accordingly for the purposes of the Notes. The credit risk associated with a successor Reference Entity or Reference Entities may be different from and could be greater than the credit risk associated with the original Reference Entity. The legally effective date of an event in which one or more entities become successor(s) to an original Reference Entity (as determined pursuant to the Credit Derivatives Definitions) is referred to in the Credit Derivatives Definitions as a “**Succession Date**”.

The Credit Derivatives Definitions set out detailed rules for the determination of successor Reference Entities. For Reference Entities which are not sovereigns (as is the case for the Notes), this will involve a determination, on the basis of certain eligible information, as to the liability which has been assumed by any potential successor in relation to the outstanding bonds and loans of the Reference Entity. It is possible that, based on such a determination, a single successor will be identified, or there may be multiple successors. The original Reference Entity may itself continue to be a Reference Entity, together with other successor Reference Entities. If multiple successor Reference Entities are identified, then each successor will be a Reference Entity and the Reference Entity Notional Amount in respect of each successor Reference Entity shall be the Reference Entity Notional Amount in respect of the original Reference Entity divided by the total number of successor Reference Entities. Accordingly, if such original Reference Entity has more than one successor Reference Entity as a result of such corporate event, then the Noteholders will be exposed to the creditworthiness of additional Reference Entities.

Where “Financial Reference Entity Terms” apply to a Reference Entity, a senior Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which (a) the Reference Obligation or prior reference obligation is a senior obligation or (b) there is no Reference Obligation or prior reference obligation) would follow the senior Bond or Loan Obligations of such Reference Entity, and a subordinated Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which the Reference Obligation or prior reference obligation is a subordinated obligation) would follow the subordinated Bond or Loan Obligations of such Reference Entity (or if there are no such subordinated obligations, the senior Bond or Loan Obligations).

In determining successors, a CDDC will disregard a succession that occurred more than 90 days prior to the date of the relevant request to convene the CDDC, except in the case of a Universal Successor for non-sovereign Reference Entities (referred to in the Credit Derivatives Definitions as the “**Successor Backstop Date**”). The Calculation Agent is not obliged to make any such request to a CDDC on behalf of the Noteholders, and Noteholders will have no ability to make such a request solely by virtue of being a Noteholder. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make, but will not be obliged to make, a determination as to successor Reference Entities for the purposes of the Credit Default Swap Transaction and, consequently, the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to a entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of the non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the Succession Date occurred on or after a single lookback date of 1 January 2014.

Reference Obligations

For more commonly traded Reference Entities, it is not necessary for a Reference Obligation to be specified in the Confirmation as the Reference Obligation as, in the absence of a Reference Obligation being specified in the Confirmation, the Reference Obligation will be the obligation specified as the “**Standard Reference Obligation**” for the relevant Reference Entity for the relevant seniority level on a list to be published by ISDA (referred to in the Credit Derivatives Definitions as the “**SRO List**”). Whether the Reference Obligation is a Standard Reference Obligation or otherwise, the specification of a Reference Obligation may affect the credit risk represented by an investment in the Credit Default Swap Transaction and, consequently, the Notes. Firstly, a Reference Obligation under a credit default swap will be capable of being an “**Obligation**” or “**Deliverable Obligation**” (see below “*Obligations*” and “*Deliverable Obligations*”) regardless of whether such Reference Obligation otherwise meets the stipulated parameters. Secondly, the Reference Obligation will be taken into account as a benchmark for the purposes of the application of the “Not Subordinated” Deliverable Obligation Characteristic (see below “*Obligations Characteristics*”).

The following relates to substitution of “Non-Standard Reference Obligations” and references to Reference Obligation in the remainder of this paragraph should be construed accordingly. In certain circumstances – for example, where the specified Reference Obligation (i) is redeemed in whole; or (ii) is affected by a reduction by redemption or otherwise in the aggregate amounts due under the Reference Obligation to below USD 10,000,000 (or equivalent); or (iii) ceases to be an obligation of the Reference Entity for any reason other than the occurrence of a Credit Event (each such event a “**Substitution Event**”) – the Credit Derivatives Definitions provide for determination of a substitute Reference Obligation. Any such substitute Reference Obligation is required, amongst other things, to satisfy a number of criteria including the requirement that, where the original Reference Obligation satisfied the Deliverable Obligation Category and Characteristics when issued and immediately prior to the Substitution Event, the Substitute Reference Obligation must also satisfy such Deliverable Obligation Category and Characteristics. If ISDA publicly announces that a CDDC has resolved to treat a different obligation or obligations as a substitute or substitutes for the original Reference Obligation or Reference Obligations, and such resolution would apply to a Credit Default Swap Transaction, then those substitute reference obligations that are identified by the relevant CDDC will replace one or more Reference Obligations. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make a determination as to any substitute Reference Obligation for the purposes of the Credit Default Swap Transaction. The Calculation Agent will notify the Noteholders of any such substitute Reference Obligation.

Event Determination Date and Notice Delivery Period

Where the relevant transaction is subject to settlement by reference to an Auction (see below), an Event Determination Date will occur if there is a public announcement by ISDA that a CDDC has resolved that a Credit Event has occurred, with effect from the date on which the relevant request was made to convene the

CDDC (referred to as the “**Credit Event Resolution Request Date**”) and provided that (i) the Credit Event in question occurred no earlier than 60 days before such request date (referred to as the “**Credit Event Backstop Date**”), (ii) the date of such request fell within a specified period (referred to as the “**Notice Delivery Period**”) and (iii) (in the case of an M(M)R Restructuring Credit Event only), that one or other of the relevant parties has elected to trigger settlement of the transaction in question.

The Credit Event Backstop Date may be prior to the Trade Date of the Credit Default Swap Transaction and therefore a Credit Event may have occurred prior to the Issue Date. Noteholders should conduct their own review of any recent developments with respect to a Reference Entity by consulting publicly available information. If a request to convene a CDDC has been delivered prior to such Trade Date to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found free of charge on the ISDA website at www.isda.org/credit. Even if a CDDC has not been convened to determine such matter as of the Trade Date, a CDDC may still be convened after the Trade Date in respect of an event which occurs up to 60 calendar days before the date of a request to convene such CDDC.

The Notice Delivery Period in relation to Credit Default Swap Transaction is the period during which a Credit Event may be triggered with respect to the relevant Reference Entity. The Notice Delivery Period will commence on the “Trade Date” of a Credit Default Swap Transaction (as specified in the Swap Agreement) and will expire on the date that is 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction.

However, in certain circumstances, the Notice Delivery Period may be extended beyond the date falling 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction, if a potential Credit Event, such as a Failure to Pay (only if “Grace Period Extension” is specified as applicable or where relevant in the Confirmation) or Repudiation/Moratorium (only if such event is an applicable Credit Event), has occurred prior to the Scheduled Termination Date, which may become actual Credit Events within a specified period following the Scheduled Termination Date.

Credit Events and related terms

Settlement of a credit derivative, including the Credit Default Swap Transaction (and, by extension, a redemption of the Notes), is contingent on the occurrence of a Credit Event. The Credit Events which are applicable for the purposes of a particular Reference Entity may vary from Reference Entity to Reference Entity, and will be determined by reference to the Settlement Matrix. The selection of Credit Events as applicable or not applicable will materially affect the credit risk to which Noteholders are exposed.

The Credit Derivatives Definitions provide for a number of Credit Events, with the following applying to the Credit Default Swap Transaction and the Notes:

Bankruptcy

“Bankruptcy” includes where a Reference Entity:

- (i) is dissolved (other than where this is as a result of such Reference Entity merging or otherwise combining with another entity);
- (ii) becomes insolvent or is unable to pay its debts as they become due or admits its inability to do so;
- (iii) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (iv) institutes, or has instituted against it, a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law

affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition results in a judgment of insolvency or bankruptcy or is not dismissed within 30 calendar days of such institution;

- (v) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator or equivalent official for it or for all or substantially all of its assets; or
- (vii) has a secured party take possession of all or substantially all of its assets, or such assets are subject to attachment by a creditor.

Failure to Pay

A “Failure to Pay” will occur where a Reference Entity fails to make, when and where due and after the expiration of any applicable time period (a “**Grace Period**”) during which such failure may be cured by such Reference Entity (and after the satisfaction of any conditions precedent to such Grace Period), any payments in an aggregate amount of not less than a specified amount under one or more Obligations (as defined below) in accordance with the terms of such Obligations at the time of such failure. The Grace Period, if any, will be as set out in the terms of the Obligation; if no such Grace Period is specified, a minimum Grace Period will be assumed to apply.

Restructuring

“Restructuring” is, generally speaking, a process whereby a company or a sovereign entity facing cash flow problems or which is otherwise in financial distress, renegotiates its debts. A “Restructuring” for the purposes of the Credit Derivative Definitions will, subject to certain exemptions, occur if:

- (i) any of the following events occurs in relation to a particular obligation of a Reference Entity (save in respect of a Reference Entity that is a US Reference Entity);
 - (A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
 - (B) a reduction in the amount of principal or premium payable;
 - (C) a postponement or other deferral of a date or dates for payment or accrual of interest, or the payment of principal or premium;
 - (D) a change in the ranking in priority of payment of such obligation resulting in such obligation becoming subordinated in its right to receive payment to one or more other obligations; or
 - (E) a redenomination of an obligation (other than to certain permitted currencies, and excluding a redenomination into Euro where the relevant currency jurisdiction joins the Euro-zone); and
- (ii) such event occurs in a form which binds all of the holders of that obligation, is agreed between the Reference Entity or a governmental authority and a sufficient number of holders of such obligation to bind all holders of the obligation (including, in each case, in respect of Bonds only, by way of an exchange) and where such event is not expressly provided for under the original terms of that obligation; and

- (iii) any such event results from a deterioration in the creditworthiness or financial condition of the relevant Reference Entity.

If a Bond exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (i)(A) to (E) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange. Unless “Multiple Holder Obligation” is specified as not applicable in relation to a particular Reference Entity in the Confirmation, a Restructuring will have occurred only if the event in question relates to an Obligation held by more than three non-affiliated holders and, where, for Obligations other than bonds, the consent of at least two-thirds of the holders of the relevant Obligation is required.

Limitations may apply as to the eligible obligations which may be taken into account for credit derivatives auction or, where applicable, delivered in settlement of a credit default swap.

Restructuring Maturity Limitation and Fully Transferable Obligations (“Mod R”)

If “Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Fully Transferable Obligation” - that is, capable of being assigned or novated without consent. It must also be possible to transfer the obligation to a bank or financial institution or other entity which regularly makes, purchases or invests in loans or other financial assets. The maturity of such obligation must fall within specified limits.

Modified Restructuring Maturity Limitation and Conditionally Transferable Obligations (“Mod Mod R”)

If “Mod Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Conditionally Transferable Obligation” that is, capable of being assigned or novated with consent, provided that such consent must not be unreasonably withheld. Again, the maturity of such obligation must fall within specified limits.

Governmental Intervention

A “Governmental Intervention” will occur where, as a result of the action taken or announcement made by a governmental authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulations) applicable to the relevant Reference Entity, certain binding changes are made to the relevant obligations of the Reference Entity. These changes include, without limitation, a reduction in the rate or amount (as applicable) of interest, principal or premium payable when due, a postponement or other deferral of the date or dates for payment of interest, principal or premium, a change in the ranking in priority of payment of any obligation, or a mandatory cancellation, conversion or exchange.

Unlike a “Restructuring”, “Governmental Intervention” is not subject to the requirement for a deterioration in creditworthiness or financial condition of the Reference Entity or to the “Multiple Holder Obligation” requirement, and applies regardless of whether the relevant event is expressly provided for under the terms of the Obligation (for example, debt with bail-in provisions).

Note that a Credit Event will occur regardless of whether it occurs due to (for example) the relevant Reference Entity not being authorised to incur the relevant obligation, the illegality or unenforceability of any obligation, applicable law or regulation or an order of a court or tribunal or any exchange controls or capital requirements being imposed.

Obligations

The occurrence of a Credit Event such as a Failure to Pay, Restructuring and Governmental Intervention will be determined by reference to eligible obligations of the relevant Reference Entity, referred to as “**Obligations**”, which may be loans, bonds or other obligations issued directly by such Reference Entity or obligations in respect of which such Reference Entity acts as guarantor. Obligations are defined by reference to the “Obligation Category” and “Obligation Characteristics” (if any) specified for the Credit Default Swap Transaction. The applicable Obligation Category and Obligation Characteristics will vary from one Reference Entity to another, according to the trading terms which apply as set out in the Confirmation. Certain Obligations may be excluded from the determination as to whether or not a Credit Event has occurred (such Obligations, “**Excluded Obligations**”). Where “Financial Reference Entity Terms” applies to a Credit Default Swap Transaction and with respect to the determination of whether a Governmental Intervention or Restructuring has occurred: (a) any subordinated obligation shall be an Excluded Obligation, if the Credit Default Swap Transaction is specified to be a “Senior Transaction”; and (b) any obligation subordinated to the obligation in (a) shall be an Excluded Obligation, if a Credit Default Swap Transaction is specified to be a “Subordinated Transaction”.

Obligation Categories

The Obligation Category for the Credit Default Swap Transaction and, consequently, the Notes, is Bond or Loan (as defined below) (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transaction).

Obligations Characteristics

Obligation Characteristics may be one or more of Not Subordinated, Not Sovereign Lender, Not Domestic Currency, Not Domestic Issuance and Not Domestic Law (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transaction).

Auction Settlement

When a Credit Event occurs in respect of a Reference Entity that is referenced in a significant number of credit derivative transactions, a CDDC may resolve that an Auction should be held to facilitate settlement of credit default swap transactions referencing such Reference Entity at the same time and at a fixed settlement price. The price determined through an Auction is referred to as an “**Auction Final Price**”. Where an Auction is held for such Reference Entity and the Calculation Agent determines that the “Deliverable Obligations” (see below) would be substantially the same as the provisions in the Credit Default Swap Transaction for selecting the obligations for determination of the Final Price, the Auction Final Price may be used to determine the Early Cash Redemption Amounts that will be paid to Noteholders.

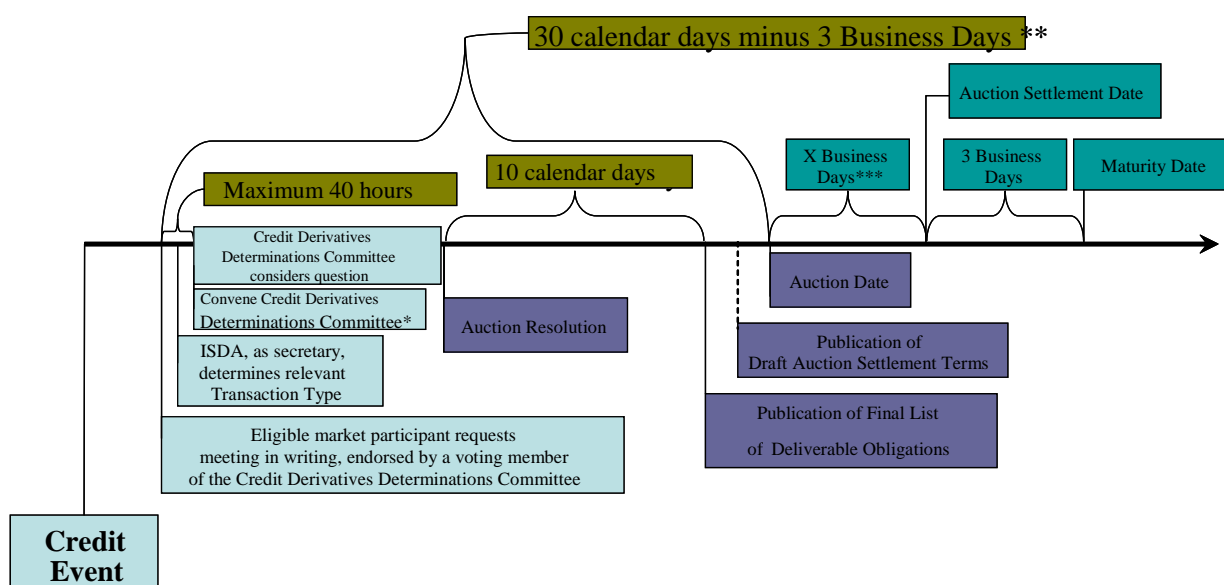
During the Auction process credit derivatives dealers participating in the Auction submit prices at which they would buy and sell the eligible obligations of the relevant Reference Entity, together with requests to buy or sell such obligations received from their customers.

As of the date hereof, the Swap Counterparty (and certain of its affiliates) is a leading dealer in the credit derivatives market. There is a high probability that the Swap Counterparty or its affiliates will act as a participating bidder in any Auction held with respect to a Reference Entity. In such capacity, the Swap Counterparty or its affiliates may take certain actions which may influence the Auction Final Price including, amongst other things, providing rates of conversion to determine the Auction currency rate and submitting bids and offers on behalf of itself or its customers. In deciding whether to take any such action (or whether to act as a participating bidder in any Auction), the Swap Counterparty or its affiliates will not be required to, and will not, consider the interests of the Noteholders. A Noteholder has no right, solely by virtue of being an investor in the Notes, to submit a bid or offer in an Auction.

If an Auction is held in respect of a Reference Entity it is expected that the relevant Auction will occur three business days immediately before the 30th calendar day after which the relevant CDDC received the request to determine whether a Credit Event has occurred with respect to such Reference Entity. However, the CDDC may decide that an Auction in respect of a Reference Entity should take place quicker than normal, for example, to ensure that quicker than normal settlement of relevant obligations occurs before any proposed bond exchange. Alternatively, the Auction process may be substantially delayed, for example because the CDDC determines that there is insufficient information available to it to establish auction terms. In such case, the payment of the Early Cash Redemption Amounts to the Noteholders may also be substantially delayed.

The expected timeline is illustrated in the diagram below which is indicative only and may be expanded or compressed by resolution of a specified majority of the relevant CDDC.

Expected Auction Timeline for credit default swaps



Deliverable Obligations

An Auction will be conducted in relation to eligible obligations of the relevant Reference Entity, referred to as “**Deliverable Obligations**”. Deliverable Obligations will be identified by the CDDC. Members of the relevant CDDC may propose obligations which they consider to be eligible for inclusion in an initial list to be published. Subsequently, market participants may propose additional obligations for inclusion in such list, or challenge the eligibility of obligations already on such list, prior to publication of a final list of such Deliverable Obligations. In certain circumstances, following the occurrence of particular Credit Events, a specific asset package will be deliverable into the Auction. Noteholders will not have the ability to propose obligations for inclusion in the list of Deliverable Obligations, or to challenge the eligibility of Deliverable Obligations which are included on such list.

The Deliverable Obligation Category for each of the Credit Default Swap Transaction is “Bond or Loan” (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transaction). Other possible Deliverable Obligation Categories that may apply to credit derivatives in general in relation to the relevant Reference Entity (only one of which may apply at any time) are “Payment”, “Borrowed Money”, “Reference Obligations Only”, “Bond” or “Loan”.

The Deliverable Obligation Characteristics are “Not Subordinated”, “Specified Currency”, “Assignable Loan”, “Consent Required Loan”, “Transferable”, “Maximum Maturity” (30 years) and “Not Bearer”. Other possible Deliverable Obligation Characteristics that may apply to credit derivatives in general in relation to the relevant Reference Entity (one or more of which may apply at any time) are “Not Sovereign Lender”, “Not Domestic Currency”, “Not Domestic Issuance”, “Not Domestic Law”, “Listed”, “Direct Loan Participation” and “Accelerated or Matured”. Certain of such characteristics will be applicable only to Obligations which are bonds (“Listed”, “Not Bearer”), which are not loans (“Transferable”) or which are loans (“Assignable Loan”, “Consent Required Loan”, “Direct Loan Participation”). In the case of “Assignable Loan”, “Consent Required Loan” and “Direct Loan Participation” the relevant Deliverable Obligation is required to satisfy one only of such characteristics.

“Accelerated or Matured” means an Obligation which on or prior to the date on which it is to be delivered in an Auction it is due to mature and due to be repaid, or as a result of downgrade/bankruptcy is due to be repaid as a result of an acceleration clause.

“Assignable Loan” means a Loan is capable of being assigned or novated to a different bank or financial institution as lender without the consent of the Reference Entity or guarantor, if any, of such Loan or any agent for the Loan.

“Bond” includes any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security but does not include any other type of Borrowed Money.

“Bond or Loan” means any Obligation which is either a Bond or a Loan.

“Borrowed Money” includes bonds and loans (except for an undrawn revolving credit facility) and deposits, but excludes repos where a security is repurchased at a higher price, the difference being equivalent to a finance charge. It also includes deposits and disbursements under letters of credit.

“Consent Required Loan” means a Loan that may be assigned or novated only with the consent of the relevant Reference Entity or guarantor, if any of such Loan or any agent for the Loan.

“Direct Loan Participation” means a Loan with a participation agreement whereby the buyer is capable of creating, or procuring the creation of, a contractual right in favour of the seller that provides the seller with recourse to the participation seller for a specified share in any payments due under the relevant loan which are received by the participation seller.

“Listed” means an obligations which is quoted, listed or ordinarily purchased and sold on an exchange.

“Loan” includes any term loan agreement, revolving loan agreement or other similar credit agreement but does not include any other type of “Borrowed Money” obligation.

“Maximum Maturity” means that the Obligation must have a maximum maturity which is no longer than the period specified in the Confirmation.

“Not Bearer” means that an obligation must not be in the form of a bearer instrument unless it is held and traded within Euroclear, Clearstream or another internationally recognised clearing system. A bearer instrument is an instrument that is payable on demand to the holder of the instrument, i.e. the entity or person physically possessing the instrument is deemed to be the owner and ownership is passed by physical delivery of the instrument.

“Not Domestic Currency” means any obligation that is payable in any currency other than the domestic currency as specified in the Settlement Matrix or Confirmation. If the currency is not specified, the domestic currency shall be that of the Reference Entity if it is a sovereign, or that of the country in which the Reference Entity is organised if it is not a sovereign.

“Not Domestic Issuance” means any obligation except any obligation that was, at the time it was issued or incurred, intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) satisfies this characteristic.

“Not Domestic Law” means any obligation that is not governed by the laws of the relevant Reference Entity, if such Reference Entity is a Sovereign, or the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

“Not Sovereign Lender” means any obligation that is not primarily owed to a sovereign or supra-national organisation.

“Not Subordinated” means that the obligation which can trigger a credit event must rank equal or higher in the Reference Entity’s capital structure than the most senior Reference Obligation of the Reference Entity in terms of priority of payment. If no Reference Obligation is specified, then “Not Subordinated” refers to any of the Reference Entity’s senior “Borrowed Money” obligations.

“Specified Currency” means an obligation that is payable in the currency or currencies specified in the Confirmation or, if no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom, the United States of America and the Euro and any successor currency to any such currencies.

“Transferable” means an Obligation that is transferable to institutional investors without any contractual, statutory or regulatory restrictions.

Deliverable Obligations may be indirect obligations of the relevant Reference Entity by way of an eligible guarantee. If the Confirmation specifies that “All Guarantees” applies to a particular Reference Entity (as is the case in respect of each of the Credit Default Swap Transaction on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of the Credit Default Swap Transaction), then an eligible guarantee will be any irrevocable guarantee of the Reference Entity of all amounts due to be paid by the relevant underlying obligor, subject to exceptions e.g. where the arrangement is structured as surety bond or letter of credit, or where the terms of the arrangement provide for the reduction or discharge or assignment of the obligations of the guarantor.

Where “Financial Reference Entity Terms” and “Governmental Intervention” apply in respect of a Reference Entity and (i) there is a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond. This applies even if the resulting asset package is deemed to be zero where there are no resulting assets, and, in such case, the buyer of credit protection would receive 100 per cent.

If “All Guarantees” is not specified as applicable in the Confirmation, then eligible guarantees will only be those provided by a parent company in respect of a subsidiary (broadly speaking, a subsidiary is an where another company (the “parent company”) owns more than 50 per cent. of the shares or other interests with the power to elect the board of directors or any other similar body).

Auction Settlement following an M(M)R Restructuring Credit Event

In relation to certain categories of Reference Entity and a Restructuring Credit Event, limitations on the maturity of eligible obligations to be taken into account for the purposes of the related Auction(s) will apply.

Such limitations will apply to a Reference Entity if either “Restructuring Maturity Limitation and Fully Transferable Obligation” (often abbreviated to “Modified Restructuring” or “Mod R”) or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” (often referred to as “Modified Modified Restructuring” or “Mod Mod R” as explained above) is expressed to be applicable to that Reference Entity in accordance with the Confirmation.

In cases where settlement of a credit default swap is triggered by the buyer and Mod R (being market standard for credit default swaps referencing North American corporate reference entities to which Restructuring is applicable) or Mod Mod R (being market standard for European corporate entities) is applicable, any obligation which such buyer wishes to deliver to the seller must not only constitute a Deliverable Obligation but must also satisfy additional requirements as to transferability (for Mod R, being a Fully Transferable Obligation and for Mod Mod R being a Conditionally Transferable Obligation as explained under “*Restructuring*” above) and as to its final maturity date (as explained under “*Restructuring*” above).

Where Mod R or Mod Mod R applies, several concurrent but separate Auctions may occur with respect to such Reference Entity, as determined by the relevant CDDC, with each such Auction relating to credit default swaps with maturities falling within stipulated periods (so-called “maturity buckets”) following the occurrence of the effective date of the event giving rise to the relevant Restructuring Credit Event. In general, market practice is such that a total of eight separate maturity buckets might apply in respect of a Reference Entity with respect to which a Restructuring has occurred and in respect of which Mod R is applicable. Where a Restructuring has occurred with respect to a Reference Entity and Mod Mod R applies, there are only four separate buckets which might apply with the latest maturity bucket being the 10 year bucket mentioned below. The first seven such maturity buckets (noting, as mentioned above, that only the first four maturity buckets apply where Mod Mod R is applied) will each encompass a maturity period that ends, respectively, on the first of March 20, June 20, September 20 or December 20 to occur on or immediately following the date that is 2.5 years, 5 years, 7.5 years, 10 years, 12.5 years, 15 years or 20 years following the date of the Restructuring; and the eighth maturity bucket will encompass a maturity period ending after 20 years following the date of the Restructuring (each such ending date referred to as a “**Maturity Bucket End Date**”). Where settlement of a credit default swap is triggered by the buyer, as a general rule, credit default swaps will be assigned to the maturity bucket with the Maturity Bucket End Date that occurs on or immediately following the scheduled termination date of such credit default swap.

An Auction will only be held in relation to any particular maturity bucket if there is a sufficient volume of credit default swaps with maturities falling within that period. Failing that, no Auction will be held in relation to such bucket, and each party to a standard credit default swap transaction will have the ability to (but will not have to) give a notice requiring that the Auction Final Price be determined based on the Auction conducted in relation to an alternative maturity bucket.

Where the buyer of credit protection gives such a notice, the relevant Auction used to determine the Auction Final Price will be the Auction for which a more limited number of obligations of the relevant Reference Entity are eligible or, where there are a number of such Auctions, the Auction with the widest range of such obligations (that is, the Auction corresponding to the next-shortest dated maturity bucket, which would tend to result in a higher Auction Final Price and hence a lower credit loss). Where the relevant notice is given by the credit protection seller, the relevant Auction will be the Auction with the widest range of eligible obligations (that is the Auction corresponding to the longest-dated maturity bucket, which would tend to result in a lower Auction Final Price and hence a greater loss). If both parties deliver such a notice, then the credit protection buyer's notice will prevail.

DESCRIPTION OF CREDIT SUISSE INTERNATIONAL

Credit Suisse International (which undertakes various roles in respect of the Notes, including acting as Swap Counterparty and Repo Counterparty as at the Issue Date) (“**CSi**”) was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was re-registered as an unlimited company under the name “Credit Suisse Financial Products” on 6 July 1990, and was renamed “Credit Suisse First Boston International” on 27 March 2000 and “Credit Suisse International” on 16 January 2006. CSi is a UK domiciled bank established under English law, is an indirectly wholly owned subsidiary of Credit Suisse Group AG. Its registered head office is in London and is located at One Cabot Square, London E14 4QJ and its telephone number is +44 (0)20 7888 8888.

CSi is an English bank and is regulated as an EU credit institution by the Financial Conduct Authority (“**FCA**”) and the Prudential Regulation Authority (“**PRA**”). The PRA has issued a scope of permission notice authorising CSi to carry out specified regulated investment activities.

CSi is an unlimited company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSi in the event of its liquidation. The joint, several and unlimited liability of the shareholders of CSi to meet any insufficiency in the assets of CSi will only apply upon liquidation of CSi. Therefore, prior to any liquidation of CSi, the creditors may only have recourse to the assets of CSi and not to those of its shareholders.

CSi commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSi is to provide comprehensive treasury and risk management derivative product services. CSi has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Investment Banking Division of Credit Suisse AG in the Europe, Middle East and Africa region, and is supported by Credit Suisse AG’s Shared Services Division, which provides business support services in such areas as finance, legal, compliance, risk management, and information technology.

The liquidity and capital requirements of CSi are managed as an integral part of the wider CS group framework. This includes the local regulatory liquidity and capital requirements in the UK.

CSi has been issued a senior long-term debt rating of “A (Stable Outlook)” by Fitch and a senior long-term debt rating of “A1 (Negative Outlook)” by Moody’s.

CSi has debt securities listed and admitted to trading on the regulated markets of the Luxembourg Stock Exchange and the Irish Stock Exchange, amongst others.

DESCRIPTION OF THE ORIGINAL COLLATERAL

On the Issue Date, the Dealer will procure that the Original Collateral is sold to and purchased by the Issuer.

The information contained in this section has been accurately reproduced from the underlying documentation relating to the Original Collateral provided and/or published by the Original Collateral Obligor. So far as the Issuer is aware and is able to ascertain from such information provided and/or published by the Original Collateral Obligor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Original Collateral will be issued pursuant to Final Terms dated 12 May 2015 that provide additional information in respect of the Original Collateral for the purposes of the Original Collateral Obligor's base prospectus dated 17 April 2015, as supplemented from time to time. The Original Collateral Obligor intends to apply for listing of the Original Collateral on Nasdaq Stockholm.

The Original Collateral Obligor's base prospectus, including all information incorporated by reference therein and any and all supplements approved by the Swedish Financial Supervisory Authority in respect hereof and published by the Original Collateral Obligor, constitutes a base prospectus according to Art. 5 (4) of the Prospectus Directive (Directive 2003/71/EC, as amended), as implemented by the relevant provisions of the EU member states and Chapter 2 Section 16 item 1 of the Swedish Financial Instruments Trading Act (*Lag (1991:980) om handel med finansiella instrument*), in connection with Regulation 809/2004 of the European Commission, as amended.

The Final Terms of the Original Collateral are attached hereto and should be read in conjunction with the Original Collateral "*Risk Factors*" and the Original Collateral "*Conditions of the Securities*", which are attached hereto.

FINAL TERMS

dated 12 May 2015

in connection with the Base Prospectus dated 17 April 2015
(as supplemented from time to time)

of

UBS AG, London Branch
(the London branch of UBS AG)



for the issue of

3,000 (indicative) UBS Gearing Certificates

ISIN CH0281137874
Valor 28113787

linked to a basket of funds units/shares, comprising

units (A EUR acc) in the Carmignac Patrimoine fund
(FR0010135103)

shares (T) in the Ethna-AKTIV fund
(LU0431139764)

shares (Euro Class A-H – Accumulation shares) in the M&G Optimal Income Fund
(GB00B1VMCY93)

(each a “Basket Component” or, as the case may be, a “Fund”)

These final terms (the “Final Terms”) have been prepared for the purpose of Article 5 (4) of the Prospectus Directive and provide additional information to the base prospectus dated 17 April 2015, as supplemented from time to time (the “Base Prospectus”, together with the Final Terms, the “Prospectus”) that was prepared in accordance with the Financial Instruments Trading Act (SFS 1991:980). Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus.

These Final Terms must be read in conjunction with the Base Prospectus, including all information incorporated by reference therein and any supplement(s) thereto. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus, as supplemented from time to time. However, a summary of the individual issue of the Securities is annexed to these Final Terms. The Base Prospectus, any supplement to the Base Prospectus and these Final Terms are available for viewing at www.ubs.com/keyinvest or a successor address. Copies may be obtained during normal business hours at the registered offices of the Issuer.

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OVERVIEW ON THE SECURITY STRUCTURE

UBS Gearing Securities

UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.

UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.

UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.

Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

PART A – PRODUCT TERMS

The following "**Product Terms**" of the Securities shall, for the relevant Securities, complete and put in concrete terms the General Conditions for the purposes of such Securities.

The Product Terms are composed of

Part 1: **Key Terms and Definitions of the Securities**

Part 2: **Special Conditions of the Securities**

Product Terms and General Conditions together constitute the "**Conditions**" of the relevant Securities.

Part 1: Product Terms: Key Terms and Definitions of the Securities

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities. The following use of the symbol "" in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.*

A. Additional Event:	Termination	Additional Termination Event means in relation to a Fund Unit used as the Underlying the occurrence of a Potential Adjustment Event (as defined in § 6 i of the General Conditions of the Securities of the Base Prospectus dated 17 April 2015, as supplemented from time to time).
B. Banking Day:		The Banking Day means each day on which the banks in London, United Kingdom, and Stockholm, Sweden are open for business and the Clearing System settles securities dealings.
Basket Business Day:		The Basket Business Day means any day, which is a Fund Business Day in relation to all Basket Components _(i=1) to _(i=3) .
C. CA Rules:		CA Rules means the Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument) as well as any regulation and operating procedure applicable to and/or issued by the Clearing System.
Clearing System:		Clearing System means Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om kontoföring av finansiella instrument) or any successor in this capacity.
E. Expiration Date:		<p>The Expiration Date means the Last Valuation Averaging Date (expected to be 22 September 2022).</p> <p>If such day is not a Basket Business Day, the immediately succeeding Basket Business Day shall be the Expiration Date.</p>
F. Fixing Date:		<p>The Fixing Date means 29 June 2015. If such day is not a Basket Business Day, the immediately succeeding Basket Business Day shall be the Fixing Date.</p> <p>In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.</p>
Fund Business Day:		The Fund Business Day means any day in respect of which (i) the administrator of the Fund calculates and publishes the Fund's NAV in accordance with the relevant prospectus and constitutional documents of the Fund and (ii) a Notional Investor in the Fund Units of the Fund could subscribe and redeem the Fund Units.
G. Governing Law:		German law governed Securities. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

- I.**
- Initial Payment Date:** The Initial Payment Date means 14 July 2015. If such day is not a Banking Day, the immediately succeeding Banking Day shall be the Initial Payment Date.
- In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.
- Issue Date:** The Issue Date means 13 July 2015.
- In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.
- Issuer:** The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.
- Issuing Agent:** The Issuing Agent means SEB Merchant Banking, Asset Servicing, S-106 40 Stockholm, Sweden, or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.
- M.**
- Maturity Date:** The Maturity Date means
- (i) in case of a redemption of the Securities in accordance with § 1 of the Conditions of the Securities, 27 September 2022 (or, if this day is not a Banking Day, the immediately following Banking Day), **provided that** before this day a Notional Investor would have received full redemption proceeds for the Fund Units, if that Notional Investor had, by giving the appropriate prior notice, requested redemption as at the Last Valuation Averaging Date (**if, however,** there is a delay in the receipt of the full redemption proceeds for the Fund Units by the Notional Investor, such date will be postponed accordingly), and
 - (ii) in case of a termination by the Issuer in accordance with § 8 of the Conditions of the Securities, the 10th (tenth) Banking Day after the Termination Date, **provided that** before this day a Notional Investor would have received full redemption proceeds for the Fund Units, if that Notional Investor had, by giving the appropriate prior notice, requested redemption as at the Termination Date (**if, however,** there is a delay in the receipt of the full redemption proceeds for the Fund Units by the Notional Investor, such date will be postponed accordingly).
- Minimum Trading Size:** The Minimum Trading Size equals 1 Security.
- N.**
- Net Asset Value:** The Net Asset Value ("**NAV**") means the relevant Fund's net asset value as calculated and published by the Fund's administrator in accordance with the relevant Fund's prospectus and constitutional documents by adding the value of all the assets of the Fund and deducting the total liabilities (including, in particular but not limited to, any fees (including an advisory fee and an incentive fee) payable to the Fund's advisor, the administrator, the bank and the custodian of the Fund, all borrowings, brokerage fees, provisions for taxes (if any), allowances for contingent liabilities and any other costs and expenses reasonably and properly incurred to the bank or the custodian of the Fund in effecting the acquisition or disposal of securities or in administering the Fund) of the Fund.
- Nominal Amount:** The Nominal Amount per Security equals SEK 10,000.00.

Notional Investor: The Notional Investor means in relation to each Fund a hypothetical investor in the Fund Units of the Fund.

P.
Participation Factor: The Participation Factor equals 100 % (indicative). The Participation Factor will, subject to a minimum of 70 %, be fixed on the Fixing Date.*

Paying Agent: The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.

Price of the Basket Component: The Price of the Basket Component_(i) means the Net Asset Value of the relevant Fund in relation to the Fund Unit, as calculated and published by the Fund's administrator in accordance with the relevant Fund's prospectus and constitutional documents.

For the purpose of calculating such value as of each Valuation Averaging Date, the Calculation Agent, acting in its reasonable discretion (pursuant to § 315 of the BGB), shall determine such value based on the redemption proceeds that a Notional Investor would have received, if that Notional Investor had, for the Fund, subject to it giving the appropriate prior notice, requested redemption of the Fund Units as at the relevant Valuation Averaging Date.

Principal Paying Agent: The Principal Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

R.
Redemption Currency: The Redemption Currency means Swedish Krona ("SEK").

S.
Securities: Securities means the UBS Gearing Certificates issued by the Issuer in the Issue Size with the following product features:

Participation Factor:	Applicable
Leverage Factor:	Not Applicable
Multiplier:	Not Applicable
Multiplication Factor:	Not Applicable
Reverse Structure:	Not Applicable
Express Structure:	Not Applicable
Thresholds, Barriers or Levels:	Not Applicable
Maximum Amount:	Not Applicable
Relevant Underlying:	Not Applicable
Physical Delivery:	Not Applicable
Automatic Termination:	Not Applicable
Currency Conversion:	Not Applicable
Capital Protection:	Not Applicable
No predefined term:	Not Applicable
Time-lagged Valuation:	Not Applicable
Minimum Exercise Size:	Not Applicable
Securityholder's Termination Right:	Not Applicable
Quanto:	Applicable
Consideration of Components:	Not Applicable

Individual Determination:	Not Applicable
Collective Determination:	Applicable

The Securities are being issued in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System (also the "**Swedish Securities**") and will not be represented by definitive securities.

**T.
Termination Amount:**

The Termination Amount equals an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering the then prevailing Price of the Underlying as the fair market price of a Security at the occurrence of the termination of the Securities less any deduction for any costs, as determined by the Calculation Agent at its reasonable discretion.

**U.
Underlying:**

The Underlying (also the "**Basket**") equals a basket of funds comprising

- (i) units (class A EUR acc, the "**Fund Units_(i=1)**") in the Carmignac Patrimoine fund (FR0010135103) (the "**Basket Component_(i=1)**" or, as the case may be, the "**Fund_(i=1)**"),
- (ii) shares (class T, the "**Fund Units_(i=2)**") in the Ethna-AKTIV fund (LU0431139764) (the "**Basket Component_(i=2)**" or, as the case may be, the "**Fund_(i=2)**"), and
- (iii) shares (class Euro Class A-H – Accumulation shares, the "**Fund Units_(i=3)**") in the M&G Optimal Income Fund (GB00B1VMCY93) (the "**Basket Component_(i=3)**" or, as the case may be, the "**Fund_(i=3)**").

The term "Fund Unit", "Basket Component" and "Fund" shall also refer to all Fund Units_(i=1) to _(i=3), all Basket Components_(i=1) to _(i=3) and to all Funds_(i=1) to _(i=3).

The weight of the fund basket is for the purposes of calculating amounts under the Conditions adjusted on a continuous basis in accordance with the Target Volatility Strategy (the "**Target Volatility Strategy**").

The Funds and the Target Volatility Strategy are further described in the section "Information about the Underlying", which forms part of the Conditions of the Securities.

**V.
Valuation
Date(s):**

Averaging The Valuation Averaging Date(s) mean(s)

- 1) Valuation Averaging Date_(i=1): 22 September 2020;
- 2) Valuation Averaging Date_(i=2): 22 October 2020;
- 3) Valuation Averaging Date_(i=3): 22 November 2020;
- 4) Valuation Averaging Date_(i=4): 22 December 2020;
- 5) Valuation Averaging Date_(i=5): 22 January 2021;
- 6) Valuation Averaging Date_(i=6): 22 February 2021;
- 7) Valuation Averaging Date_(i=7): 22 March 2021;
- 8) Valuation Averaging Date_(i=8): 22 April 2021;
- 9) Valuation Averaging Date_(i=9): 22 May 2021;
- 10) Valuation Averaging Date_(i=10): 22 June 2021;
- 11) Valuation Averaging Date_(i=11): 22 July 2021;
- 12) Valuation Averaging Date_(i=12): 22 August 2021;

- 13) Valuation Averaging Date_(i=13): 22 September 2021;
- 14) Valuation Averaging Date_(i=14): 22 October 2021;
- 15) Valuation Averaging Date_(i=15): 22 November 2021;
- 16) Valuation Averaging Date_(i=16): 22 December 2021;
- 17) Valuation Averaging Date_(i=17): 22 January 2022;
- 18) Valuation Averaging Date_(i=18): 22 February 2022;
- 19) Valuation Averaging Date_(i=19): 22 March 2022;
- 20) Valuation Averaging Date_(i=20): 22 April 2022;
- 21) Valuation Averaging Date_(i=21): 22 May 2022;
- 22) Valuation Averaging Date_(i=22): 22 June 2022;
- 23) Valuation Averaging Date_(i=23): 22 July 2022;
- 24) Valuation Averaging Date_(i=24): 22 August 2022; and
- 25) Valuation Averaging Date_(i=25): 22 September 2022 (also the “**Last Valuation Averaging Date**”).

The term “Valuation Averaging Date” shall also refer to all Valuation Averaging Dates_(i=1) to _(i=25).

If one of these days is not a Basket Business Day, the immediately succeeding Basket Business Day is deemed to be the relevant Valuation Averaging Date.

Part 2: Product Terms: Special Conditions of the Securities

§ 1 Security Right

(1) Security Right of the Securityholders

The Issuer hereby warrants to the Securityholder (§ 4 (2)) of each (1) Security relating to the performance of the Target Volatility Strategy on the Price of the Basket Components under these Conditions the right (the "**Security Right**") to receive the Settlement Amount (§ 1 (2)) in the Redemption Currency, if applicable, commercially rounded to two decimal places (the "**Redemption Amount**");

(2) Settlement Amount

The "**Settlement Amount**" is calculated in accordance with the following formula:

$$\text{Nominal Amount} \times \text{Max} (0, \text{Participation Factor} \times \text{Portfolio Return})$$

Whilst the Settlement Amount is calculated by reference to the Target Volatility Strategy on the Underlying, the Issuer is not obliged to invest in the Fund Units as Basket Components. The Securities do not give the Securityholders any ownership rights over the assets of the Issuer or the Fund Units.

Where

"**Portfolio Return**" means the return of the Target Volatility Strategy on the Prices of the Basket Components, which is calculated in accordance with the following formula:

$$\frac{\text{Portfolio Value}_{(\text{final})} - \text{Portfolio Value}_{(\text{initial})}}{\text{Portfolio Value}_{(\text{initial})}}$$

with

"**Portfolio Value_(final)**" of the Target Volatility Strategy is, subject to a Market Disruption (§ 11 of these Conditions), the arithmetic average of the Portfolio Value_(t) (as defined in the section "Information about the Underlying", which forms part of the Conditions of the Securities) on the Valuation Averaging Dates.

"**Portfolio Value_(initial)**" of the Target Volatility Strategy is equal to 100%.

(3) Determinations and Calculations in connection with the Security Right

Any determination and calculation in connection with the Security Right, in particular the calculation of the Settlement Amount, will be made by the Calculation Agent (§ 12). Determinations and calculations made in this respect by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

§ 2

(Intentionally left blank)

§ 3

(Intentionally left blank)

PART B – OFFERING AND SALE

I. Offering for Sale and Issue Price

Offering for Sale and Issue Price:	<p>The UBS Gearing Certificates (the "Securities", and each a "Security") are issued by the Issuer in the Issue Size.</p> <p>It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions (as defined in "VI. Consent to Use of Prospectus" below).</p> <p>The Issue Price will be fixed on the Fixing Date. As of the Fixing Date the selling price will then be adjusted on a continual basis to reflect the prevailing market situation.</p> <p>The Manager shall be responsible for coordinating the entire Securities offering.</p>
Issue Size:	<p>The Issue Size means 3,000 (three thousand) Securities (indicative).</p> <p>The Issue Size will be fixed at the end of the Subscription Period.</p>
Aggregate Amount of the Issue:	Issue Price x Issue Size.
Issue Date:	<p>The Issue Date means 13 July 2015.</p> <p>In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.</p>
Issue Price:	<p>The Issue Price equals SEK 650 (indicative).</p> <p>The Issue Price will, subject to a maximum of SEK 1,500, be fixed on the Fixing Date and will then be published without undue delay on www.ubs.com/keyinvest.</p>
Manager:	The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.
Type and form of the Securities:	Certificates
Clearing system:	Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden.
Security identification number(s) of the Securities:	<p>ISIN: CH0281137874</p> <p>Valor: 281137874</p>
Currency:	The currency of the Securities is Swedish Krona (" SEK ").
Conflicting Interests:	As far as the Issuer is aware, no person involved in the issue and offer and listing of the Securities has an interest material to the issue and offer and listing of the Securities.

II. Subscription, Purchase and Delivery of the Securities

Subscription, Purchase and Delivery of the Securities: The Securities may be subscribed from the Manager during normal banking hours during the Subscription Period. The Issue Price per Security is payable on the Initial Payment Date.

The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.

After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.

Subscription Period: 12 May 2015 until 22 June 2015 (17:30 hrs local time Stockholm)

The Issuer reserves the right to earlier close or to extend the Subscription Period by giving notice to the investors if market conditions so require.

Start of the public offer of the Securities: 12 May 2015 in Sweden

Initial Payment Date: The Initial Payment Date means 14 July 2015. If such day is not a Banking Day, the immediately succeeding Banking Day shall be the Initial Payment Date.

In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

PART C – OTHER INFORMATION

I. Applicable specific risks

Applicable specific risks:

In particular the specific risk factors, which are described in the Base Prospectus under the heading "Security specific Risks" and "Underlying specific Risks" related to the following product features are applicable to the Securities:

"risks related to Securities linked to an **Underlying**"

"product feature **"Participation Factor"**

"product feature **"Securityholder's Termination Right"** does not apply"

"product feature **"Quanto"**

"risks related to a **not exchange traded fund unit** as a Basket Component"

II. Listing and Trading

Listing and Trading

The Issuer intends to apply for listing of the Securities on Nasdaq Stockholm (the "**Security Exchange**").

III. Commissions paid by the Issuer

Commissions paid by the Issuer

- | | |
|--------------------------------------|----------------|
| (i) Underwriting and/or placing fee: | Not Applicable |
| (ii) Selling commission: | Not Applicable |
| (iii) Listing Commission: | Not Applicable |
| (iv) Other: | Not Applicable |

IV. Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities

Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities:

As far as the Issuer is aware, no person involved in the issue and offer and listing of the Securities has an interest material to the issue and offer and listing of the Securities.

V. Rating

Ratings:

The Securities have not been rated.

VI. Consent to Use of Prospectus

The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a "**Public Offer**") by any financial intermediary (each an "**Authorised Offeror**") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Additional conditions:	<p>(a) the relevant Public Offer must occur during the Subscription Period (the "Offer Period");</p> <p>(b) the relevant Public Offer may only be made in Sweden (the "Public Offer Jurisdiction");</p> <p>(c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and if any Authorised Offeror ceases to be so authorised then the above consent of the Issuer shall thereupon terminate;</p> <p>(d) any Authorised Offeror which is not a Manager must comply with the restrictions set out in "Subscription and Sale" as if it were a Manager.</p>
Offer Period:	Subscription Period (as defined in "II. Subscription, Purchase and Delivery of the Securities" above)
Public Offer Jurisdiction:	Sweden

VII. Indication of Yield

Yield:	Not Applicable
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VIII. Other information about the Securities

Authorisation:	The issuance of Securities under the Base Prospectus from time to time has been authorised by applicable corporate authorisations.
Procedure for redemption of Securities:	As specified in § 1 of the Conditions of the Securities Part 2: Product Terms: Special Conditions of the Securities of these Final Terms.
Disturbing events that affect the Underlyings:	As specified in § 11 of the General Conditions of the Securities of the Base Prospectus dated 17 April 2015, as supplemented from time to time.
Adjustment rules for taking into account events that affect the Underlyings:	As specified in § 6 i of the General Conditions of the Securities of the Base Prospectus dated 17 April 2015, as supplemented from time to time.
Explanation of how the Underlyings affect the Securities:	As specified in the section OVERVIEW ON THE SECURITY STRUCTURE of these Final Terms.
Paying Agent:	The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.
Guarantor(s):	Not Applicable
Calculation Agent:	UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Information from third parties:	Where the Final Terms contain information obtained from third parties, such information was reproduced accurately, and to the best knowledge of the Issuer - as far as it is able to ascertain from information provided or published by such third party - no facts have been omitted which would render the reproduced information inaccurate or misleading.
Information after the Issue Date:	The Issuer does not intend to give information about the Securities after the Issue Date.

PART D – COUNTRY SPECIFIC INFORMATION

Additional Paying Agent(s) (if any): Not Applicable

PART E – INFORMATION ABOUT THE UNDERLYING

I. Introduction

The Securities are each based on a basket of funds, comprising

"Fund _(i) ":	Share / Unit Class:	ISIN:	"Weight _(i) "
Carmignac Patrimoine	A EUR acc	FR0010135103	33.33%
Ethna-AKTIV	T	LU0431139764	33.33%
M&G Optimal Income Fund	Euro Class A-H – Accumulation shares	GB00B1VMCY93	33.33%

(each **Fund** is also referred to as a "**Basket Component**" or, collectively, the "**Basket Components**"), where the Fund Basket Weight_(i) (as defined below) of each Fund_(i) is adjusted on a continuous basis in accordance with the Target Volatility Strategy (the "**Target Volatility Strategy**"), all as described below.

UBS AG, London Branch, created the Target Volatility Strategy and is responsible for adjusting and managing the Fund Units (as defined below) in accordance with the Dynamic Allocation Rules (the "**Calculation Agent**"). The Calculation Agent is also responsible for calculating the value of the Target Volatility Strategy.

Investors should note that the following information of the Funds and the Target Volatility Strategy is solely intended for the description of the Certificates and for the use of investors in the Securities. There is no obligation on the Issuer to purchase or hold any Fund Units and Securityholders have no rights in, or to require delivery of, any of such Fund Units at any time. References to any balancing, rebalancing, disposal, acquisition or financing of a Fund Unit have to be understood as reference to a notional transaction and should not be construed as imposing any obligation on the Issuer or any of its affiliates or subsidiaries, the Calculation Agent or any person actually directly or indirectly, physically or synthetically to acquire, dispose of or effect or take delivery of, or effect transactions in, any funds, securities, investments or other assets.

II. Information on the Funds

The following information on the Funds is solely intended for the description of the Securities and for the use of investors in the Securities and does not constitute an offer of units in the Funds. Potential investors should be aware that any realisation of the following risks may have a negative impact on the value of the Securities.

The following information on the Funds has not been independently verified by the Issuer and neither the Issuer nor its affiliates or agents, have participated in the preparation of the information on the Funds. Accordingly, the Issuer makes no representation with respect to the accuracy, validity or completeness of any such information. The Issuer confirms that such information has been accurately reproduced. As far as the Issuer is aware and able to ascertain from this information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1. Information about Carmignac Patrimoine as the Basket Component_(i=1)

Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

Carmignac Patrimoine Unit A EUR acc (ISIN: FR0010135103)

This UCITS is managed by Carmignac Gestion

Objectives and investment policy

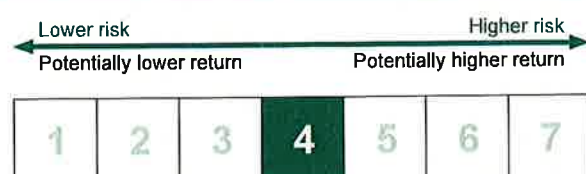
The key features of the UCITS are as follows:

- ▶ The Fund aims to outperform its reference indicator over a period exceeding three years.
- ▶ The reference indicator is the following composite index: 50% MSCI AC WORLD NR (USD) index calculated with net dividends reinvested, and 50% Citigroup WGBI All Maturities index calculated with coupons reinvested. The reference indicator is rebalanced each quarter and converted into euro for EUR units and hedged units, and into the reference currency of each unit class for unhedged units.
- ▶ The Fund is a "Diversified" fund with the following performance drivers:
 - Equities: a maximum of 50% of the Fund's net assets are permanently exposed to international equities (all capitalisations, without restrictions in terms of sector or region, with up to 25% of net assets exposed to emerging countries).
 - Fixed income products: between 50% and 100% of the Fund's net assets is invested in fixed rate and/or variable rate government and/or corporate bonds and money market instruments. The average rating of the bonds held by the Fund shall be at least investment grade (as rated by at least one of the leading rating agencies). Fixed income products from emerging countries may not exceed 25% of net assets.
 - Currencies: The Fund may use currencies other than the Fund's valuation currency for exposure or hedging purposes.
- ▶ These units are accumulation units.

Other information:

- ▶ The portfolio's modified duration is between -4 and +10. Modified duration is defined as the change in portfolio capital (as %) for a change in interest rates of 100 basis points.
- ▶ Derivatives: The Fund may invest in eurozone, international and emerging market convertible bonds. It may use futures or options (equities, interest rates, currencies, etc.) traded on regulated or OTC markets in order to generate exposure, hedge the portfolio or engage in arbitrage. The interest rate and equity derivatives markets may only be used to generate leverage amounting to a maximum of 100% of the Fund's assets.
- ▶ The Fund may invest up to 10% of its net assets in units or shares of investment funds.
- ▶ This Fund may not be suitable for investors planning to withdraw their investment within three years.
- ▶ Investments may be redeemed each business day on request. Subscription and redemption requests are centralised on each NAV calculation and publication day before 18:00 CET/CEST and are executed on the next business day using the previous day's NAV.

Risk and reward profile



This indicator represents the annual historical volatility of the UCITS over a 5-year period. Its aim is to help investors understand the uncertainty attached to gains and losses that may have an impact on their investment.

- ▶ Historical data used to calculate this indicator may not be a reliable indication of the future risk profile of the UCITS.
- ▶ The risk category of this UCITS is not guaranteed and may change over time.
- ▶ Category 1 does not mean the investment is risk-free.
- ▶ Diversified exposure to equity markets, interest rate risk, credit risk and currency risk explains the UCITS' classification in this category.
- ▶ The Fund's capital is not guaranteed.

Risks to which the UCITS may be exposed and which could lead to a fall in the net asset value to which the indicator gives too little consideration:

- ▶ Credit risk: The Fund is invested in securities whose credit rating may decline, meaning there is a risk that the issuer may not be able to meet its commitments. Should an issuer's creditworthiness decline, the value of the bonds or derivatives linked to this issuer may fall.
- ▶ Counterparty risk: The Fund may suffer losses if a counterparty defaults and is unable to meet its contractual obligations, especially in the case of derivatives traded OTC.
- ▶ For more information on risks, please refer to the prospectus of the UCITS.

Charges

The charges paid are used to cover the costs of running the UCITS, including the costs of marketing and distributing units. These charges reduce the potential growth of the investment.

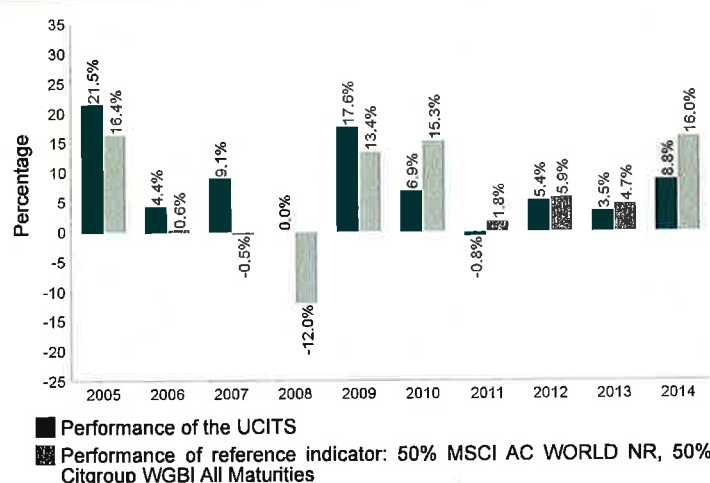
One-off charges taken before or after you invest	
Entry charge	4.00%
Exit charge	0.00%
This is the maximum that might be taken out of your money before it is invested / before the proceeds of your investment are paid out.	
Charges taken from the fund over a year	
Ongoing charges	1.78%
Charges taken from the fund under certain specific conditions	
Performance fee	
10.00% of the outperformance if the performance is positive and exceeds that of the reference indicator (50% MSCI AC WORLD NR, 50% Citigroup WGBI All Maturities) since the beginning of the year. Performance fee invoiced for the last financial year: 0.00%	

Entry and exit charges shown are the maximum applicable and are paid to the distributor. Lower fees may apply in some cases; contact your financial advisor or distributor to find out the actual amount.

Ongoing charges are based on the expenses for the last financial year ended 31 December 2014. They may vary from year to year and do not include performance fees or transaction costs (except in the case of entry/exit charges paid by the UCITS when buying or selling units of another collective investment vehicle).

For more information on fees, charges and performance fee calculation methods, please refer to the "Fees and expenses" section of the prospectus, available on the website: www.carmignac.com

Past performance



- ▶ Past performance is not a reliable indicator of future results. Performance may vary over time.
- ▶ Charges are included in the performances shown.
- ▶ Units of this UCITS were created in 1989.
- ▶ Performances shown are calculated in EUR.
- ▶ Until 31/12/2012, the reference indicators' equity indices were calculated ex-dividend. Since 01/01/2013, they have been calculated with net dividends reinvested and their performances have been presented using the chaining method.

Practical information

- ▶ The custodian for this UCITS is Caceis Bank France.
- ▶ The UCITS' prospectus, management regulations, Key Investor Information Document(s) and annual and semi-annual reports are available free of charge from our Swiss Representative and Paying Agent: Banque Genevoise de Gestion SA, 15 rue Toepffer, CH-1206 Genève.
- ▶ The NAV is available 24 hours a day by phoning +33 (0) 1 42 61 61 62 00 or visiting the website: www.carmignac.com
- ▶ Depending on your tax status, any capital gains and income resulting from the ownership of units of the UCITS may be subject to tax. We advise you to obtain further information in this regard from the promoter of the UCITS or from your tax advisor.
- ▶ Carmignac Gestion may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus of the UCITS.
- ▶ The UCITS may comprise other types of unit. You can find more information on these units in the prospectus of the UCITS or on the website: www.carmignac.com
- ▶ This Fund's units have not been registered under the US Securities Act of 1933. They may not be offered or sold, directly or indirectly, to or on behalf of a "U.S. person" as defined in US "Regulation S" and within the meaning of the US "Foreign Account Tax Compliance Act" (FATCA).

Information about the past and the further performance of the Basket Component_(i=1) and its volatility can be obtained under www.carmignac.com.

2. Information about Ethna-AKTIV as the Basket Component_(i=2)

KEY INVESTOR INFORMATION



This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

Ethna-AKTIV - T

ISIN: LU0431139764

The Fund is managed by ETHENEA Independent Investors S.A..

Objectives and investment policy

The main objective of Ethna-AKTIV is to achieve a suitable increase in value (EUR) while taking into account value stability, capital security and the liquidity of fund assets.

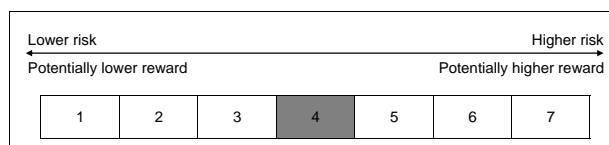
The Fund invests its assets in all kinds of securities, including shares, bonds, money market instruments, certificates and fixed-term deposits. The share in units, equity funds and share-type securities may not exceed 49% of the fund's net assets. The Fund may not invest more than 10% of its assets in other funds. The Fund mainly acquires assets of issuers whose registered offices are located in a Member State of the OECD. For hedging purposes or to increase its assets, the Fund may also use financial instruments whose value depends on the future prices of other assets ("derivatives").

Detailed information on the aforementioned (and/or further) opportunities to invest in the Fund can be found in the current sales prospectus.

In principle, investors may redeem their shares on any banking day in Luxembourg, with the exception of 24 and 31 December. The redemption of shares may be suspended in extraordinary circumstances if this is deemed necessary in the interests of investors.

The Fund reinvests but does not pay rewards to investors.

Risk and reward profile



The historical data used for calculating the synthetic indicator are not a reliable indication of the future risk and reward profile of the share class. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

This share class has been placed in the aforementioned risk class because its unit price is subject to medium fluctuation, therefore the profit potential and loss exposure may be moderate.

Because of the calculation model used, all risks may not be taken into consideration when placing the share class in a risk class. Detailed information can be found in the section entitled "Risks" of the prospectus. The following risks have no direct influence on this categorisation, but may be significant for the Fund:

Credit risks:

The Fund may invest part of its assets in bonds. The issuers of these bonds could become insolvent, causing the bonds to lose some or all of their value.

Liquidity risks:

The Fund may invest part of its assets in securities that are not traded on a stock exchange or similar market. It may be difficult to find a buyer for such securities in the short term. As a result, the risk that share redemptions will be suspended may increase.

Counterparty risks:

The Fund may enter into various transactions with counterparties. If a counterparty becomes insolvent, that party will not be able to meet some or all of its open obligations to the Fund.

Risks relating to the use of derivatives:

The Fund may enter into derivative transactions for the purposes listed above in the section "Investment policy". This means increased opportunities, but also increased risk of losses. The use of derivatives to hedge against losses may also reduce the profit opportunities of the Fund.

Operating risks and custodial risks:

The Fund may fall victim to fraud or other criminal activities. It may suffer losses through misunderstandings or errors on the part of employees of the investment company or third parties or be hurt by external events, such as natural disasters. There is a risk of loss associated with holding assets in custody, especially abroad. This risk may result from insolvency, negligence or misconduct on the part of the Custodian or a sub-custodian.

Charges

One-off charges taken before or after you invest

Entry charge	3,00%
Exit charge	0,00%

This is the maximum that might be taken out of your money before it is invested or before payment of the redemption price. Please consult your financial advisor for the actual amounts.

Charges taken from the Fund in the past financial year

Ongoing charges	1,88%
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This amount is based on the charges incurred by the share class in the past financial year, and may vary from year to year. The past financial year ended on 31.12.2014.

Charges taken from the Fund under certain specific conditions

Performance fees:

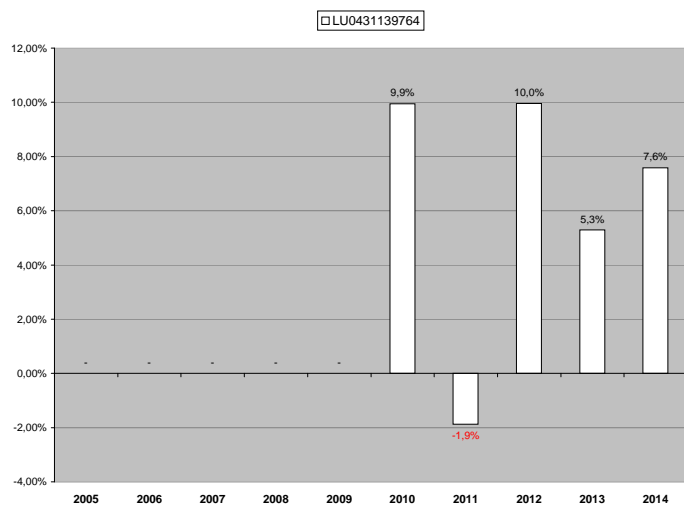
Up to 20% of the increase in Fund assets in excess of 5%, provided that previous decreases in value are offset. This is paid out annually.

In the past financial year, the performance fee amounted to 0,78%.

The charges borne by the investor are used for the operation of the Fund and for its management, marketing and distribution. The charges reduce the potential investment growth of the Fund.

Any eventual performance-related fee as well as any transaction costs incurred, with the exception of the transaction costs of the Custodian Bank, are not included in the 'ongoing charges' figure.

Past performance



The share class was established in 2009.

Performance was calculated in EUR.

Statements about past performance are not a guide to future performance.

All charges and fees, except for the entry charge, were deducted when calculating the performance.

Practical information

The Fund's Custodian is DZ PRIVATBANK S.A., whose registered office is at 4, rue Thomas Edison, Luxemburg-Strassen.

Copies of the prospectus (including the management regulations), the "Key Investor Information" as well as the annual and semi-annual reports can be obtained free of charge from the Swiss representative IPConcept (Schweiz) AG, In Gassen 6, CH-8022 Zürich. The paying agent in Switzerland is DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, CH-8022 Zürich.

Further practical information and the current share prices are available at no charge at any time on the website of the Management Company or at the abovementioned offices. The Management Company homepage is at www.ethenea.com.

The tax laws in the Member State in which the Fund originated may influence your personal tax situation. Please consult your tax advisor with regard to the tax consequences of investing in the Fund.

The Management Company may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus.

This key information describes a share class of the Fund. The sales prospectus and the reports may contain information on all share classes of the Fund.

Investors may exchange shares in a share class for shares of another share class. Details on the exchange of shares and the related charges can be found in the sales prospectus.

This Fund is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier.

This key investor information is accurate as at 18.02.2015.

Information about the past and the further performance of the Basket Component_(i=2) and its volatility can be obtained under <http://www.bloomberg.com/quote/ETAKTVE:LX>.

3. Information about the M&G Optimal Income Fund as the Basket Component₍₁₌₃₎

Key Investor Information



This document provides you with key investor information about this Fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

M&G Optimal Income Fund

Euro Class A-H – Income shares ISIN no. GB00B933FW56

Euro Class A-H – Accumulation shares ISIN no. GB00B1VMCY93

Managed by M&G Securities Limited, which is part of the Prudential Group

Objective and investment policy

Objective

Income and growth.

Investment policy

At least 50% of investment will be in fixed income securities [investments which provide a certain level of income or interest].

The Fund may also invest in, but is not limited to, the following:

- other funds;
- company shares;
- cash;
- derivatives (which may be used for hedging purposes).

The Fund may invest more than 35% in the securities issued or guaranteed by an EEA State or other countries listed in the Fund's Prospectus. Such exposure may be combined with the use of derivatives in pursuit of the Fund's objective.

[Derivatives are financial instruments whose value is linked to the expected future price movements of an underlying asset.]

You can buy and sell shares in the Fund on any business day. Provided we receive your instruction before 11.30am CET, shares will be bought at that day's price.

This Fund allows the fund manager to make discretionary choices when deciding which investments should be held in the Fund.

If you hold accumulation shares, any income from the Fund will be rolled up into the value of your investment.

If you hold income shares, any income from the Fund may be paid out to you.

In addition to the charges set out in the charges section, the Fund will incur portfolio transaction costs which are paid from the assets of the Fund. These tend to be higher when investing outside Europe.

Risk and reward profile



1	2	3	4	5	6	7
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- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

The Fund has the above risk number because of the effect of the following risks:

- The value of investments, and the income from them, will fluctuate. This will cause the Fund price to fall as well as rise and you may not get back the original amount you invested.
- Currency exchange rate fluctuations will impact the value of your investment.

- The Fund may use derivatives for the purposes of meeting the Fund's objective, and protecting the capital value from risk. The Fund may also use derivatives to generate exposure to investments exceeding the net asset value of the Fund. This will expose the Fund to a higher degree of risk and may cause your investment to experience larger than average price fluctuations.
- The Fund may take short positions through the use of derivatives which are not backed by equivalent physical assets. Short positions reflect an investment view that the price of the underlying asset is expected to fall in value. Accordingly, if this view is incorrect and the asset rises in value, the short position will cause a loss to the Fund.
- The fund manager will place transactions, hold positions and place cash on deposit with a range of eligible persons or institutions (a "counterparty"). There is a risk that a counterparty may default on its obligations or become insolvent, which may have a negative impact on the value of the Fund.
- Changes in the interest rate will affect the value of, and the interest earned from, the fixed income securities held by the Fund. When interest rates rise, the capital value of the Fund is likely to fall and vice versa.
- The value of the Fund will fall if the issuer of a fixed income security held is unable to pay income payments or repay its debt (known as a default). A default, expected default or downgrading will make a fixed income security harder to sell as its value and income are likely to fall. Fixed income securities that pay a higher level of income usually have a lower credit rating because of the increased risk of default. The higher the rating the less likely it is that the issuer will default, but ratings are subject to change.
- In difficult market conditions the value of certain fund investments may be less predictable than normal. In some cases this may make such investments harder to sell at the last quoted market price, or at a price considered to be fair. Such conditions could result in unpredictable changes in the value of your holding.
- The Fund can invest in emerging markets which tend to have larger price fluctuations than more developed markets, as they are generally smaller, less liquid and more sensitive to economic and political factors. Adverse market and political conditions in one emerging market country could spread to other countries in the region. In exceptional circumstances the Fund may encounter difficulties when buying and selling these investments, including transferring the proceeds or any income earned and/or in valuing the assets.
- Hedged share classes use currency hedging strategies to minimise currency exchange rate risk. There will be imperfections with any hedging strategy, and it cannot be guaranteed that the hedging objective will be achieved. The hedging strategy may substantially limit holders of the hedged share class from benefiting if the hedged share class currency falls against Sterling.
- There is a risk that one or more countries will exit the Euro and re-establish their own currencies. In light of this uncertainty or in the event that this does occur, there is an increased risk of asset prices fluctuating or losing value. It may also be difficult to buy and sell securities and issuers may be unable to repay the debt. In addition, there is a risk that disruption in Eurozone markets could give rise to difficulties in valuing the assets of the Fund. In the event that it is not possible to carry out an accurate valuation of the Fund, dealing may be temporarily suspended.

A more detailed description of the risk factors that apply to the Fund can be found in the Fund's Prospectus.

Charges

The charges shown in the table are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

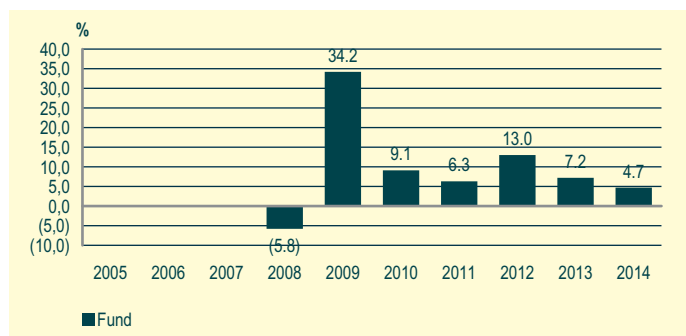
One-off charges taken before or after you invest	
Entry charge	4,00 %
Exit charge	0,00 %
This is the maximum that might be taken out of your money before it is invested.	
Charges taken from the Fund over a year	
Ongoing charge	1,43 %
Charges taken from the Fund under certain specific conditions	
Performance fee	None

The entry and exit charges shown are the maximum figures and, in some cases, you may pay less. You can find out the specific charges which apply to your investment by contacting your financial adviser, distributor, or by contacting us using the details given in the practical information section.

The ongoing charge is based on expenses for the year ending 30 September 2014. This figure may vary from year to year. It excludes performance fees and portfolio transaction costs (except in the case of an entry / exit charge paid by the Fund when buying and selling shares in another fund).

For more information on charges, please refer to the relevant sections of the Prospectus which can be found by visiting www.mandg.ch/en

Past performance



- Past performance is not a guide to future performance.
- The past performance calculation is exclusive of UK taxes. It does not take into account the entry and exit charges but does take into account the ongoing charge, as shown in the Charges section.
- The Fund launched on 8 December 2006. The Euro Class A-H Accumulation share class launched on 20 April 2007 and the Euro Class A-H Income share class launched on 12 July 2013.
- Past performance is calculated using Euro Class A-H Accumulation shares.

Practical information

The depositary is National Westminster Bank plc.

The representative of the Fund in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva. web: www.carnegie-fund-services.ch. The Swiss paying agent is: JPMorgan Chase Bank, National Association, Columbus, Zurich Branch, Dreikönigstrasse 21, CH-8002 Zürich.

For further information about this Fund, please visit www.mandg.ch/en where you can obtain a copy of the Prospectus, the Key Investor Information, Instrument of Incorporation, and the latest Annual and Semi-Annual reports, free of charge. Our website also provides other information not contained in the above documents such as share prices. Alternatively, you can obtain any of these documents from the representative in Switzerland in their latest legally valid version in German.

This Fund is subject to UK tax laws, which may have an impact on your personal tax position. Please speak to an adviser for further information.

M&G Securities Limited may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the Prospectus for the Fund.

Other share classes may exist for the Fund as set out in the relevant Prospectus.

This Fund is authorised in the UK and regulated by the Financial Conduct Authority. M&G Securities Limited is authorised in the UK and regulated by the Financial Conduct Authority.

This key investor information is accurate as at 7 April 2015.

Information about the past and the further performance of the Basket Component_(i=3) and its volatility can be obtained under www.mandg.ch/en.com.

III. Description of the Target Volatility Strategy

The Target Volatility Strategy on the Funds is a notional, Swedish Krona ("SEK") denominated strategy that reflects the performance of a notional synthetic quanto'd SEK exposure to the Basket Components comprised in the Underlying based on observed market prices (the "Portfolio"). The Portfolio is managed, using a formulaic allocation strategy specified in the Dynamic Allocation Rules below.

In pursuit of the Target Volatility Strategy, the Fund Basket Weight (as defined below) is adjusted in accordance with the Dynamic Allocation Rules on an ongoing basis.

1. Rebalancing of the Fund Basket Weight

On each Basket Business Day_(t) following the Fixing Date the Fund Basket Weight_(t) (as defined below) is determined following the calculation of the Signal (as defined below) for each Basket Business Day.

Where

"Basket Business Day" has the meaning as given to it in Part I of the Product Terms "Key Terms and Definitions of the Securities".

"Fund Business Day" has the meaning as given to it in Part I of the Product Terms "Key Terms and Definitions of the Securities".

"Fixing Date" has the meaning as given to it in Part I of the Product Terms "Key Terms and Definitions of the Securities".

The Signal on any Basket Business Day_(t) is measured daily and compared with the floor of 3 % (the "Floor") and the cap of 5 % (the "Cap") to determine if a Rebalancing (as defined below) as of the Basket Business Day_(t+2), needs to occur.

On any Basket Business Day_(t) the "Signal" (the "Signal_(t)") will be calculated by the Calculation Agent as follows:

- (a) If Cap is lower than Signal_(t-1) or Floor is higher than Signal_(t-1), *i.e.* Cap < Signal_(t-1) or Floor > Signal_(t-1), the Signal_(t) will be calculated by the Calculation Agent in accordance with the following formula:

$$\text{Realised Volatility}_{(t)} \times \text{Fund Basket Weight}_{(t+1)}$$

- (b) otherwise, Signal_(t) will be calculated by the Calculation Agent in accordance with the following formula:

$$\text{Realised Volatility}_{(t)} \times \text{Fund Basket Weight}_{(t)}$$

The Signal on the Fixing Date (the "Signal₍₀₎") will be calculated by the Calculation Agent in accordance with the following formula:

$$\text{Realised Volatility}_{(\text{initial})} \times \text{Fund Basket Weight}_{(0)}$$

Where

"Fund Basket Weight_(t)" means the weight of the Underlying as of the Basket Business Day_(t), expressed as a percentage, where the Fund Basket Weight on the Fixing Date ("Fund Basket Weight₍₀₎") or, as the case may be, the "Initial Fund Basket Weight" will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Min} \left(\text{Maximum Fund Exposure}, \frac{\text{Target}}{\text{Realised Volatility}_{\text{initial}}} \right)$$

where “**Maximum Fund Exposure**” means 200 % and “**Target**” means 4 %.

Following the Fixing Date, the Fund Basket Weight is adjusted in accordance with the Dynamic Allocation Rules on an ongoing basis.

“**Realised Volatility_(initial)**” means the Realised Volatility calculated for Volatility Observation Period (as defined below) ending on the Fixing Date.

“**Realised Volatility_(t)**” is calculated as the annualised exponentially weighted standard deviation of the Funds comprised in the Underlying over the last Volatility Observation Period. On any Basket Business Day_(t), the Realised Volatility_(t) will be calculated by the Calculation Agent using the following formula:

$$\sqrt{AF} \times \sqrt{\frac{\sum_{j=1}^{VOP} \left(\left(1 - \frac{3}{VOP} \right)^j \times \left(\frac{\text{Fund Basket}_{(t-j+1)}}{\text{Fund Basket}_{(t-j)}} - 1 \right)^2 \right)}{\sum_{j=1}^{VOP} \left(1 - \frac{3}{VOP} \right)^j}}$$

Where

“**AF**” means an annualising factor equal to 254.

“**VOP**” or “**Volatility Observation Period**” means the volatility observation period equal to 90 Basket Business Days, immediately preceding but including the relevant Basket Business Day_(t).

“**Fund Basket_(t)**” is respect of any Basket Business Day_(t) calculated by the Calculation Agent in accordance with the following formula:

$$\sum_{i=1}^3 \text{Weight}_{(i)} \times \frac{\text{NAV}_{i,(t)}}{\text{NAV}_{i,(initial)}}$$

“**Weight_(i)**” means in respect of each Fund_(i), the Weight of such Fund_(i) indicated in the table in the section “I. Introduction” above.

“**NAV_{i,(t)}**” means in respect of a Basket Business Day_(t), the NAV of the Fund_(i) per Fund Unit_(i) as of such Basket Business Day_(t). When determining the Portfolio Value_(final) of the Target Volatility Strategy in relation to the Valuation Averaging Dates, “NAV_{i,(t)}” is, subject to a Market Disruption (§ 11 of the Conditions), taken as the redemption proceeds that a Notional Investor would have received, if that Notional Investor had, for the Fund, subject to it giving the appropriate prior notice, requested redemption of the Fund Units in the Funds as at the relevant Valuation Averaging Date.

“**NAV_{i,(initial)}**” means the NAV of the Fund_(i) per Fund Unit_(i) as of the Fixing Date.

2. Ideal Fund Basket Weight

If Signal_(t) is lower than the Floor (*i.e.* Signal_(t) < Floor) or higher than the Cap (*i.e.* Signal_(t) > Cap), the Fund Basket Weight_(t+2) will be rebalanced towards the Ideal Fund Basket Weight_(t) (the “**Rebalancing**”) in accordance with the following rules:

- (a) If Signal_(t) is lower than the Floor, *i.e.* Signal_(t) < Floor, Fund Basket Weight_(t+2) will be equal to the Ideal Fund Basket Weight_(t);
- (b) If Signal_(t) is higher than the Cap (*i.e.* Signal_(t) > Cap), the Fund Basket Weight_(t+2) will be equal to the Ideal Fund Basket Weight_(t);
- (c) otherwise, the Fund Basket Weight_(t+2) will be equal to the Fund Basket Weight_(t+1).

In such context, “Fund Basket Weight_(t)” equals “Fund Basket Weight₍₀₎” and “Ideal Fund Basket Weight₍₀₎” means, in respect of any Basket Business Day_(t), a percentage calculated by the Calculation Agent using the following formula:

$$\min\left(\text{Maximum Fund Exposure}, \frac{\text{Target}}{\text{Realised Volatility}_{(t)}}\right)$$

where “Maximum Fund Exposure” means 200 % and “Target” means 4 %.

IV. Calculation of the value of the Portfolio

The initial value of the Portfolio on the Fixing Date is equal to 100 % (the “Portfolio Value₍₀₎”). On any Basket Business Day_(t) (as defined below) thereafter, UBS AG, London Branch, as Calculation Agent calculates the value of the Portfolio (the “Portfolio Value_(t)”) in accordance with the following formula:

$$\text{Portfolio Value}_{(t-1)} \times (1 + \text{Fund Basket Weight}_{(t-1)} \times \text{Fund Basket Return}_{(t)})$$

Where

“Fixing Date” has the meaning as given to it in Part I of the Product Terms “Key Terms and Definitions of the Securities”.

“Basket Business Day” has the meaning as given to it in Part I of the Product Terms “Key Terms and Definitions of the Securities”.

“Fund Basket Weight₍₀₎” has the meaning as given to it in the above section “III.1. Rebalancing of the Fund Basket Weight”.

“Fund Basket Return_(t)” on any Basket Business Day_(t) is calculated by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Fund Basket}_{(t)} - \text{Fund Basket}_{(t-1)}}{\text{Fund Basket}_{(t-1)}}$$

“Fund Basket_(t)” has the meaning as given to it in the above section “III.1. Rebalancing of the Fund Basket Weight”.

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY
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*This summary relates to UBS Gearing Certificates described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Securities together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.*

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Element	Section A – Introduction and warnings	
A.1	Warning.	<p>This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Securities should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Potential investors should be aware that where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the respective European Economic Area member state, have to bear the costs of translating the document before the legal proceedings are initiated.</p> <p>UBS AG in its capacity as Issuer who is responsible for the summary including the translation thereof can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p>
A.2	Consent to use of Prospectus.	<p>The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a "Public Offer") by any financial intermediary (each an "Authorised Offeror") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:</p> <ul style="list-style-type: none"> (a) the relevant Public Offer must occur during the Subscription Period (the "Offer Period"); (b) the relevant Public Offer may only be made in Sweden (the "Public Offer Jurisdiction"); (c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and if any Authorised Offeror ceases to be so authorised then the above consent of the Issuer shall thereupon terminate; (d) any Authorised Offeror which is not a Manager must comply with the restrictions set out in "Subscription and Sale" as if it were a Manager. <p>Authorised Offerors will provide information to investors on the terms and conditions of the Public Offer of the Securities at the time such Public Offer</p>

		is made by the Authorised Offeror to the investor.
Element	Section B – Issuer	
B.1	Legal and commercial name of the issuer.	The legal and commercial name of the Issuer is UBS AG (the “ Issuer ” and together with its subsidiaries “ UBS AG Group ” and together with UBS Group AG, the holding company of UBS AG, “ UBS Group ”, or “ Group ” or “ UBS ”).
B.2	Domicile, legal form, legislation and country of incorporation of the issuer.	<p>The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. UBS AG in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.</p> <p>UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an <i>Aktiengesellschaft</i>, a stock corporation.</p> <p>The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.</p>
B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As stated in UBS's fourth quarter report issued on 10 February 2015, at the start of the first quarter of 2015, many of the underlying challenges and geopolitical issues that UBS has previously highlighted remain. The mixed outlook for global growth, the absence of sustained and credible improvements to unresolved issues in Europe, continuing US fiscal and monetary policy issues, increasing geopolitical instability and greater uncertainty surrounding the potential effects of lower and potentially volatile energy and other commodity prices would make improvements in prevailing market conditions unlikely. In addition, recent moves by the Swiss National Bank to remove the EUR / CHF floor and by the European Central Bank to increase its balance sheet expansion via quantitative easing have added additional challenges to the financial markets and to Swiss-based financial services firms specifically. The increased value of the Swiss franc relative to other currencies, especially the US dollar and the euro, and negative interest rates in the eurozone and Switzerland will put pressure on UBS's profitability and, if they persist, on some of UBS's targeted performance levels. Despite ongoing and new challenges, UBS will continue to execute on its strategy in order to ensure the firm's long-term success and to deliver sustainable returns for shareholders.</p>
B.5	Description of the group and the issuer's position within the group.	<p>UBS AG is a Swiss bank and the main operating company of the Group. It is the sole subsidiary of UBS Group AG and the parent company of the UBS AG Group. Currently, the business divisions and the Corporate Center of UBS primarily operate out of UBS AG, through its branches worldwide. Businesses also operate through local subsidiaries where necessary or desirable.</p> <p>UBS has announced that it intends to transfer by mid-2015 its Retail & Corporate business division and the Swiss-booked business of its Wealth Management business division into UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.</p> <p>In the UK, UBS has begun to implement a revised business and operating</p>

		<p>model for UBS Limited, which will enable UBS Limited to bear and retain a larger proportion of the risk and reward in its business activities.</p> <p>In the US, to comply with new rules for foreign banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act, by 1 July 2016 UBS will designate an intermediate holding company that will own all of UBS's US operations except US branches of UBS AG.</p> <p>UBS may consider further changes to the Group's legal structure in response to regulatory requirements, including the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, the transfer of shared service and support functions to service companies, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with the Swiss Financial Market Supervisory Authority (FINMA) and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.</p>
B.9	Profit forecast or estimate.	Not applicable; no profit forecast or estimate is included in this Prospectus.
B.10	Qualifications in the audit report.	Not applicable. There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for the years ended on 31 December 2013 and 31 December 2014.
B.12	Selected historical key financial information.	UBS AG derived the selected consolidated financial data included in the table below for the years 2012, 2013 and 2014 from its annual report 2014, which contains the audited consolidated financial statements of UBS AG for the year ended 31 December 2014 and comparative figures for the years ended 31 December 2013 and 2012. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF). The annual report 2014 is incorporated by reference in this Prospectus. In the opinion of management, all necessary adjustments were made for a fair presentation of the UBS AG consolidated financial position and results of operations. Prospective investors should read the whole of this Prospectus and the documents incorporated by reference herein and should not rely solely on the summarized information set out below:

	As of or for the year ended		
<i>CHF million, except where indicated</i>	31.12.14	31.12.13	31.12.12
	<i>audited, except where indicated</i>		
Group results			
Operating income	28,026	27,732	25,423
Operating expenses	25,557	24,461	27,216
Operating profit / (loss) before tax	2,469	3,272	(1,794)
Net profit / (loss) attributable to UBS AG shareholders	3,502	3,172	(2,480)
Diluted earnings per share (CHF)	0.91	0.83	(0.66)
Key performance indicators			
Profitability			
Return on equity (RoE) (%) ¹	7.0*	6.7*	(5.1)*
Return on assets, gross (%) ²	2.8*	2.5*	1.9*

Cost / income ratio (%) ³	90.9*	88.0*	106.6*
Growth			
Net profit growth (%) ⁴	10.4*	-	-
Net new money growth for combined wealth management businesses (%) ⁵	2.5*	3.4*	3.2*
Resources			
Common equity tier 1 capital ratio (fully applied, %) ^{6,7}	14.2*	12.8*	9.8*
Swiss SRB leverage ratio (phase-in, %) ⁸	5.4*	4.7*	3.6*
Additional information			
Profitability			
Return on tangible equity (%) ⁹	8.2*	8.0*	1.6*
Return on risk-weighted assets, gross (%) ¹⁰	12.4*	11.4*	12.0*
Resources			
Total assets	1,062,327	1,013,355	1,259,797
Equity attributable to UBS AG shareholders	52,108	48,002	45,949
Common equity tier 1 capital (fully applied) ⁷	30,805	28,908	25,182*
Common equity tier 1 capital (phase-in) ⁷	44,090	42,179	40,032*
Risk-weighted assets (fully applied) ⁷	217,158*	225,153*	258,113*
Risk-weighted assets (phase-in) ⁷	221,150*	228,557*	261,800*
Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	19.9*	18.5*	15.3*
Total capital ratio (fully applied, %) ⁷	19.0*	15.4*	11.4*
Total capital ratio (phase-in, %) ⁷	25.6*	22.2*	18.9*
Swiss SRB leverage ratio (fully applied, %) ⁸	4.1*	3.4*	2.4*
Swiss SRB leverage ratio denominator (fully applied) ¹¹	999,124*	1,015,306*	1,206,214*
Swiss SRB leverage ratio denominator (phase-in) ¹¹	1,006,001*	1,022,924*	1,216,561*
Other			
Invested assets (CHF billion) ¹²	2,734	2,390	2,230
Personnel (full-time equivalents)	60,155*	60,205*	62,628*
Market capitalization	63,243*	65,007*	54,729*
Total book value per share (CHF)	13.56*	12.74*	12.26*
Tangible book value per share (CHF)	11.80*	11.07*	10.54*
* unaudited			
¹ Net profit / loss attributable to UBS AG shareholders (annualized as applicable) / average equity attributable to UBS AG shareholders. ² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. ⁵ Combined Wealth Management's and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks (SRB), which became effective in Switzerland on 1 January 2013. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. Numbers for 31 December 2012 are calculated on an estimated basis described below and are referred to as "pro-forma". The term "pro-forma" as used in this prospectus does not refer to the term "pro forma financial information" within the meaning of Regulation (EC) 809/2004. Some of the models applied when calculating 31 December 2012 pro-forma information required regulatory approval and included estimates (as discussed with UBS's primary regulator) of the effect of new capital charges. These figures are not required to be presented, because Basel III requirements were not in effect on 31 December 2012. They are nevertheless included for comparison reasons. ⁸ Swiss SRB Basel III common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ⁹ Net profit / (loss) attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets. ¹⁰ Operating income before credit loss (expense) or recovery (annualized as applicable) / average risk-weighted assets. Based on Basel III risk-weighted assets (phase-in) for 2014 and 2013 and on Basel 2.5 risk-weighted assets for 2012. ¹¹ The leverage			

ratio denominator is also referred to as "total adjusted exposure" and is calculated in accordance with Swiss SRB leverage ratio requirements. Data represent the average of the total adjusted exposure at the end of the three months preceding the end of the reporting period. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ¹² Includes invested assets for Retail & Corporate.		
	Material adverse change statement.	<p>Except as indicated below under "Impact of Swiss National Bank actions", there has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2014.</p> <p><i>Impact of Swiss National Bank actions</i></p> <p>On 15 January 2015, the Swiss National Bank (SNB) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25% (previously negative 0.75% to positive 0.25%). These decisions resulted in a considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. As of 28 February 2015, the Swiss franc exchange rate was 0.95 to the US dollar, 1.07 to the euro, 1.47 to the British pound and 0.80 to 100 Japanese yen. Volatility levels in foreign currency exchange and interest rates also increased.</p> <p>A significant portion of the equity of UBS's foreign operations is denominated in US dollars, euros, British pounds and other foreign currencies. The appreciation of the Swiss franc would have led to an estimated decline in total equity of approximately CHF 1.2 billion or 2% when applying currency translation rates as of 28 February 2015 to the reported balances as of 31 December 2014. This includes a reduction in recognized deferred tax assets, mainly related to the US, of approximately CHF 0.4 billion (of which CHF 0.2 billion relates to temporary differences deferred tax assets), which would be recognized in other comprehensive income.</p> <p>Similarly, a significant portion of UBS's Basel III risk-weighted assets (RWA) are denominated in US dollars, euros, British pounds and other foreign currencies. Group Asset and Liability Management (Group ALM) is mandated with the task of minimizing adverse effects from changes in currency rates on UBS's fully applied CET1 capital and capital ratios. The Group Asset and Liability Management Committee (Group ALCO), a committee of the UBS Group Executive Board, can adjust the currency mix in capital, within limits set by the Board of Directors, to balance the effect of foreign exchange movements on the fully applied CET1 capital and capital ratio. As the proportion of RWA denominated in foreign currencies outweighs the capital in these currencies, and the significant appreciation of the Swiss franc against these currencies benefited UBS's Basel III capital ratios.</p> <p>On a fully applied basis for Swiss systemically relevant banks (SRB) UBS would have experienced the following approximate declines in its capital and RWA balances when applying currency translation rates as of 28 February 2015 to the reported balances as of 31 December 2014: CHF 0.5 billion or 2% in fully applied common equity tier 1 (CET1) capital, CHF 0.8 billion or 2% in fully applied total capital, CHF 5.8 billion or 3% in fully applied RWA and CHF 45.1 billion or 5% in the fully applied leverage ratio denominator.</p> <p>Consequently, based solely on foreign exchange movements, UBS estimates that its fully applied Swiss SRB CET1 capital ratio would have increased by approximately 10 basis points and the fully applied leverage</p>

		<p>ratio would have improved by approximately 10 basis points.</p> <p>In aggregate, UBS did not experience negative revenues in its trading businesses in connection with the SNB announcement.</p> <p>However, the portion of UBS's operating income denominated in non-Swiss franc currencies is greater than the portion of operating expenses denominated in non-Swiss franc currencies. Therefore, appreciation of the Swiss franc against other currencies generally has an adverse effect on UBS's earnings in the absence of any mitigating actions.</p> <p>In addition to the estimated effects from changes in foreign currency exchange rates, UBS's equity and capital are affected by changes in interest rates. In particular, the calculation of UBS's net defined benefit assets and liabilities is sensitive to the assumptions applied. Specifically, the changes in applicable discount rate and interest rate related assumptions for UBS's Swiss pension plan during January and February have reduced UBS's equity and fully applied Swiss SRB CET1 capital by around CHF 0.7 billion. Also, the persistently low interest rate environment would continue to have an adverse effect on UBS's replication portfolios, and UBS's net interest income would further decrease.</p> <p>Furthermore, the stronger Swiss franc may have a negative impact on the Swiss economy, which, given its reliance on exports, could impact some of the counterparties within UBS's domestic lending portfolio and lead to an increase in the level of credit loss expenses in future periods.</p>
	Significant changes statement.	Except as indicated above under "Impact of Swiss National Bank actions", there has been no significant change in the financial or trading position of UBS AG Group or of UBS AG since 31 December 2014.
B.13	Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	Not applicable, no recent events particular to UBS AG have occurred, which are to a material extent relevant to the evaluation of the UBS AG's solvency.
B.14	<p>Description of the group and the issuer's position within the group.</p> <p>Dependence upon other entities within the group.</p>	<p>Please see element B.5</p> <p>UBS AG is the parent company of the UBS Group. As such, to a certain extent, it is dependent on certain of its subsidiaries.</p>
B.15	Issuer's principal activities.	UBS AG with its subsidiaries is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland with superior financial advice and solutions while generating attractive and sustainable returns for shareholders. UBS's strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by its Global Asset Management business and its Investment Bank. These businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling

		<p>growth prospects in the businesses and regions in which it operates. Capital strength is the foundation of UBS's success. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Global Asset Management and the Investment Bank.</p> <p>According to article 2 of the Articles of Association of UBS AG, dated 10 February 2015 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad.</p>
B.16	Direct or indirect shareholdings or control agreements of the issuer.	<p>Following a share-for-share exchange offer to acquire all the issued ordinary shares of UBS AG in exchange for registered shares of UBS Group AG on a one-for-one basis, and subsequent private exchanges on a one-for-one basis with various shareholders and banks in Switzerland and elsewhere outside the United States, UBS Group AG acquired 96.68% of UBS AG shares by 31 December 2014. Further private exchanges have reduced the amount of outstanding UBS AG shares by 17.1 million and as a result UBS Group held 97.29% of UBS AG shares by 6 March 2015.</p>

Element	Section C – Securities	
C.1	Type and the class of the securities, security identification number.	<p>Type and Form of Securities The Securities are certificates.</p> <p>The Securities (also the "Swedish Securities") are cleared through Euroclear Sweden AB ("Euroclear Sweden") as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden in accordance with the <i>Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument)</i>. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Swedish Securities.</p> <p>Security identification number(s) of the Securities ISIN: CH0281137874 Valor: 281137874</p>
C.2	Currency of the securities.	Swedish Krona (" SEK ") (the " Redemption Currency ").
C.5	Restrictions on the free transferability of the securities.	Not applicable. There are no restrictions on the free transferability of the Securities.
C.8	Rights attached to the securities, including ranking and limitations to those rights.	<p>Governing law of the Securities The Securities will be governed by German law ("German law governed Securities").</p> <p>The legal effects of the registration of the Securities with the relevant Clearing System are governed by the laws of the jurisdiction of the Clearing System.</p> <p>Rights attached to the Securities The Securities provide, subject to the Conditions of the Securities, Securityholders, at maturity or upon exercise, with a claim for payment of the Redemption Amount in the Redemption Currency.</p>

		<p>Limitation of the rights attached to the Securities Under the conditions set out in the Conditions, the Issuer is entitled to terminate the Securities and to make certain adjustments to the Conditions.</p> <p>Status of the Securities The Securities will constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking <i>pari passu</i> among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.</p>
C.11	Admission to trading on a regulated market or other equivalent markets.	The Issuer intends to apply for listing of the Securities on Nasdaq Stockholm.
C.15	Influence of the underlying on the value of the securities.	<p>The value of the Securities during their term depends on the performance of the Basket Components. In case the price of the Basket Components increases, also the value of the Securities (disregarding any special features of the Securities) is likely to increase.</p> <p>In particular, the Redemption Amount, if any, to be received by the Securityholder upon exercise of the Securities depends on the performance of the Basket Components.</p> <p>The following features are examples describing the dependency of the value of the Securities from the Underlying:</p> <p>UBS Gearing Securities UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.</p> <p>Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the</p>

		<p>applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.</p> <p>The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.</p> <p>The following descriptions of several performance structures might be used for the Securities described in the section above, if applicable.</p> <p><u>Underlyings</u> Securities can either depend on one single Underlying, a basket of Underlyings, the best performing Underlying(s), the worst performing Underlying(s) or a combination of those. Basket performances are calculated as the weighted average of the performances of the individual Underlying(s).</p> <p>The weightings can either be predefined or be defined during the life of the product depending on certain conditions. Weights can for example depend on the relative performance of the Underlyings or the realised volatility of the Underlying(s).</p> <p><u>Performances</u> In principle, the value of the Securities (disregarding any special features of the Securities) is likely to increase, in case the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases. In case the price of the Underlying or Basket Components decreases, also the value of the Securities (disregarding any special features of the Securities) is likely to decrease.</p> <p>In contrast thereto, Securities may, if so specified in the relevant Product Terms, provide for a so-called reverse structure. In this case the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) depreciate in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases, or the Securities increase in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, decreases.</p> <p>The performance or levels of the Underlying(s) can be measured in various ways.</p> <p>Usually the performance is measured as the final level of the Underlying(s) as a percentage of the initial level of the Underlying(s). However the final level and/or the initial level can also either be defined as the average/ maximum/minimum level of the Underlying(s) observed within a certain period. The initial level does not necessarily need to be observed on the strike date of the product but can also be observed during the life of the product.</p> <p>Performance can also be measured as the relative performance of one or more Underlying(s) relative to the performance of one or more different Underlying(s).</p> <p>Performances can also have a predefined or a variable and/or conditional cap. This means Securityholders accept a limitation of earning potential</p>
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		<p>("Cap") and may only participate in possible price increases (or decreases) of the Underlying(s) until a certain level is reached and no further. Additionally, performances can also have a predefined or a variable and/or conditional floor. This means Securityholders will have a minimum of earning potential ("Floor") and may only negatively participate in possible price decreases (or increases) of the Underlying(s) until a certain level is reached and no further.</p> <p><u>Barriers</u> Products can have barriers that are activated as soon as certain conditions are met. Usually these barriers represent certain levels to be reached by the Underlying(s) on certain observation dates.</p> <p>Barriers can either be triggered by Underlying(s), performances or other measures reaching certain predefined levels. Some barriers are only triggered if more than one condition is met. Barriers can be either defined to be observed only on certain dates or continuously.</p> <p>Barriers either lead to the removal (Kick-Out) or addition (Kick-In) of certain features of the Securities. Features which are added or removed are for example coupons, participations or Underlying(s).</p> <p><u>Automatic Termination Feature</u> If the relevant Product Terms specify that the Automatic Termination feature applies, then the Securities may be terminated and redeemed early upon the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event).</p> <p><u>Investment Strategies</u> Performance can be defined as the hypothetical performance of a certain predefined investment strategy. This can for example be a strategy that invests into the Underlying(s) only on certain predefined dates. Another example would be a strategy that invests into the Underlying(s) dependent on the realised volatility, performance, momentum or other metric of the Underlying(s) level over the life of the product.</p> <p><u>Bearish/Bullish/Variable Participation Rate</u> Participation is usually proportional with a certain rate (which can itself be dependent on certain pre-conditions for example the performance of one or more Underlying(s)) and can be either negative or positive.</p> <p><u>Currency Conversion</u> The Securityholder's right vested in the Securities may be determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components may be determined in such a currency other than the Redemption Currency, currency unit or calculation unit. The currency exchange rate to be used to determine the Redemption Amount can either be predefined (quanto feature) or variable.</p> <p><u>Coupons/Interest Amounts/Other Proceeds</u> If the relevant Product Terms specify unconditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds, as specified in the applicable Product Terms.</p> <p>If the relevant Product Terms specify conditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds provided that relevant conditions are met. If, in case of a conditional</p>
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		<p>Coupon, Interest Amount or other proceeds, these requirements are not met, no Coupon, Interest Amount or other proceeds are paid.</p> <p>During their term products can therefore generate regular income. However, most products do not generate unconditional income, e.g. dividends or interest.</p> <p><u>Capital Protection</u> Only if the product feature "Capital Protection" is specified to be applicable in the relevant Product Terms, the Settlement Amount is, in any case, at least equal to the capital protected Minimum Amount.</p> <p><u>Maximum Amount</u> If the product feature "Maximum Amount" is specified to be applicable in the relevant Product Terms, the Settlement Amount is capped to the Maximum Amount.</p> <p><u>Physical or Cash Settlement</u> Only if the product feature "Physical Settlement" is specified to be applicable in the relevant Product Terms, the Product is possibly settled physically. Otherwise the settlement occurs in cash payment. The settlement can depend on the performance of the Underlying(s).</p>
C.16	Expiration or maturity date, the exercise date or final reference date.	<p>Maturity Date: (i) in case of a redemption of the Securities in accordance with § 1 of the Conditions of the Securities, 27 September 2022 (or, if this day is not a Banking Day, the immediately following Banking Day), provided that before this day a Notional Investor would have received full redemption proceeds for the Fund Units, if that Notional Investor had, by giving the appropriate prior notice, requested redemption as at the Last Valuation Averaging Date (if, however, there is a delay in the receipt of the full redemption proceeds for the Fund Units by the Notional Investor, such date will be postponed accordingly), and</p> <p>(ii) in case of a termination by the Issuer in accordance with § 8 of the Conditions of the Securities, the 10th (tenth) Banking Day after the Termination Date, provided that before this day a Notional Investor would have received full redemption proceeds for the Fund Units, if that Notional Investor had, by giving the appropriate prior notice, requested redemption as at the Termination Date (if, however, there is a delay in the receipt of the full redemption proceeds for the Fund Units by the Notional Investor, such date will be postponed accordingly).</p> <p>Expiration Date: The Expiration Date means the Last Valuation Averaging Date (expected to be 22 September 2022).</p> <p>If such day is not a Basket Business Day, the immediately succeeding Basket Business Day shall be the Expiration Date.</p> <p>Valuation Averaging Dates:</p> <ol style="list-style-type: none"> 1) Valuation Averaging Date_(i=1): 22 September 2020; 2) Valuation Averaging Date_(i=2): 22 October 2020; 3) Valuation Averaging Date_(i=3): 22 November 2020;

		<p>4) Valuation Averaging Date_(i=4): 22 December 2020; 5) Valuation Averaging Date_(i=5): 22 January 2021; 6) Valuation Averaging Date_(i=6): 22 February 2021; 7) Valuation Averaging Date_(i=7): 22 March 2021; 8) Valuation Averaging Date_(i=8): 22 April 2021; 9) Valuation Averaging Date_(i=9): 22 May 2021; 10) Valuation Averaging Date_(i=10): 22 June 2021; 11) Valuation Averaging Date_(i=11): 22 July 2021; 12) Valuation Averaging Date_(i=12): 22 August 2021; 13) Valuation Averaging Date_(i=13): 22 September 2021; 14) Valuation Averaging Date_(i=14): 22 October 2021; 15) Valuation Averaging Date_(i=15): 22 November 2021; 16) Valuation Averaging Date_(i=16): 22 December 2021; 17) Valuation Averaging Date_(i=17): 22 January 2022; 18) Valuation Averaging Date_(i=18): 22 February 2022; 19) Valuation Averaging Date_(i=19): 22 March 2022; 20) Valuation Averaging Date_(i=20): 22 April 2022; 21) Valuation Averaging Date_(i=21): 22 May 2022; 22) Valuation Averaging Date_(i=22): 22 June 2022; 23) Valuation Averaging Date_(i=23): 22 July 2022; 24) Valuation Averaging Date_(i=24): 22 August 2022; and 25) Valuation Averaging Date_(i=25): 22 September 2022 (also the “Last Valuation Averaging Date”).</p> <p>The term “Valuation Averaging Date” shall also refer to all Valuation Averaging Dates_(i=1) to _(i=25).</p> <p>If one of these days is not a Basket Business Day, the immediately succeeding Basket Business Day is deemed to be the relevant Valuation Averaging Date.</p>
C.17	Settlement procedure of the derivative securities.	<p>Payments shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, be made in accordance with the relevant CA Rules to the relevant Clearing System or the relevant intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant intermediary.</p> <p>The Issuer shall be discharged from its redemption obligations or any other payment or delivery obligations under the Conditions of the Securities by payment and/or delivery to the Clearing System in the manner described above.</p>
C.18	A description of how the return on derivative securities takes place.	Securityholders will receive on the relevant Maturity Date payment of the Redemption Amount.
C.19	Exercise price or final reference price of the underlying.	Reference Price: “ Portfolio Value_(final) ” means is, subject to a Market Disruption (§ 11 of these Conditions), the arithmetic average of the Portfolio Value _(t) on the Valuation Averaging Dates.
C.20	Type of the	Type of Underlying: Basket of not exchange traded fund units

	underlying and where the information on the underlying can be found.	<p>Information about the past and the further performance of the Underlying and its volatility can be obtained</p> <p>in respect to the Basket Component_(i=1) under www.carmignac.com;</p> <p>in respect to the Basket Component_(i=2) under http://www.bloomberg.com/quote/ETAKTVE:LX; and</p> <p>in respect to the Basket Component_(i=3) under www.mandg.ch/en.com.</p>
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Element	Section D – Risks	
D.2	Key information on the key risks that is specific and individual to the issuer.	<p>The Securities entail an issuer risk, also referred to as debtor risk or credit risk for prospective investors. An issuer risk is the risk that UBS AG becomes temporarily or permanently unable to meet its obligations under the Securities.</p> <p>General insolvency risk</p> <p>Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The debt or derivative securities of the Issuer will constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank pari passu with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.</p> <ul style="list-style-type: none"> • UBS AG as Issuer is subject to various risks within its business activities. Such risks comprise in particular the following key types of risks, where all of these risks might have adverse effects on the value of the Securities: • Effect of downgrading of the Issuer's rating: The general assessment of the Issuer's creditworthiness may affect the value of the Securities. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities. • On 15 January 2015, the Swiss National Bank (SNB) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25%, (previously negative 0.75% to positive 0.25%). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy. Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS Group's capital strength, UBS Group's liquidity and funding position, and UBS Group's profitability. • Regulatory and legislative changes may adversely affect UBS Group's

		<p>business and ability to execute its strategic plans. The planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS Group has operations may have a material adverse effect on UBS Group's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on UBS Group's ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on UBS Group's legal structure or business model, potentially generating capital inefficiencies and affecting UBS Group's profitability.</p> <ul style="list-style-type: none"> • UBS Group's capital strength is important in supporting its strategy, client franchise and competitive position. Any increase in risk-weighted assets or reduction in eligible capital could materially reduce UBS Group's capital ratios. Additionally, UBS Group is subject to a minimum leverage ratio requirement for Swiss SRB, which under certain circumstances could constrain UBS Group's business activities even if UBS Group satisfies other risk-based capital requirements. • UBS Group may not be successful in completing the execution of its announced strategic plans or its plans may be delayed or market events may adversely affect the implementation of the plan or the effects of its plans may differ from those intended. UBS Group is also exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division, and may not be successful in implementing changes in its businesses to meet changing market, regulatory and other conditions. • Material legal and regulatory risks arise in the conduct of UBS Group's business. UBS Group is subject to a large number of claims, disputes, legal proceedings and government investigations and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS Group's financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS Group has established for litigation, regulatory and similar matters. Resolution of regulatory proceedings may require UBS Group to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS Group's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS Group. • Operational risks, including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyber-attacks, breaches of information security and failure of security and physical protection, may affect UBS Group's business. If UBS Group's internal controls fail or prove ineffective in identifying and remedying these risks UBS Group could suffer operational failures that might result in material losses. • UBS Group's reputation is critical to the success of its business. Reputational damage can have fundamental negative effects on UBS Group's business and prospects and a material adverse effect on UBS Group's operational results and financial conditions and on UBS Group's ability to achieve its strategic goals and financial targets. • Performance in the financial services industry is affected by market conditions and the macroeconomic climate. An economic downturn,
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		<p>continued low interest rates or weak or stagnant economic growth in UBS Group's core markets, or a severe financial crisis can negatively affect UBS Group's revenues and ultimately its capital base.</p> <ul style="list-style-type: none"> • The UBS Group holds legacy positions and other risk positions, including positions related to real estate in various countries that may be adversely affected by market conditions. In addition, legacy risk positions may be difficult to liquidate as the continued illiquidity and complexity of many of them could make it difficult to sell or otherwise exit these positions. • UBS Group's global presence subjects it to risk from currency fluctuations, which have an effect on UBS Group's reported income and expenses, and other reported figures such as other comprehensive income, invested assets, balance sheet assets, risk-weighted assets and Basel III common equity tier 1 capital. • UBS Group is dependent upon its risk management and control processes to avoid or limit potential losses in its counterparty credit and trading businesses and could suffer losses if, for example, it does not fully identify the risks in its portfolio or if its assessment of the risks identified or its response to negative trends proves to be untimely, inadequate, insufficient or incorrect. • Valuations of certain positions rely on models; models have inherent limitations and may use inputs which have no observable source; different assumptions and inputs would generate different results, and these differences could have a significant impact on UBS Group's financial results. • Liquidity and funding management are critical to UBS Group's ongoing performance. The volume of UBS Group's funding sources or the availability of funding of the types required could change due to, among other things, general market disruptions, widening credit spreads, changes in capital and liquidity requirements or reductions in UBS Group's credit ratings, which could also influence the cost of funding. • UBS Group might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees. UBS Group's competitive strength and market position could be eroded if UBS Group is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating technology, particularly in the trading businesses, or is unable to attract or retain the qualified people needed to carry them out. • UBS Group's financial results may be negatively affected by changes to accounting standards. Changes to IFRS or interpretations thereof may cause UBS Group's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect UBS Group's regulatory capital and ratios. • UBS Group's financial results may be negatively affected by changes to assumptions supporting the value of its goodwill. If assumptions in future periods deviate from the current outlook, the value of UBS Group's goodwill may become impaired in the future, giving rise to losses in the income statement.
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		<ul style="list-style-type: none"> • The effect of taxes on UBS Group's financial results is significantly influenced by reassessments of its deferred tax assets. UBS Group's full year effective tax rate could change significantly on the basis of such reassessments. • As UBS Group AG is a holding company, its operating results, financial condition and ability to pay dividends, other distributions or to pay its obligations in the future is dependent on funding, dividends and other distributions received from UBS AG or any other future direct subsidiary, which may be subject to restrictions. UBS Group's ability to pay dividends and other distributions, and to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS AG and any new subsidiaries established by UBS Group in the future. The ability of such subsidiaries to make loans or distributions (directly or indirectly) to UBS Group may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory and fiscal or other restrictions. Restrictions and regulatory action of this kind could impede access to funds that UBS Group may need to make payments. UBS Group's credit rating could be lower than the rating of UBS AG, which may adversely affect the market value of the securities and other obligations of UBS Group on a standalone basis. Furthermore, UBS Group expects that it may guarantee some of the payment obligations of certain of its subsidiaries from time to time. These guarantees may require UBS Group to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS Group is in need of liquidity to fund its own obligations. • UBS Group's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly. UBS has committed to return at least 50% of its net profit to shareholders as capital returns, provided its fully applied CET1 capital ratio is at least 13% and its post-stress fully applied CET1 capital ratio is at least 10%. However, UBS's ability to maintain a fully applied CET1 capital ratio of at least 13% is subject to numerous risks, including the results of the UBS Group's business, changes to capital standards, methodologies and interpretation that may adversely affect the UBS Group's calculated fully applied CET1 capital ratio, imposition of risk add-ons or additional capital requirements such as additional capital buffers. Additionally, changes in the methodology, assumptions, stress scenario and other factors may result in material changes in UBS's post-stress fully applied CET1 capital ratio. • UBS Group may fail to realise the anticipated benefits of the exchange offer. UBS established UBS Group AG as a holding company for the UBS Group because it believes that it will, along with other measures already announced, substantially improve the resolvability of UBS Group in response to evolving regulatory requirements. UBS Group may, however, encounter substantial difficulties in achieving these anticipated benefits or these anticipated benefits may not materialize. UBS Group AG has acquired approximately 97 percent of the outstanding shares of UBS AG. Delay in acquiring full ownership of UBS AG could adversely affect the anticipated benefits of the exchange offer and the liquidity and market value of the UBS Group AG shares. The existence of minority shareholders in UBS AG may, among other things, make it more difficult or delay UBS Group's ability to implement changes to the legal structure of the UBS Group and interfere with its day-to-day business operations and its corporate governance. • If UBS Group conducts a squeeze-out merger under Swiss law, UBS AG
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		<p>will merge into a merger subsidiary of UBS Group, which will survive the transaction. Although UBS Group expects that the surviving entity will in most cases succeed to UBS AG's banking licenses, permits and other authorizations, such entity may need to re-apply for or seek specific licenses, permits and authorizations, as well as third-party consents. Furthermore, under Swiss law, a minority shareholder subject to the squeeze-out merger could theoretically seek to claim that the consideration offered is "inadequate" and petition a Swiss competent court to determine what is "adequate" consideration. Each of these circumstances, if it were to happen, may generate costs, delay the implementation of the squeeze-out merger or disrupt or negatively impact the UBS Group's business.</p>
D.3	Key information on the risks that are specific and individual to the securities.	<p>Potential investors of the Securities should recognise that the Securities constitute a risk investment which can lead to a total loss of their investment in the Securities. Securityholders will incur a loss, if the amount received in accordance with the Conditions of the Securities is below the purchase price of the Securities (including the transaction costs). Any investor bears the risk of the Issuer's financial situation worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.</p> <p><u>Special risks related to specific features of the Security structure</u></p> <p>Potential investors should be aware that the amount of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying. In case of an unfavourable development of the price of the Basket Components, any amount received under the Securities may be lower than expected by the investors and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).</p> <p>Potential investors should consider that the application of the Participation Factor within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Basket Components, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders do not participate in the relevant performance of the Basket Components by a 1:1 ratio, but by the proportion of the Participation Factor.</p> <p>Potential investors should consider that Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.</p> <p>Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.</p> <p>Potential investors should consider that the Price of the Basket</p>

		<p>Components is determined in a currency other than the Redemption Currency, so-called underlying currency. The relevant Price of the Basket Components used for the calculation of any amounts payable under the Securities is expressed in the Redemption Currency without any reference to the currency exchange rate between the underlying currency of the Basket Components, and the Redemption Currency (so-called "quanto"-feature). As a result, the relative difference between the actual interest rate in relation to the Underlying Currency and the actual interest rate in relation to the Redemption Currency may have a negative impact on the value of the Securities.</p> <p><u>General risks related to the Securities</u></p> <p><i>Termination and Early Redemption at the option of the Issuer</i> Potential investors in the Securities should furthermore be aware that the Issuer is, pursuant to the Conditions of the Securities, under certain circumstances, entitled to terminate and redeem the Securities in total prior to the scheduled Maturity Date. In this case the Securityholder is in accordance with the Conditions of the Securities entitled to demand the payment of a redemption amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the relevant termination date. Furthermore, the Termination Amount, if any, payable in the case of an early redemption of the Securities by the Issuer can be considerably below the amount, which would be payable at the scheduled end of the term of the Securities.</p> <p>The Securityholder, therefore, bears the risk of not participating in the performance of the Basket Components to the expected extent and during the expected period.</p> <p>In the case of a termination of the Securities by the Issuer, the Securityholder bears the risk of a reinvestment, <i>i.e.</i> the investor bears the risk that it will have to re-invest the Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those prevailing at the time of the acquisition of the Securities.</p> <p><i>Adverse impact of adjustments of the Security Right</i> It cannot be excluded that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Basket Components, which potentially lead to changes to the Basket Components or result in the underlying concept of the Basket Components being changed, so-called Potential Adjustment Events. In the case of the occurrence of a Potential Adjustment Event, the Issuer shall be entitled to effect adjustments according to the Conditions of the Securities to account for these events or measures. These adjustments might have a negative impact on the value of the Securities.</p> <p><i>Substitution of the Issuer</i> Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "Substitute Issuer") with respect to all obligations under or in connection with the Securities.</p> <p>This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the</p>
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		<p>credit risk of the Substitute Issuer.</p> <p><i>Trading in the Securities / Illiquidity</i> It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.</p> <p>Applications will be or have been made to the Security Exchange(s) specified for admission or listing of the Securities. If the Securities are admitted or listed, no assurance is given that any such admission or listing will be maintained. The fact that the Securities are admitted to trading or listed does not necessarily denote greater liquidity than if this were not the case. If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities, if any, may be adversely affected. The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.</p> <p>The Manager(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.</p> <p><i>Taxation in relation to the Securities</i> Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.</p> <p><i>Changes in Taxation in relation to the Securities</i> The considerations concerning the taxation of the Securities set forth in the Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, a different tax treatment by the fiscal authorities and tax courts cannot be excluded. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.</p> <p>Neither the Issuer nor the Manager assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.</p> <p><i>Potential conflicts of interest</i> The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Basket Components, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become</p>
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		<p>counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.</p> <p>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying or, as the case may be, the Basket Components; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Basket Components, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Basket Components. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p><u>Risk factors relating to the Basket Components</u></p> <p>The Securities depend on the value of the Basket Components and the risk associated with these Basket Components. The value of the Basket Components depends upon a number of factors that may be interconnected. These may include economic, financial and political events beyond the Issuer's control. The past performance of a Basket Component should not be regarded as an indicator of its future performance during the term of the Securities and the Issuer does not give any explicit or tacit warranty or representation regarding the future performance of the Basket Components.</p> <p>Investors should also note that the level of the Redemption Amount depends on the performance of the basket comprising the Basket Components. As a result, fluctuations in the value of one Basket Component may be offset or intensified by fluctuations in the value of other Basket Components comprised in the basket. Even in the case of a positive performance of one or more Basket Components, the performance of the basket, as a whole may be negative if the performance of the other Basket Components is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the redemption amount if the performance of one or more Basket Components comprised in the Basket, on which the calculation or specification of the redemption amount is based, has deteriorated significantly.</p> <p>Investors should be aware that the relevant Underlying will not be held by the Issuer for the benefit of the Securityholders, and that Securityholders will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to the Underlying.</p>
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D.6	Risk warning to the effect that investors may lose the value of their entire investment or part of it.	Each investor in the Securities bears the risk of the Issuer's financial situation worsening. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of their entire investment. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risk of loss connected with the Securities.
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Element	Section E – Offer	
E.2b	Reasons for the offer and use of proceeds.	Not applicable. Reasons for the offer and use of proceeds are not different from making profit and/or hedging certain risks.
E.3	Terms and conditions of the offer.	<p>It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions during the Subscription Period (as defined below).</p> <p>The Issue Price will be fixed on 29 June 2015 (the "Fixing Date") and will then be made available on www.ubs.com/keyinvest. As of the Fixing Date the selling price will be adjusted on a continual basis to reflect the prevailing market situation.</p> <p>The Securities may be subscribed from the Manager during normal banking hours during 12 May 2015 until 22 June 2015 (17:30 hrs local time Stockholm) (the "Subscription Period"). The Issue Price per Security is payable on 14 July 2015 (the "Initial Payment Date").</p> <p>The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.</p> <p>After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.</p>
E.4	Interest that is material to the issue/offer incl. conflicting interests.	As far as the Issuer is aware, no person involved in the issue and offer and listing of the Securities has an interest material to the issue and offer and listing of the Securities.
E.7	Estimated expenses charged to the investor by the issuer or the offeror.	Not applicable; no expenses are charged to the investor by the issuer or the Manager.

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY (IN THE SWEDISH LANGUAGE)

SAMMANFATTNING

Denna sammanfattning avser UBS Gearing Certifikat som beskrivs i de slutliga villkoren ("**Slutliga Villkoren**") till vilka denna sammanfattning är bilagd. Denna sammanfattning innehåller information från sammanfattningen som återfinns i Grundprospektet som är relevant för Värdepapperen tillsammans med relevant information från de Slutliga Villkoren. Ord och uttryck som definieras i de Slutliga Villkoren eller på andra ställen i Grundprospekt har samma betydelse i denna sammanfattning.

Sammanfattningar består av informationskrav vilka redogörs för i ett antal punkter ("**Punkter**"). Punkterna är numrerade i avsnitt A – E (A.1 – E.7).

Denna sammanfattning innehåller alla de punkter som krävs i en sammanfattning för den aktuella typen av värdepapper och Emittent. Eftersom vissa punkter inte är tillämpliga för denna typ av värdepapper och emittenter, kan det finnas luckor i punkternas numrering.

Även om det krävs att en punkt inkluderas i en sammanfattning för denna typ av värdepapper och emittent, är det möjligt att ingen relevant information kan ges rörande punkten. Informationen har då ersatts med angivelsen "Ej tillämpligt".

Punkt	Avsnitt A– Inledning och varningar	
A.1	Varning.	<p>Denna sammanfattning skall läsas som en inledning till Grundprospektet och varje beslut att investera i Värdepapperen ska baseras på investerarens bedömning av Grundprospektet i dess helhet.</p> <p>Potentiella investerare ska vara medvetna om att om ett krav gällande informationen i detta Grundprospekt framförs inför domstol, kan käranden enligt den nationella lagstiftningen i medlemsstaten i det Europeiska Ekonomiska Samarbetsområdet, bli skyldig att stå för kostnaderna för att översätta Grundprospektet innan de rättsliga förfarandena inleds.</p> <p>UBS AG i dess roll som Emittent är ansvarig för sammanfattningen, inklusive varje översättning härav, kan vara ersättningsskyldig men endast om sammanfattningen är vilseledande, felaktig eller oförenlig när den läses tillsammans med de andra delarna av Grundprospektet eller om den inte innehåller, när den läses tillsammans med de andra delarna av detta Grundprospekt, all erforderlig nyckelinformation.</p>
A.2	Samtycke till användandet av prospektet.	<p>Emittenten samtycker till att Grundprospektet används tillsammans med relevanta Slutliga Villkor i samband med ett erbjudande till allmänheten av Värdepapperen (ett "Erbjudande till Allmänheten") av någon finansiell mellanhand (en "Auktoriserad Erbjudare") som är auktoriserad att göra sådana erbjudanden enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) på följande villkor:</p> <ul style="list-style-type: none"> (a) det aktuella Erbjudandet till Allmänheten måste ske under Teckningsperioden ("Erbjudandeperioden"); (b) det aktuella Erbjudandet till Allmänheten får endast ske i Sverige ("Jurisdiktionen för Erbjudande till Allmänheten"); (c) den aktuella Auktoriserade Erbjudaren måste vara auktoriserad att göra sådant erbjudande i den aktuella Jurisdiktionen för Erbjudande till Allmänheten enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) och om den Auktoriserade Erbjudaren upphör att vara auktoriserad, upphör Emittentens ovanstående samtycke; (d) varje Auktoriserad Erbjudare som inte är en Manager måste iaktta de begränsningar som anges i avsnittet "<i>Subscription and Sale</i>"

		<p>som om de vore en Manager.</p> <p>Auktoriserade Erbjudare ska underrätta investerare om anbudsvillkoren för Värdepapperen i samband med att Erbjudandet till Allmänheten lämnas av den Auktoriserade Erbjudaren till investeraren.</p>
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Punkt	Avsnitt B – Emittent	
B.1	Emittentens registrerade firma och handelsbeteckning.	Emittentens registrerade firma och handelsbeteckning är UBS AG (" Emittenten " och tillsammans med dess dotterföretag " UBS AG Koncernen ", tillsammans med UBS Group AG, holdingbolaget till UBS AG, " UBS Koncernen ", eller " Koncernen " eller " UBS ").
B.2	Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande.	<p>Emittenten bildades under firman SBC AG den 28 februari 1978 för en obegränsad tid och fördes in i handelsregistret i Kantonen Basel-City på den dagen. Den 8 december 1997 ändrade bolaget firma till UBS AG. UBS AG i dess nuvarande form bildades den 29 juni 1998 genom sammanslagningen av Union Bank of Switzerland (grundad 1862) och Swiss Bank Corporation (grundad 1872). UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City. Registreringsnummet är CHE-101.329.561.</p> <p>UBS AG är bildat och är hemmahörande i Schweiz och bedriver sin verksamhet under schweizisk rätt (<i>Swiss Code of Obligations</i>) som ett aktiebolag.</p> <p>Adresserna och telefonnumren till UBS AG:s två registrerade kontor och huvudsakliga platser för verksamheten är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, telefonnummer +41 44 234 1111; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz, telefonnummer +41 61 288 5050.</p>
B.4b	En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.	<p>Information om trender</p> <p>Som beskrivs i UBS:s rapport för det fjärde kvartalet utfärdad den 10 februari 2015, vid starten av det första kvartalet 2015, kvarstår många av de underliggande utmaningar och geopolitiska frågor som UBS tidigare har lyft fram. De blandade utsikterna för global tillväxt, frånvaron av ihållande och trovärdiga förbättringar av olösta frågor i Europa, fortsatta problem med amerikanska skattepolicies och monetära policies, ökning av geopolitisk instabilitet och större osäkerhet rörande de potentiella effekterna av lägre och potentiellt volatil energi och andra råvarupriser skulle göra förbättringar av rådande marknadsförhållanden osannolika. Utöver detta gör den senaste tidens agerande av Swiss National Bank för att ta bort golvet för EUR/CHF och Europeiska Nationalbankens agerande för att öka sin balansräkningsexpansion genom kvantitativ lättnad har adderat ytterligare utmaningar särskilt för den finansiella marknaden och för de Schweiziska finansiella företagen. Det ökade värdet för schweizerfranc i relation till andra valutor, speciellt i förhållande till US dollar och till Euron, och de negativa räntorna i Eurozonen och Schweiz kommer sätta press på UBS:s lönsamhet och, om situationen kvarstår, på några av UBS:s riktade prestandanivåer. Trots bestående och nya utmaningar kommer UBS att fortsätta att verkställa sin strategi för att säkerställa företagets långsiktiga framgång och att leverera uthålliga avkastningsnivåer för aktieägare.</p>
B.5	Beskrivning av koncernen och emittentens plats inom koncernen.	UBS AG är en schweizisk bank och är företaget med den huvudsakliga verksamheten inom Koncernen. Den är det enda dotterföretaget till UBS Group AG och moderbolaget till UBS Group AG. För närvarande drivs verksamhetsområdena och Corporate Center i UBS genom UBS AG, genom dess filialer världen över. Verksamheter bedrivs också genom lokala dotterföretag där detta är nödvändigt eller önskvärt.

		<p>UBS AG har tillkännagivit att banken under mitten av år 2015 kommer överföra dess verksamhetsområden för privatpersonskunder och företag (<i>Retail & Corporate</i>) verksamhetsgren och sannolikt den i Schweiz bokförda verksamheten för förmögenhetsförvaltning (<i>Wealth Management</i>) till UBS Schweiz AG, en bank som är dotterföretag till UBS AG i Schweiz.</p> <p>I Storbritannien har UBS påbörjat implementeringen av en förändrad affärs- och verksamhetsmodell för UBS Limited vilket kommer göra det möjligt för UBS Limited att bära och behålla en större del av riskerna i och avkastningen i dess affärsverksamheter.</p> <p>I USA, för att efterleva de nya reglerna för utländska banker enligt amerikansk lagstiftning (<i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>), kommer UBS den 1 juli 2016 att utse ett mellanliggande holdingbolag som kommer äga alla av UBS:s amerikanska verksamheter med undantag för amerikanska filialer till UBS AG.</p> <p>UBS kan komma att överväga ytterligare ändringar avseende Koncernens juridiska struktur för att möta regulatoriska krav, inklusive överlåtelse av rörelsedrivande dotterföretag hos UBS AG till att bli direktägda dotterföretag till UBS Group AG, överlåtelse av delade tjänste- och supportfunktioner till tjänsteföretag och justeringar avseende bokföringsenhet eller lokaliseringen av produkter och tjänster. Dessa strukturella förändringar diskuteras fortlöpande med den schweiziska tillsynsmyndigheten (FINMA) och andra regulatoriska myndigheter och är föremål för ett antal osäkerhetsfaktorer som kan påverka dessas genomförbarhet, omfattning och tidpunkt.</p>
B.9	Resultatprognos eller förväntat resultat.	Ej tillämpligt; ingen resultatprognos eller förväntat resultat inkluderas i detta Grundprospekt.
B.10	Anmärkningar i revisionsberättelsen.	Ej tillämpligt. Det finns inte några anmärkningar i revisionsberättelserna avseende de konsoliderade finansiella räkenskaperna för UBS AG och de fristående finansiella räkenskaperna för UBS AG för åren som slutade den 31 december 2013 och den 31 december 2014.
B.12	Utvald historisk finansiell nyckelinformation.	UBS har hämtat den utvalda historiska finansiella nyckelinformationen i tabellen nedan för åren 2012, 2013 och 2014 från dess årsredovisning för 2014, som innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG för året som slutade den 31 december 2014 och jämförelsesiffror för åren som slutade den 31 december 2013 och 2012. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards (IFRS) som har utfärdats av International Accounting Standards Board (IASB) och anges i schweiziska franc (CHF). Årsredovisningen för 2014 är införlivad genom hänvisning i detta Prospekt. Enligt ledningens åsikt har alla justeringar som är nödvändiga för att ge en rättvisande bild av UBS AG:s konsoliderade finansiella ställning och verksamhetsresultat. Potentiella investerare bör läsa detta Prospekt i dess helhet och dokumenten som införlivas genom hänvisning häri och ska inte enbart förlita sig på den sammanfattande informationen som anges nedan:
		Per och för året som slutade
CHF miljoner, förutom där annat indikeras		31.12.14 31.12.13 31.12.12
		Reviderat, förutom där indikerat
Koncernresultat		
Rörelseintäkter		28 026 27 732 25 423
Rörelsekostnader		25 557 24 461 27 216

Rörelsevinst / (förlust) före skatt	2 469	3 272	(1 794)
Nettovinst / (förlust) hänförlig till UBS AG:s aktieägare	3 502	3 172	(2 480)
Utspädd resultat per aktie (CHF)	0,91	0,83	(0,66)
Viktiga utvecklingsindikatorer			
Lönsamhet			
Avkastning på eget kapital (RoE) (%) ¹	7,0*	6,7*	(5,1)*
Avkastning på tillgångar, brutto (%) ²	2,8*	2,5*	1,9*
Kostnads-/intäktsrelation (%) ³	90,9*	88,0*	106,6*
Tillväxt			
Nettovinsttillväxt (%) ⁴	10,4*	-	-
Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵	2,5*	3,4*	3,2*
Resurser			
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7}	14,2*	12,8*	9,8*
Schweizisk SRB hävstångsrelation (infasing, %) ⁸	5,4*	4,7*	3,6*
Ytterligare information			
Lönsamhet			
Avkastning på synligt kapital (%) ⁹	8,2*	8,0*	1,6*
Avkastning på riskvägda tillgångar, brutto (%) ¹⁰	12,4*	11,4*	12,0*
Resurser			
Totala tillgångar	1 062 327	1 013 355	1 259 797
Eget kapital hänförligt till UBS AG:s aktieägare	52 108	48 002	45 949
Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷	30 805	28 908	25 182*
Primärkapital (<i>Common equity tier 1 capital</i>) (infasing) ⁷	44 090	42 179	40 032*
Riskvägda tillgångar (fullt tillämpad) ⁷	217 158*	225 153*	258 113*
Riskvägda tillgångar (infasing) ⁷	221 150*	228 557*	261 800*
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasing, %) ^{6,7}	19,9*	18,5*	15,3*
Totalkapitalrelation (fullt tillämpad, %) ⁷	19,0*	15,4*	11,4*
Totalkapitalrelation (infasing, %) ⁷	25,6*	22,2*	18,9*
Schweizisk SRB Hävstångsrelation (fullt tillämpad, %) ⁸	4,1*	3,4*	2,4*
Schweizisk SRB Hävstångsrelationsnämnare (fullt tillämpad) ¹¹	999 124*	1 015 306*	1 206 214*
Schweizisk SRB Hävstångsrelationsnämnare (infasing) ¹¹	1 006 001*	1 022 924*	1 216 561*
Övrigt			
Investerade tillgångar (CHF miljarder) ¹²	2 734	2 390	2 230
Personal (motsvarande heltidstjänster)	60 155*	60 205*	62 628*
Marknadsvärde	63 243*	65 007*	54 729*
Totalt bokfört värde per aktie (CHF)	13,56*	12,74*	12,26*
Synligt bokfört värde per aktie (CHF)	11,80*	11,07*	10,54*
* oreviderat			
¹ Nettovinst/förlust hänförlig till UBS AG:s aktieägare (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare. ² Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar. ³ Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. ⁴ Förändring i nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. ⁵ Kombinerat för Wealth Managements och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. ⁶ Primärkapital/riskvägda tillgångar. ⁷ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB), vilket trädde i kraft i Schweiz den 1 januari 2013.			

Informationen som återges på fullt tillämpad basis återspeglar fullt ut effekterna av de nya kapitalavdragen och utfasningen av icke kvalificerande kapitalinstrument. Informationen som återges på infasad basis återspeglar gradvis dessa effekter under övergångsperioden. Siffror för 31 december 2012 beräknas på en uppskattad basis enligt beskrivning nedan och är på pro forma-basis. Begreppet "pro forma" så som det används i detta prospekt avser inte begreppet "pro forma finansiell information" av den innebörd som anges i Förordning (2004/809/EG). Vissa av modellerna som tillämpas vid beräkningen av pro forma informationen 31 december 2012 krävde regulatoriskt godkännande och innefattar uppskattningar (enligt diskussion med UBS primära tillsynsmyndighet) av effekten av de nya kapitalkraven. Dessa siffror måste inte presenteras eftersom Basel III kraven inte var i kraft den 31 december 2012. Dessa är icke desto mindre inkluderade av jämförelseskäl.⁸ Schweiziska SRB Basel III primärkapital och förlustabsorberande kapital/total justerad exponering (hävstångsrelationsnämndare). Den schweiziska SRB hävstångsrelationen trädde i kraft den 1 januari 2013. Siffror för 31 december 2012 är på pro forma basis (se fotnot 7 ovan).⁹ Nettovinst / (förlust) hänförlig till UBS aktieägare för amortering och nedskrivning av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar.¹⁰ Rörelseintäkter för kreditförluster (förlust) eller återvinning (på årsbasis där tillämpligt) / genomsnitt riskvägda tillgångar. Baserat på Basel III riskvägda tillgångar (infasning) för 2014 och 2013 och på Basel 2.5 riskvägda tillgångar för 2012.¹¹ Hävstångsrelationsnämndare benämns också som "total justerad exponering" och beräknas i enlighet med schweiziska SRB hävstångsrelationskrav. Data representerar genomsnittet av den totala justerade exponeringen vid slutet av de tre månader som föregick slutet av rapporteringsperioden. Siffror för 31 december 2012 är på pro forma basis (se fotnot 7 ovan).¹² Inkluderar investerade tillgångar inom Retail & Corporate.

	<p>Uttalande om väsentliga negativa förändringar.</p>	<p>Med undantag för vad som indikeras nedan under "Inverkan av åtgärder av den schweiziska centralbanken", har det inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS Koncernen sedan den 31 december 2014.</p> <p><i>Inverkan av åtgärder av den schweiziska centralbanken</i></p> <p>Den 15 januari 2015 avbröt den schweiziska centralbanken (SNB) den lägsta målsättningsväxelkursen för den schweiziska francen mot euron, vilken hade funnits på plats sedan september 2011. Vid samma tidpunkt sänkte SNB räntesatsen på saldon på insättningskonton hos SNB som överstiger en viss undantagströskel med 50 baspunkter till negativa 0,75%. Den flyttade också målsättningsintervallet för tremånaders LIBOR till mellan negativa 1,25% och negativa 0,25% (tidigare negativa 0,75% till positiva 0,25%). Dessa beslut resulterade i en betydande stärkning av den schweiziska francen mot euron, US dollar, brittiska pund, japanska yen och flera andra valutor, liksom även en sänkning av räntesatser i schweiziska franc. Per den 28 februari 2015 var växelkursen för schweiziska franc 0,95 till US dollar, 1,07 till euro, 1,47 till brittiska pund och 0,80 till 100 japanska yen. Volatilitetsnivåer för valutaväxlingskurser och räntesatser ökade också.</p> <p>En väsentlig andel av det egna kapitalet i UBS utländska verksamheter är denominerat i US dollar, euro, brittiska pund eller andra utländska valutor. Stärkningen av den schweiziska francen skulle ha lett till en uppskattad nedgång i totalt eget kapital om ungefär CHF 1,2 miljarder eller 2%, om valutakurserna per den 28 februari 2015 appliceras på de rapporterade balansposterna per den 31 december 2014. Detta inkluderar en reducering av bokförda uppskjutna skattefordringar, huvudsakligen relaterade till USA, om ungefär CHF 0,4 miljarder (av vilka CHF 0,2 miljarder relaterar till tillfälliga skillnader för uppskjutna skattefordringar), vilket skulle bokföras över resultatet.</p> <p>På liknande vis är en väsentlig andel av UBS riskvägtade tillgångar enligt Basel III (RWA) denominerade i US dollar, euro, brittiska pund eller andra utländska valutor. Group Asset and Liability Management (Group ALM) har fått mandatet att minimera de negativa effekterna från förändringar i valutakurser på UBS fullt tillämpade primärkapital (CET1) och kapitalrelationer. Group Asset and Liability Management Committee (Group ALCO), en kommitté inom UBS verkställande koncernledning, kan justera valutasammansättningen inom kapitalet, inom gränser som sätts av styrelsen, för att balansera effekterna av valutakursrörelser på primärkapitalet och kapitalrelationerna. Eftersom andelen av RWA denominerade i utländska valutor väger mer än kapitalet i dessa valutor och den väsentliga stärkningen av den schweiziska francen gentemot dessa valutor, var till fördel för UBS kapitalrelationer enligt Basel III.</p> <p>På en fullt tillämpad basis för schweiziska systemviktiga banker (SRB), skulle UBS ha erfarit de följande ungefärliga nedgångarna i dess kapital och</p>
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	Uttalande om väsentliga förändringar.	Med undantag för vad som indikeras nedan under "Inverkan av åtgärder av den schweiziska centralbanken", har det inte inträffat någon väsentlig förändring i den finansiella- eller handelspositionen för UBS Koncernen eller för UBS AG sedan den 31 december 2014.
B.13	Nyligen inträffade händelser särskilda för Emittenten vilka är väsentligt relevanta för värderingen av Emittentens solvens.	Ej tillämpligt, det har inte nyligen inträffat några händelser som är specifika för UBS AG och som i väsentlig mån skulle ha varit relevanta för utvärderingen av UBS AG:s solvens.
B.14	Beskrivning av koncernen och av emittentens position inom koncernen. Beroende av andra företag inom koncernen.	<p>Vänligen se Punkt B.5.</p> <p>UBS AG är moderbolaget för UBS Koncernen. Som sådant är det i viss mån beroende av vissa av sina dotterföretag.</p>
B.15	Emittentens	UBS AG och dess dotterföretag är beslutna att tillhandahålla privata,

	huvudsakliga verksamhet.	<p>institutionella och företagskunder världen över, liksom även privatpersonskunder i Schweiz med bättre finansiell rådgivning och lösningar samtidigt som attraktiv och uthållig avkastning för aktieägarna genereras. UBS strategi är centrerad på dess verksamheter Wealth Management (förmögenhetsförvaltning) och Wealth Management Americas och dess ledande (enligt dess egen uppfattning) universalbank i Schweiz, kompletterat av dess verksamhet Global Asset Management (global tillgångsförvaltning) och dess Investmentbank. Dessa verksamheter delar tre nyckeldrag: dessa drar fördel av en stark konkurrensmässig position inom dessas målmarknader, är kapitaleffektiva och erbjuder bättre strukturella tillväxt- och lönsamhetsutsikter. UBS strategi bygger på styrkorna inom alla dess verksamheter och fokuserar dess insatser till områden där UBS är framgångsrikt, samtidigt som den försöker kapitalisera från de tilltalande tillväxtutsikterna inom de verksamheter och regioner där den är verksam. Kapitalstyrka är basen för UBS framgång. Den operationella strukturen inom Koncernen består av Corporate Center (företagscenter) och fem verksamhetsdivisioner: Wealth Management, Wealth Management Americas, Retail & Corporate (bankverksamhet för privatpersoner och företagskunder), Global Asset Management och dess Investmentbank.</p> <p>Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 10 februari 2015 ("Bolagsordningen") är verksamhetsföremålet för UBS AG att bedriva bankverksamhet. Dess verksamhetsföremål sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AB kan etablera filialer och representationskontor liksom även banker, kreditmarknadsföretag och andra företag av varje slag i Schweiz och utomlands, inneha ägarintressen i dessa bolag och sköta dessas ledning. UBS AG är auktoriserat att köpa, inteckna och sälja fast egendom och byggrätter i Schweiz och utomlands.</p>
B.16	Direkt eller indirekt aktieäggande eller kontrollöverenskommelser avseende emittenten.	Till följd av ett erbjudande "aktie-mot-aktie" att förvärva alla utfärdade, ordinarie aktier i UBS AG i utbyte mot registrerade aktier i UBS Group AG på en basis av "en-för-en" och ett efterföljande privat utbyte på basis av "en-för-en" med en mängd olika aktieägare och banker i Schweiz och på andra ställen utanför USA, förvärvade UBS Group AG 96,68% av UBS AG:s aktier per den 31 december 2014. Ytterligare privata utbyten har reducerat antalet utestående aktier i UBS AG med 17,1 miljoner, vilket resulterade i att UBS Koncernen innehade 97,29 % av aktierna i UBS AG per den 6 mars 2015.

Punkt	Avsnitt C – Värdepapper	
C.1	Typ och klass av värdepapperen, värdepappersidentifikationsnummer.	<p>Typ och Form av Värdepapper Värdepapperen är certifikat.</p> <p>Värdepapperen (även "Svenska Värdepapper") clearas genom Euroclear Sweden AB ("Euroclear Sweden") i egenskap av det relevanta Clearingsystemet och är utfärdade i icke-certifierade och dematerialiserad, kontoförd form samt registrerade hos Euroclear Sweden i enlighet med lag (1998:1479) om kontoföring av finansiella instrument. Inga fysiska värdepapper, så som globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer emitteras för de Svenska Värdepapperen.</p> <p>Värdepappersidentifikationsnummer för Värdepapperen ISIN: CH0281137874 Valor: 281137874</p>
C.2	Valuta för värdepapperen.	Svenska Kronor (" SEK ") (" Inlösenvaluta ")

C.5	Restriktioner för den fria överlåtbarheten för värdepapperen.	Ej tillämpligt. Det finns inga restriktioner avseende den fria överlåtbarheten för Värdepapperen.
C.8	Rättigheter kopplade till värdepapperen, inklusive rangordning och begränsningar av sådana rättigheter.	<p>Tillämplig lag för Värdepapperen Värdepapperen kommer att vara underkastad tysk rätt ("Värdepapper underkastade tysk rätt").</p> <p>Den juridiska effekten av registrering av Värdepapperen med relevant Clearingsystem styrs av lagarna i Clearingsystemets jurisdiktion.</p> <p>Rättigheter förknippade med Värdepapperen Värdepapperen ger, med förbehåll för Villkoren för Värdepapperen, Värdepappersinnehavarna, vid förfall eller vid utövande, ett yrkande om betalning av Inlösenbeloppet i Inlösenvalutan.</p> <p>Begränsningar i rättigheterna relaterade till Värdepapperen Enligt de villkor som anges i Villkoren för Värdepapperen, har Emittenten rätt att avsluta Värdepapperen och att göra vissa justeringar av Villkoren.</p> <p>Status för Värdepapperen Värdepapperen kommer att utgöra direkta, icke-säkerställda och icke-efterställda förpliktelser för Emittenten, som rangordnas lika sinsemellan och med alla andra nuvarande och framtida icke-säkerställda och icke-efterställda förpliktelser för Emittenten, annat än skyldigheter som regleras i tvingande lagstiftning.</p>
C.11	Upptagande till handel på en reglerad marknad eller andra liknande marknader.	Emittenten har för avsikt att ansöka om inregistrering av Värdepapperen på Nasdaq Stockholm.
C.15	Påverkan avseende underliggande på värdet av värdepapperen.	<p>Värdet på Värdepapperen under dessas löptid är beroende av utvecklingen av Korgkomponenterna. Om priset på Korgkomponenterna ökar, kommer även värdet på Värdepapperen (bortsett från speciella kännetecken för Värdepapperen) sannolikt att öka.</p> <p>I synnerhet, Inlösenbeloppet, om något, som ska erhållas av Värdepappersinnehavaren vid utövande av Värdepapperen är beroende av utvecklingen av Korgkomponenterna.</p> <p>Följande kännetecken är exempel som beskriver hur värdet på Värdepapperen är beroende av Underliggande:</p> <p>UBS Värdepapper med Utväxling UBS Värdepapper med Utväxling erbjuder Värdepappersinnehavarna möjlighet att ta del av den positiva utvecklingen av Underliggande. Omvänt, Värdepappersinnehavare av UBS Värdepapper med Utväxling kan också ta del av den negativa utvecklingen av Underliggande, då UBS Värdepapper med Utväxling kan komma att bidra med negativ riskpotential enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling kan också erbjuda Värdepappersinnehavarna att ta del av den positiva utvecklingen hos Underliggande i relation till andra Underliggande. Omvänt, Värdepappersinnehavarna av UBS Värdepapper med Utväxling kan ta del av den negativa utvecklingen av Underliggande i relation till andra Underliggande.</p>

		<p>UBS Värdepapper med Utväxling finns också i en så kallad "Sälj" version. I detta fall deltar Värdepappersinnehavarna positivt i den negativa utvecklingen av Underliggande. Omvänt, Värdepappersinnehavarna i UBS Värdepapper med Utväxling (Sälj) kan också delta i den positiva utvecklingen av Underliggande, eftersom UBS Värdepapper med Utväxling (Sälj) kan bidra med riskpotential på uppsidan enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling (Sälj) kan också tillåta Värdepappersinnehavare att delta i negativ utveckling av Underliggande i relation till andra underliggande. Omvänt, Värdepappersinnehavare i UBS Värdepapper med Utväxling (Sälj) kan delta i den positiva utvecklingen av Underliggande i relation till andra Underliggande.</p> <p>UBS Värdepapper med Utväxling kan löpa ut och vara värdelös vid en ofördelaktig utveckling för Underliggande bortom vissa specifika värden, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Värdepappersinnehavare erhåller på Förfallodagen ett Inlösenbelopp i Inlösenvalutan, vars storlek är beroende av Referenspriset eller Avvecklingspriset för de(n) Underliggande, enligt vad som anges i Produktvillkoren. Typiskt sett beräknas Inlösenbeloppet genom att multiplicera det Nominella Beloppet eller sådant annat belopp enligt vad som anges i Produktvillkoren, med den relevanta utvecklingen för de(n) Underliggande och därefter multiplicera med Deltagandegrad, Hävstångsfaktorn eller Multiplikatorn, men andra faktorer kan också tas med i beräkningen, enligt vad som anges i Produktvillkoren.</p> <p>Inlösenbeloppet kan bestämmas med hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i Produktvillkoren.</p> <p>Följande beskrivningar av flertalet utvecklingsstrukturer kan användas för Värdepapper beskrivna ovan, om tillämpliga.</p> <p><u>Underliggande</u> Värdepapper kan antingen vara beroende av en enskild Underliggande, en korg av Underliggande, de(n) bäst utvecklade Underliggande, de(n) sämst utvecklade Underliggande eller en kombination av dessa. Korgutvecklingar beräknas på det vägda genomsnittet av utvecklingarna för de(n) enskilda Underliggande.</p> <p>Viktningen kan antingen vara förutbestämd eller kan bestämmas under produktens löptid beroende på vissa villkor. Viktningen kan, till exempel, bero på den relativa utvecklingen för Underliggande eller realiserad volatilitet i de(n) Underliggande.</p> <p><u>Utvecklingar</u> I princip är det sannolikt att värdet på Värdepapperen (bortsett från särskilda egenskaper hos Värdepapperen) kommer öka, i fall priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar. I fall priset på Underliggande eller Korgkomponenter minskar, är det också troligt att värdet på Värdepapperen (bortsett från speciella egenskaper hos Värdepapperen) minskar.</p> <p>Motsatsvis kan Värdepapperen, om så anges i de relevanta Produktvillkoren, erbjuda en så kallad omvänd struktur. I detta fall kommer Värdepapperen (oavsett de övriga egenskaper som är förknippade med Värdepapperen eller andra faktorer, som kan vara relevanta för värdet på Värdepapperen) att minska i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg"</p>
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		<p>är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar, eller så kommer Värdepapperen att öka i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, minskar.</p> <p>Utvecklingen eller nivån av Underliggande kan mätas på flera olika sätt.</p> <p>Vanligtvis mäts utvecklingen som den slutliga nivån för de(n) Underliggande som ett procenttal av den initiala nivån för de(n) Underliggande. Den slutliga nivån och/eller den initiala nivån kan även definieras som den genomsnittliga/maximala/minimala nivån för de(n) Underliggande som observerats under viss tid. Den initiala nivån behöver inte nödvändigtvis observeras vid startdagen för produkten men kan också observeras under löptiden för produkten.</p> <p>Utvecklingen kan även mätas som den relativa utvecklingen för en eller flera Underliggande i förhållande till utvecklingen för en eller flera andra Underliggande.</p> <p>Utveckling kan också ha ett förutbestämt eller ett rörligt och/eller ett villkorat tak. Det innebär att Värdepappersinnehavare accepterar en begränsning av avkastningspotentialen ("Tak") och att de endast kan delta i eventuella kursökningar (eller minskningar) för de Underliggande till dess att en viss nivå har nåtts och inte ytterligare. Dessutom kan utvecklingen också ha ett förutbestämt eller ett rörligt och/eller villkorat golv. Detta innebär att Värdepappersinnehavare kommer att ha en minsta avkastningspotential ("Golv") och kommer endast negativt att delta i eventuella kursnedgångar (eller öknings) i de(n) Underliggande till dess att en viss nivå har nåtts och inte mer.</p> <p><u>Barriärer</u> Produkter kan ha barriärer som aktiveras så snart vissa villkor är uppfyllda. Vanligtvis representerar dessa barriärer vissa nivåer som ska nås av de(n) Underliggande vid vissa observationsdagar.</p> <p>Barriärer kan antingen utlösas av att Underliggande, utvecklingar eller andra mätbara värden når förutbestämda värden. Vissa barriärer utlösas endast om mer än ett värde möts.</p> <p>Barriärer kan definieras antingen för att observera endast vissa datum eller fortlöpande.</p> <p>Barriärer leder antingen till avlägsnande (Kick-out) eller tillägg (Kick-in) av vissa egenskaper hos Värdepapperen. Funktioner som läggs till eller tas bort är exempelvis kuponger, deltagande eller Underliggande.</p> <p><u>Funktion för Automatiskt Avslut</u> Om de relevanta Produktvillkoren anger att Funktionen för Automatiskt Avslut är tillämplig, kan Värdepapperen avslutas och lösas in i förtid vid inträffande av en händelse för automatiskt avslut (inklusive, men inte begränsat till, en Händelse för Stop-Loss eller Händelse för Knock-Out).</p> <p><u>Investeringsstrategier</u> Utveckling kan definieras som den hypotetiska utvecklingen av en särskild, på förhand definierad, investeringsstrategi. Det kan till exempel vara en strategi att endast investera i den Underliggande på särskilda förutbestämda datum. Ett annat exempel kan vara en strategi att investera i den Underliggande beroende på dess realiserade volatilitet, utveckling, momentum eller andra metrisk värden hos den Underliggandes nivå över produktens livslängd.</p>
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C.16	Utlöpande- eller förfallodag, utövandedag eller slutlig referensdag.	<p>Förfallodag: (i) vid fall av inlösen av Värdepapperen i enlighet med § 1 i Villkoren för Värdepapperen, den 27 september 2022 (eller, om denna dag inte är en Affärsdag, den omedelbart efterföljande Affärsdagen), under förutsättning att fram till denna dag en potentiell investerare skulle ha mottagit full betalning från avvecklingen av Fondandelarna, om den potentiella investeraren hade, genom givande av meddelande i lämplig tid i förväg, begärt inlösen på den Slutliga Genomsnittliga</p>	

		<p>Värderingsdagen (om det är en försening i den potentiella investerarens mottagande av full betalning från avvecklingen av Fondandelarna, kommer sådan dag att uppskjutas i enlighet därmed), och</p> <p>(ii) i fall av Emittentens uppsägning i enlighet med § 8 i Villkoren för Värdepapperen, den 10e (tionde) Affärsdagen efter Utlöpandedagen, under förutsättning att fram till denna dag den potentiella investeraren skulle ha mottagit full betalning från avvecklingen av Fondandelarna, om den potentiella investeraren hade, genom givande av meddelande i lämplig tid i förväg, begärt inlösen på Utlöpandedagen (om det är en försening i den potentiella investerarens mottagande av full betalning från avvecklingen av Fondandelarna, kommer sådan dag att uppskjutas i enlighet därmed).</p> <p>Utlöpandedag: Utlöpandedagen innebär den Slutliga Värderingsdagen (som förväntas bli den 22 september 2022).</p> <p>Om sådan dag inte är en Affärsdag för Korg ska den omedelbart efterföljande Affärsdagen för Korg vara Utlöpandedag.</p> <p>Genomsnittliga Värderingsdagar:</p> <ol style="list-style-type: none"> 1) Genomsnittlig Värderingsdag(i=1): 22 september 2020; 2) Genomsnittlig Värderingsdag(i=2): 22 oktober 2020; 3) Genomsnittlig Värderingsdag(i=3): 22 november 2020; 4) Genomsnittlig Värderingsdag(i=4): 22 december 2020; 5) Genomsnittlig Värderingsdag(i=5): 22 januari 2021; 6) Genomsnittlig Värderingsdag(i=6): 22 februari 2021; 7) Genomsnittlig Värderingsdag(i=7): 22 mars 2021; 8) Genomsnittlig Värderingsdag(i=8): 22 april 2021; 9) Genomsnittlig Värderingsdag(i=9): 22 maj 2021; 10) Genomsnittlig Värderingsdag(i=10): 22 juni 2021; 11) Genomsnittlig Värderingsdag(i=11): 22 juli
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		<p>2021;</p> <p>12) Genomsnittlig Värderingsdag(i=12): 22 augusti 2021;</p> <p>13) Genomsnittlig Värderingsdag(i=13): 22 september 2021;</p> <p>14) Genomsnittlig Värderingsdag(i=14): 22 oktober 2021;</p> <p>15) Genomsnittlig Värderingsdag(i=15): 22 november 2021;</p> <p>16) Genomsnittlig Värderingsdag(i=16): 22 december 2021;</p> <p>17) Genomsnittlig Värderingsdag(i=17): 22 januari 2022;</p> <p>18) Genomsnittlig Värderingsdag(i=18): 22 februari 2022;</p> <p>19) Genomsnittlig Värderingsdag(i=19): 22 mars 2022;</p> <p>20) Genomsnittlig Värderingsdag(i=20): 22 april 2022;</p> <p>21) Genomsnittlig Värderingsdag(i=21): 22 maj 2022;</p> <p>22) Genomsnittlig Värderingsdag(i=22): 22 juni 2022;</p> <p>23) Genomsnittlig Värderingsdag(i=23): 22 juli 2022;</p> <p>24) Genomsnittlig Värderingsdag(i=24): 22 augusti 2022; and</p> <p>25) Genomsnittlig Värderingsdag(i=25): 22 september 2022 (även den "Slutliga Genomsnittliga Värderingsdagen")</p> <p>Begreppet "Genomsnittlig Värderingsdag" hänvisar även till samtliga Genomsnittliga Värderingsdagar_(i=1) till _(i=25).</p> <p>Om en av dessa dagar inte är en Affärsdag för Korg ska den omedelbart efterföljande Affärsdagen för Korg vara den relevanta Genomsnittliga Värderingsdagen.</p>	
C.17	Avvecklingsförfarande för de derivatvärdepapper.	<p>Betalningar ska, i alla fall som är föremål för någon form av tillämpliga skatte- eller andra lagar och regler på platsen för betalningen eller andra lagar och regler för vilka Emittenten gått med på att bli föremål för, göras i enlighet med de relevanta reglerna och operationella förfarandena som är tillämpliga på och/eller utfärdade av Clearingsystemet ("CA Reglerna") för det relevanta Clearingsystemet eller den relevanta mellanmannen eller för dess order för kreditering på kontona för de relevanta kontoinnehavarna hos Clearingsystemet eller den relevanta mellanmannen.</p>	

		Emittenten ska anses ha fullgjort dess inlösenförpliktelser eller varje annan betalnings- eller annan förpliktelse under Villkoren för Värdepapperen vid leverans till Clearingsystemet på det sätt som beskrivs ovan.
C.18	En beskrivning av hur avkastningen på derivatvärdepapper äger rum.	Värdepappersinnehavare kommer på den relevanta Förfallodagen erhålla betalning i form av Inlösenbeloppet.
C.19	Utövandekurs eller slutlig referenskurs för den underliggande.	Referenskurs: "Portföljvärde _(slutligt) " betyder, med förbehåll för Marknadsavbrott (§ 11 i dessa Villkor), det aritmetiska genomsnittet av Portföljvärdet _(t) på de Genomsnittliga Värderingsdagarna.
C.20	Typ av underliggande och var informationen om underliggande kan finnas.	<p>Typ av Underliggande: Korg av icke-börshandlade fondandelar</p> <p>Information om den tidigare och kommande värdeutvecklingen på de Underliggande och deras volatilitet kan erhållas</p> <p>avseende Korgkomponenten_(i=1) från www.carmignac.com;</p> <p>avseende Korgkomponenten_(i=2) från http://www.bloomberg.com/quote/ETAKTVE:LX; och</p> <p>avseende Korgkomponent_(i=3) från www.mandg.ch/en.com.</p>
Punkt	Avsnitt D – Risker	
D.2	Nyckelinformation om väsentliga risker som är specifika och individuella för Emittenten.	<p>Värdepapperen medför emittentrisk, även kallad gäldenärsrisk eller kreditrisk för potentiella investerare. En emittentrisk är risken att UBS AG tillfälligt eller varaktigt blir oförmögen att fullgöra dess förpliktelser under Värdepapperen.</p> <p>Generell risk för insolvens</p> <p>Varje Värdepappersinnehavare bär den generella risken att den finansiella situationen för Emittenten kan försämrats. Värdepapperen utgör direkta, icke säkerställda och icke efterställda förpliktelser för Emittenten och förpliktelserna kommer vid Emittentens insolvens att rangordnas lika med samtliga andra nuvarande och framtida icke säkerställda och icke efterställda förpliktelser för Emittenten, med undantag för de förpliktelser som har förmånsrätt enligt tvingande lagregler. Emittentens förpliktelser under Värdepapperen garanteras inte av något system av insättningsgarantier eller kompensationsplaner. Om Emittenten blir insolvent kan följaktligen Värdepappersinnehavare lida en total förlust av sina investeringar i Värdepapperen.</p> <p>UBS är som Emittent utsatt för olika riskfaktorer i sin affärsverksamhet. Sådana risker består särskilt av följande typer av risker, där alla av dessa risker kan ha en negativ inverkan på värdet för Värdepapperen:</p> <ul style="list-style-type: none"> • Inverkan av nedvärdering av Emittentens kreditvärdighetsbetyg: Den allmänna uppfattningen om Emittentens kreditvärdighet kan påverka värdet för Värdepapperen. Som en konsekvens kan varje nedvärdering av Emittentens kreditvärdighetsbetyg ha en negativ inverkan på värdet för Värdepapperen. • Den 15 januari 2015 avbröt den schweiziska centralbanken (SNB) den lägsta målsättningsväxelkursen för den schweiziska francen mot euron, vilken hade funnits på plats sedan september 2011. Vid samma tidpunkt sänkte SNB räntesatsen på saldon på insättningskonton hos

		<p>SNB som överstiger en viss undantagströskel med 50 baspunkter till negativa 0,75%. Den flyttade också målsättningsintervallet för tremånaders LIBOR till mellan negativa 1,25% och negativa 0,25% (tidigare negativa 0,75% till positiva 0,25%). Dessa beslut resulterade i en betydande stärkning av den schweiziska francen mot euron, US dollar, brittiska pund, japanska yen och flera andra valutor, liksom även en sänkning av räntesatser i schweiziska franc. Den långsiktiga kursen för den schweiziska francen mot dessa andra valutor är inte säker, inte heller är den framtida riktningen för räntesatser i den schweiziska francen. Flera andra centralbanker har på liknande sätt antagit policies om negativ ränta. Fluktuationer i valutakurser och fortsatt låga eller negativa räntesatser kan ha en mycket negativ inverkan på UBS Koncernens kapitalstyrka, UBS Koncernens likviditets- och finansieringsposition och UBS Koncernens lönsamhet.</p> <ul style="list-style-type: none"> • Regulatoriska och lagstiftningsmässiga förändringar kan negativt inverka på UBS Koncernens verksamhet och förmåga att genomföra dess strategiska planer. De planerade och potentiella regulatoriska och lagstiftningsmässiga utvecklingarna i Schweiz och i andra jurisdiktioner där UBS Koncernen bedriver verksamhet kan ha väsentlig negativ inverkan på UBS Koncernens förmåga att genomföra dess strategiska planer, på lönsamheten eller livskraften för vissa verksamhetsområden globalt eller i särskilda jurisdiktioner och, i vissa fall, på UBS Koncernens förmåga att konkurrera med andra finansiella institutioner. Dessa kommer sannolikt att vara kostsamma att implementera och kan också ha en negativ inverkan på UBS Koncernens juridiska struktur och affärsmodell, potentiellt genereras kapitalineffektiviteter och påverka UBS Koncernens lönsamhet. • UBS Koncernens kapitalstyrka är viktig för att stödja dess strategi, kunderbjudande och konkurrensmässiga position. Varje ökning i riskvägda tillgångar eller en reducering i kvalificerande kapital skulle kunna väsentligt reducera UBS Koncernens kapitalrelationer. Vidare, UBS Koncernen är underkastad ett krav på lägsta hävstångsrelation för schweiziska SRB-banker, vilket under vissa omständigheter skulle kunna begränsa UBS Koncernens affärsverksamheter även om UBS Koncernen möter övriga riskbaserade kapitalkrav. • UBS Koncernen kanske inte är framgångsrik i att genomföra sina tillkännagivna strategiska planer eller dess planer kan bli försenade eller marknadshändelser kan negativt inverka på genomförandet av planen eller effekterna av dess planer kan skilja sig från de avsedda. UBS Koncernen är också exponerad mot potentiell utflöde av klienttillgångar inom dess tillgångssamlade verksamheter och mot förändringar som påverkar lönsamheten inom dess affärsområde Wealth Management och kanske inte är framgångsrik i att genomföra förändringar inom dess verksamheter för att möta ändrade marknads-, regulatoriska eller andra förhållanden. • Väsentliga juridiska och regulatoriska risker uppkommer vid driften av UBS Koncernens verksamhet. UBS Koncernen är föremål för ett stort antal krav, tvister, rättsliga förfaranden och statliga undersökningar och förväntar sig att dess pågående affärsverksamheter kommer att fortsätta att ge upphov till sådana saker i framtiden. Omfattningen av UBS Koncernens finansiella exponering mot dessa och andra saker är väsentlig och kan i betydande mån överstiga nivån av de reserveringar UBS Koncernen har etablerat för rättegångar, regulatoriska förfaranden och liknande aspekter. Lösningen på regulatoriska förfaranden kan kräva att UBS Koncernen erhåller undantag för regulatoriska avvikelser för att upprätthålla vissa verksamheter, kan berättiga regulatoriska myndigheter att begränsa, temporärt stänga ner eller avsluta tillstånd
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		<p>och regulatoriska godkännanden och kan tillåta att finansiella marknadsfunktioner att begränsa, temporärt stänga ner eller avsluta UBS Koncernens deltagande inom sådana funktioner. Misslyckande att erhålla sådana undantag, eller varje begränsning, temporär nedstängning eller avslutande av tillstånd, godkännanden eller deltaganden, skulle kunna ha väsentliga konsekvenser för UBS Koncernen.</p> <ul style="list-style-type: none"> • Operationella risker, inklusive de som härrör från processfel, misslyckat utförande, obehörig handel, bedrägeri, systemfel, finansiell brottslighet, cyber-attacker, informationsintrång och misslyckanden inom säkerhet och fysiskt skydd, kan påverka UBS Koncernens verksamhet. Om UBS Koncernens interna kontroller misslyckas eller visar sig vara otillräckliga vad gäller identifiering och hantering av dessa risker, skulle UBS Koncernen kunna drabbas av operationella misslyckanden som kan resultera i väsentliga förluster. • UBS Koncernens rykte är kritiskt för framgången för dess verksamhet. Renommeskada kan ha grundläggande negativ inverkan på UBS Koncernens verksamhet och framtidsutsikter och ha väsentlig negativ inverkan på UBS Koncernens verksamhetsresultat och finansiella omständigheter och på UBS Koncernens förmåga att uppnå dess strategiska mål och finansiella mål. • Utveckling inom den finansiella tjänsteindustrin påverkas av marknadsförhållanden och det markoekonomiska klimatet. En ekonomisk nedgång, fortsatt låga marknadsräntor eller svag eller stagnerande ekonomisk tillväxt på UBS Koncernens kärnmarknader eller en allvarlig finansiell kris kan negativt inverka på UBS Koncernens intäkter och ytterst dess kapitalbas. • UBS Koncernen innehar äldre positioner och andra riskpositioner, inklusive positioner hänförliga till fast egendom i olika länder som kan påverkas negativt av marknadsförhållanden. Dessutom äldre riskpositioner kan vara svåra att likvidera eftersom den fortsatta bristande likviditeten och komplexiteten för många av dessa kan göra det svårt att sälja eller på annat sätt gå ur dessa positioner. • UBS Koncernens globala närvaro utsätter den för risk från valutafluktuationer, vilket har inverkan på UBS Koncernens rapporterade intäkter och utgifter och andra rapporterade siffror såsom annan inkomst, investerade tillgångar, tillgångar på balansräkningen, riskvägda tillgångar och primärkapital enligt Basel III. • UBS Koncernen är beroende av dess riskhantering- och kontrollprocesser för att undvika eller begränsa potentiella förluster inom dess motpartskredits- och handelsverksamheter och skulle kunna drabbas av förluster om, till exempel, den inte till fullo identifierar riskerna inom dess portfölj eller om dess bedömning av riskerna som identifierats eller dess svar på negativa trender visar sig ske vid fel tidpunkt, olämpliga, otillräckliga eller felaktiga. • Värderingar av vissa positioner förlitar sig på modeller; modeller har inneboende begränsningar och kan använda ingångsvärden som inte har någon observerbar källa; andra antaganden och ingångsvärden skulle generera andra resultat och dessa skillnader skulle kunna ha en betydande inverkan på UBS Koncernens finansiella resultat. • Likviditets- och finansieringsförvaltning är kritiskt för UBS Koncernens pågående verksamhet. Volymen för UBS Koncernens finansieringskällor eller tillgången till finansiering av de slag som krävs, kan förändras på
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		<p>grund av, bland annat, allmänna marknadsstörningar, ökade kreditspreddar, förändringar i kapital och likviditetskrav eller nedvärderingar av UBS Koncernens kreditvärdighetsbetyg, vilket även kan inverka på kostnaden för finansiering.</p> <ul style="list-style-type: none"> • UBS Koncernen kan vara oförmögen att identifiera eller tillvarata intäkter eller konkurrensmässiga möjligheter eller att behålla och attrahera kvalificerade anställda. UBS Koncernens konkurrensmässiga styrka och marknadsställning skulle kunna erodera om UBS Koncernen är oförmögen att identifiera marknadstrender och utvecklingar, inte svarar på dessa genom att ta fram och genomföra lämpliga affärsstrategier, på lämpligt sätt ta fram eller uppdatera teknologi, särskilt inom handelsverksamheterna eller är oförmögen att attrahera eller behålla de kvalificerade personer som behövs för att utföra dessa. • UBS Koncernens finansiella resultat kan påverkas negativt av förändringar inom redovisningsstandarder. Förändringar i IFRS eller tolkningar därav kan föranleda att UBS Koncernens framtida rapporterade resultat och finansiella position skiljer sig från de som tidigare rapporterats på grund av införandet av redovisningsstandarder på retroaktiv basis. Sådana förändringar kan också påverka UBS Koncernens regulatoriska kapital och relationer. • UBS Koncernens finansiella resultat kan påverkas negativt av förändringar i antaganden för värderingen av dess goodwill. Om antaganden under framtida perioder skiljer sig från de nuvarande utsikterna, kan värdet av UBS Koncernens goodwill försämrats, vilket ger upphov till förluster över resultaträkningen. • Inverkan av skatter på UBS Koncernens finansiella resultat påverkas i väsentlig mån av omvärderingar av dess uppskjutna skattefordringar. UBS Koncernens effektiva skattekostnad på helårsbasis skulle kunna förändras väsentligt på basis av sådana omvärderingar. • Eftersom UBS Group AG är ett holdingbolag, är dess rörelseresultat, finansiella ställning och förmåga att betala utdelningar, andra överföringar eller att betala sina förpliktelser i framtiden, beroende av finansiering, utdelning och andra överföringar erhållna från UBS AG eller varje annat framtida direktägt dotterföretag, vilka kan vara föremål för begränsningar. UBS Koncernens förmåga att UBS Koncernens förmåga att betala utdelningar och andra överföringar samt att betala sina förpliktelser i framtiden kommer att bero på nivån av finansiering, utdelningar och andra överföringar, om några, erhållna från UBS AG och varje nytt dotterföretag etablerat av UBS Koncernen i framtiden. Förmågan hos sådana dotterföretag att lämna lån eller överföringar (direkt eller indirekt) till UBS Koncernen kan vara begränsad som en konsekvens av flera faktorer, inklusive restriktioner i finansieringsavtal och krav enligt tillämplig rätt samt regulatoriska och skattemässiga eller andra begränsningar. Begränsningar och regulatoriska åtgärder av detta slag kan försämra tillgången till medel som UBS Koncernen behöver för att göra betalningar. UBS Koncernens kreditvärdighetsbetyg kan bli lägre än kreditvärdighetsbetyget för UBS Koncernen, vilket kan negativt påverka marknadsvärdet för värdepapper och andra förpliktelser som UBS Koncernen sett på enskild basis. Vidare UBS Koncernen förväntar sig att det kan komma att garantera betalningsförpliktelserna för vissa av sina dotterföretag från tid till annan. Dessa garantier kan kräva att UBS Koncernen tillhandahåller betydande medel eller tillgångar till dotterföretag eller dessas borgenärer eller motparter vid en tidpunkt när UBS Koncernen är i behov av likviditet för att finansiera sina egna förpliktelser.
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		<ul style="list-style-type: none"> • UBS Koncernens angivna mål för avkastning från kapital baseras, delvis, på kapitalrelationer som är föremål för regulatoriska förändringar och kan fluktuera i betydande mån. UBS har beslutat att återföra åtminstone 50% av dess nettovinst till aktieägare som avkastning från kapital, förutsatt att dess fullt tillämpade primärkapitalrelation är minst 13% och dess fullt tillämpade primärkapitalrelation vid stresstest är minst 10%. Men UBS förmåga att upprätthålla en fullt tillämpad primärkapitalrelation om minst 13% är underkastad ett flertal risker, inklusive resultatet från UBS Koncernens verksamhet, förändringar i kapitalstandarder, metodologier och tolkningar som kan negativt inverka på UBS Koncernens beräknade fullt tillämpade primärkapitalrelation, påförande av att risktillägg, eller ytterligare kapitalkrav såsom ytterligare kapitalbuffertar. Vidare, förändringar i metodologin, antaganden, stressscenarier och andra faktorer kan resultera i väsentliga skillnader i UBS fullt tillämpade primärkapitalrelation vid stresstest. • UBS Koncernen kan misslyckas med att realisera de förväntade fördelarna med utbyteserbjudandet. UBS etablerade UBS Group AG som ett holdingbolag för Koncernen eftersom det anser att det kommer, tillsammans med andra åtgärder som redan har tillkännagivits, påtagligt kommer att förbättra lösningsförmågan hos UBS Koncernen vid svarsåtgärder på utvecklingen av regulatoriska krav. UBS Koncernen kan dock möta påtagliga svårigheter i att uppnå dessa fördelar eller dessa förväntade fördelar kanske inte uppkommer. UBS Group AG har förvärvat ungefär 97 procent av de utestående aktierna i UBS AG. Försening i att förvärva fullt ägande av UBS AG skulle kunna negativt påverka de förväntade fördelarna av utbyteserbjudandet och likviditeten och marknadsvärdet för UBS Group AG:s aktier. Förekomsten av minoritetsaktieägare i UBS AG kan, bland annat, göra det svårare eller försena UBS Koncernens förmåga att genomföra förändringar i den juridiska strukturen för UBS Koncernen och störa dess dagliga verksamhetsdrift och företagsstyrning. • Om UBS Koncernen genomför en fusion för att tvinga ut minoriteten under schweizisk rätt, kommer UBS AG att fusionera in i ett fusionsdotterföretag till UBS Koncernen, som kommer att överleva transaktionen. Även om UBS Koncernen förväntar sig att den överlevande juridiska personen i de flesta fall kommer att överta UBS AG:s banktillstånd, licenser och andra godkännanden, kan en sådan juridisk person vara tvungen att åter-ansöka om eller söka särskilda tillstånd, licenser och auktorisationer, liksom även samtycke från tredje man. Vidare, enligt schweizisk rätt är kan en minoritetsaktieägare som blir utsatt för en fusion för att tvinga ut minoriteten teoretiskt sett göra gällande att det erbjudna vederlaget är "otillräckligt" och begära att schweizisk domstol fastställa vad som är "tillräckligt" vederlag. Var och en av dessa omständigheter, om de skulle inträffa, kan generera kostnader, försena genomförandet av en fusion för att tvinga ut minoriteten eller störa eller negativt inverka på UBS Koncernens verksamhet.
D.3	Nyckelinformation om risker som är specifika och individuella för värdepapperen.	Potentiella investerare i Värdepapperen ska vara medvetna om att Värdepapperen utgör en riskfylld investering som kan leda till total förlust av deras investering i Värdepapperen. Värdepappersinnehavare kommer att vidkännas en förlust, om de belopp som erhålls i enlighet med Villkoren för Värdepapperen är lägre än förvärvspriset (inklusive transaktionskostnader). Investerare bär risken för att Emittentens finansiella situation försämras och potentiellt medför oförmåga för Emittenten att fullgöra sina förpliktelser under Värdepapperen. Potentiella investerare måste därför vara förberedda på och i stånd att klara av en partiell eller till och med en total förlust av investerat kapital. Investerare som är intresserade av att köpa Värdepapper

		<p>måste bedöma sin finansiella situation, för att tillförsäkra sig om att de är i en situation där de klarar av de risker för förluster som Värdepapperen innebär.</p> <p><u>Särskilda risker relaterade till specifika egenskaper hos Värdepapperets struktur</u></p> <p>Potentiella investerare ska vara medvetna om att den del av Inlösenbeloppet som erläggas i enlighet med de Allmänna Villkoren för Värdepapperen är beroende av utvecklingen på den Underliggande. I fall av ogynnsam utveckling av priset på Korgkomponenterna, kan det belopp som erhållits från Värdepapperen vara lägre än vad investerarna förväntat sig och kan till och med vara lika med noll. I sådana fall kommer Värdepappersinnehavarna ådra sig en total förlust av sina investeringar (inklusive eventuella transaktionskostnader).</p> <p>Potentiella investerare ska vara medvetna om att tillämpningen av Deltagandegrad vid bestämmandet av Värdepappersrätten resulterar i att Värdepapperen i ekonomisk mening liknar en direktinvestering i Korgkomponenterna, men innebär trots det inte att investeringen är helt jämförbar med en sådan direktinvestering, i synnerhet på grund av att Värdepappersinnehavarna inte deltar i den aktuella utvecklingen av Korgkomponenterna med ett förhållande om 1:1, utan med den proportion som ges av Deltagandegraden.</p> <p>Potentiella investerare ska vara medvetna om att Värdepappersinnehavare inte har en avvecklingsrätt och att Värdepapperen, följaktligen, inte kan avvecklas av Värdepappersinnehavaren under sin löptid. Innan Värdepapperen förfaller är realisation av Värdepapperens ekonomiska värde (eller delar därav), om inte Värdepapperen har varit föremål för förtida återbetalning och avveckling av Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen eller, om så är angivet i de relevanta Slutliga Villkoren, en avveckling av Värdepapperen av Värdepappersinnehavaren i enlighet med de Allmänna Villkoren till Värdepapperen, endast möjlig genom att sälja Värdepapperen.</p> <p>Försäljning av Värdepapperen förutsätter att marknadsaktörer är villiga att förvärva Värdepapperen till ett visst pris. Om inga marknadsaktörer är tillgängliga, kan värdet av Värdepapperen inte realiseras. Utgivandet av Värdepapperen resulterar inte i en förpliktelse för Emittenten gentemot Värdepappersinnehavarna att kompensera för detta eller att återköpa Värdepapperen.</p> <p>Potentiella investerare ska vara medvetna om att priset på Korgkomponenterna är bestämt i en annan valuta än Återbetalningsvalutan, så kallad underliggande valuta. Det relevanta priset på Korgkomponenterna som används för beräkning av belopp som ska betalas under Värdepapperen uttrycks i Återbetalningsvalutan utan någon hänsyn till växlingskursen mellan den underliggande valutan för Korgkomponenterna, och Återbetalningsvalutan (så kallad "quanto"-egenskap). Detta medför att den relativa skillnaden mellan den faktiska räntan i förhållande till den Underliggande Valutan och den faktiska räntan i förhållande till Återbetalningsvalutan kan ha en negativ påverkan på värdet av Värdepapperen.</p> <p><u>Generella risker avseende Värdepapperen</u></p> <p><i>Avslutande och Förtida Inlösen efter Emittentens val</i></p> <p>Potentiella investerare i Värdepapperen ska vidare vara medvetna om att Emittenten, enligt Villkoren för Värdepapperen, under vissa omständigheter, är berättigad att avsluta och lösa in Värdepapperen i</p>
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		<p>dessas helhet före den planerade Förfallodagen. I sådant fall är Värdepappersinnehavaren berättigad att begära betalning av ett inlösenbelopp avseende denna förtida inlösen. Men Värdepappersinnehavaren är inte berättigad att begära ytterligare betalningar avseende Värdepapperen efter den relevanta dagen för avslutande. Vidare, det Avslutsbeloppet, om något, som ska erläggas i händelse av en förtida inlösen av Värdepapperen av Emittenten kan vara markant lägre än det belopp som skulle ha förfallit till betalning vid det planerade slutet av löptiden för Värdepapperen.</p> <p>Värdepappersinnehavaren bär därför risken att inte ta del av utveckling av Korgkomponenterna, i förväntad omfattning och under den förväntade perioden.</p> <p>Om Emittenten löser in Värdepapperen bär Värdepappersinnehavaren en återinvesteringsrisk, dvs. investeraren bär risken att investeraren måste återinvestera Avslutsbeloppet, om något, som utbetalas av Emittenten vid inlösen till rådande marknadsförhållanden, som kan vara mindre förmånliga än de som rådde vid tidpunkten då Värdepapperen förvärvades.</p> <p><i>Negativ inverkan av justering av Värdepapperens rättigheter</i> Det kan inte uteslutas att vissa omständigheter inträffar eller särskilda åtgärder vidtas (av annan part än Emittenten) i förhållande till Korgkomponenterna, vilket potentiellt kan medföra förändringar av Korgkomponenterna, eller resultera i att det underliggande konceptet för Korgkomponenterna förändras, så kallade Potentiella Justeringshändelser. Om en Potentiell Justeringshändelse inträffar, ska Emittenten vara berättigad att vida justeringar i enlighet med Villkoren för Värdepapperen för att beakta dessa händelser eller åtgärder. Dessa justeringar kan medföra en negativ inverkan på Värdepapperens värde.</p> <p><i>Substitution av Emittenten</i> Förutsatt att Emittenten inte underlåter att infria sina skyldigheter under Värdepapperen, är Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen, när som helst berättigad, utan Värdepappersinnehavarnas samtycke, att substituera in ett annat bolag inom UBS-Koncernen som Emittent ("Substituerande Emittent") med hänsyn till alla skyldigheter under eller med koppling till Värdepapperen.</p> <p>Detta kan påverka notering av Värdepapperen och, i synnerhet, kan det vara nödvändigt för den Substituerande Emittenten att ansöka på nytt om notering på den relevanta marknad eller börs där Värdepapperen är noterade. Dessutom kommer, efter en sådan substitution, Värdepappersinnehavare vara föremål för den Substituerande Emittentens kreditrisk.</p> <p><i>Handel med Värdepapperen/ Illikviditet</i> Det är inte möjligt att förutse om och i vilken utsträckning en andrahandsmarknad för Värdepapperen kan komma att utvecklas eller till vilket pris Värdepapperen kommer att handlas för på andrahandsmarknaden eller om sådan marknad är likvid eller illikvid.</p> <p>Ansökningar kommer att lämnas in eller har lämnats in till Värdepappersbörs(er) angivna för upptagande eller inregistrering av Värdepapperen. Om Värdepapperen är upptagna eller inregistrerade, ges ingen garanti för att sådant upptagande eller inregistrering kommer att upprätthållas. Det faktum att Värdepapperen är upptagna till handel eller inregistrerade, betecknar inte nödvändigtvis högre likviditet än om så inte är fallet. Om Värdepapperen inte är inregistrerade eller upptagna till handel på någon börs, kan prisinformation om Värdepapperen vara svårare att erhålla och Värdepapperens likviditet, om någon, kan påverkas negativt.</p>
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		<p>Värdepapperens likviditet, om någon, kan också påverkas av restriktioner för köp och försäljning av Värdepapperen i vissa jurisdiktioner. Dessutom är Emittenten berättigad (men inte förpliktigad) att förvärva Värdepapper när som helst och till vilket pris som helst på den öppna marknaden eller genom erbjudande eller genom privat överenskommelse. Värdepapper förvärvade på detta sätt kan innehas eller säljas vidare eller överlämnas för annullering.</p> <p>Dessutom kan det inte uteslutas att antalet Värdepapper som faktiskt emitteras och förvärvas av investerare är färre än den avsedda Emissionsstorleken av Värdepapperen. Följaktligen finns det en risk att, på grund av den låga volymen av Värdepapper som faktiskt emitteras, likviditeten för Värdepapperen är lägre än om alla Värdepapper hade emitterats och förvärvats av investerare.</p> <p>Managern avser att, under normala marknadsförhållanden, ställa köp- och säljkurser för emitterade Värdepapper regelbundet. Managern har dock inget bindande åtagande mot Emittenten att tillföra likviditet genom köp- och säljkurser för Värdepapperen, och åtar sig inget juridiskt ansvar att ange sådana priser eller avseende nivån eller fastställandet av sådana priser. Potentiella investerare ska därför inte förlita sig på möjligheterna att sälja Värdepapper vid någon specifik tidpunkt eller till något särskilt pris.</p> <p>Beskattning avseende Värdepapperen</p> <p>Potentiella investerare ska vara medvetna om att de kan bli ålagda att betala skatter eller andra dokumentationsavgifter eller avgifter i enlighet med lagar och praxis i det land till vilket Värdepapperen överförs eller andra jurisdiktioner. I vissa jurisdiktioner kan det saknas officiella uttalanden från skattemyndigheter eller domstolsbeslut vad gäller innovativa finansiella instrument så som Värdepapperen. Potentiella investerare uppmanas att inte förlita sig till någon skattesammanfattning i Grundprospektet utan uppmanas istället att efterfråga sina egna skatterådgivare avseende sin individuella beskattning vad gäller förvärv, försäljning eller inlösen av Värdepapperen. Endast dessa rådgivare är i position att vederbörligen bedöma den specifika positionen för den potentiella investeraren.</p> <p>Förändrad beskattning av Värdepapperen</p> <p>Bedömning gällande Beskattning av Värdepapperen i Grundprospektet återspeglar Emittentens uppfattning på basis av den juridiska situationen vid dagen för Grundprospektet. Dock kan inte en annan skattebehandling av skattemyndigheter eller skattedomstolar uteslutas. Varje investerare uppmanas att rådfråga sin egen skatterådgivare innan beslut om att investera i Värdepapperen fattas.</p> <p>Varken Emittenten eller Managern tar något ansvar i förhållande till Värdepappersinnehavare vad gäller skattekonsekvenser av en investering i Värdepapperen.</p> <p>Potentiella Intressekonflikter</p> <p>Emittenten och dess närstående bolag kan ingå transaktioner som relaterar till Värdepapperen på ett eller annat sätt, antingen för egen räkning eller på uppdrag av en kund. Sådana transaktioner behöver inte vara gynnsamma för Värdepappersinnehavare och kan få positiv eller negativ effekt på värdet av Korgkomponenterna, och följaktligen på värdet av Värdepapperen. Vidare kan bolag som är närstående till Emittenten vara motparter i hedgningstransaktioner som relaterar till Emittentens förpliktelser som följer av Värdepapperen. Som ett resultat kan intressekonflikter uppstå mellan bolag som är närstående till Emittenten, så väl som mellan dessa bolag och investerare, med avseende på skyldigheter beträffande beräkningen av kursen för Värdepapperen och andra därmed förknippade fastställanden. Dessutom kan Emittenten och dess närstående bolag agera i andra</p>
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		<p>egenskaper med avseende på Värdepapperen, såsom som beräkningsagent, betalningsagent och administrativ agent och/eller indexsponsor.</p> <p>Dessutom kan Emittenten och dess närstående bolag emittera andra derivatinstrument relaterade till den Underliggande eller, i förekommande fall, Korgkomponenterna; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess närstående bolag kan erhålla icke-offentlig information relaterad till Korgkomponenterna, och varken Emittenten eller någon av dess närstående åtar sig att göra denna information tillgänglig för Värdepappersinnehavarna. Dessutom kan ett eller flera av Emittentens närstående bolag publicera forskningsrapporter om Korgkomponenterna. Sådana aktiviteter kan innebära intressekonflikter och kan påverka Värdepapperens värde negativt.</p> <p>Inom ramen för erbjudandet och försäljningen av Värdepappererna, kan Emittenten eller dess närstående direkt eller indirekt betala avgifter i olika belopp till tredje parter, såsom distributörer eller investeringsrådgivare, eller motta betalning av avgifter i varierande belopp, inklusive dem som tas ut i samband med distribution av Värdepapperen, från tredje parter. Potentiella investerare ska vara medvetna om att Emittenten kan behålla avgifter helt eller delvis. Emittenten, eller i förekommande fall, Managern, kommer på begäran tillhandahålla information om dessa avgifter.</p> <p><u>Riskfaktorer relaterade till Korgkomponenterna</u></p> <p>Värdepapperen är beroende av värdet på Korgkomponenterna och risken förknippad med dessa Korgkomponenter. Värdet på Korgkomponenterna beror på flertalet faktorer som kan bli sammankopplade. Dessa kan inkludera ekonomiska, finansiella eller politiska händelser som är utom Emittentens kontroll. Den gångna utvecklingen för Korgkomponenterna skall inte ses som en indikator på den framtida utvecklingen under löptiden för Värdepapperen och Emittenten ger inte någon uttalad eller tyst garanti eller representation vad gäller framtida utveckling av Korgkomponenterna.</p> <p>Investerare ska också notera att nivån för Inlösenbeloppet beror på utvecklingen av korgen innehållande Korgkomponenterna. Som resultat av detta, kan fluktuationer i värdet av en Korgkomponent komma att sätta igång eller intensifiera fluktuationerna i värdet av andra Korgkomponenter i korgen. Till och med vid fall av en positiv utveckling av en eller flera Korgkomponenter, kan utvecklingen av korgen, som helhet bli negativ om utvecklingen av andra Korgkomponenter är mer negativa. Det kan finnas betydande negativ effekt på kalkuleringen eller specificeringen av inlösenbeloppet om utvecklingen av en eller flera Korgkomponenter i en Korg, på vilken kalkuleringen eller specificeringen av inlösenbeloppet grundar sig på, har försämrats i betydande mån.</p> <p>Investerare ska vara medvetna om att de relevanta Korgkomponenterna inte kommer innehas av Emittenten för att bringa fördel till Värdepappersinnehavarna, och att Värdepappersinnehavarna inte kommer få ta del av några äganderättigheter (inkluderat, utan begräsning, rösträttigheter, rättigheter att få del av utdelning eller andra utbetalningar eller andra rättigheter) med avseende på Korgkomponenterna.</p>
D.6	Riskvarning för att investerare kan förlora hela värdet av investeringen eller del av den.	<p>Varje investerare bär risken i Värdepapperen att Emittentens finansiella situation försämrats. Potentiella investerare måste därför vara förberedda på att drabbas av en partiell eller rentav total förlust av hela sin investering. Varje investerare som är intresserad av att köpa Värdepapper bör bedöma sin finansiella situation, för att säkerställa att de är i en sådan position att de kan bära risken för förlust förknippad med Värdepapperen.</p>

Punkt	Avsnitt E – Erbjudande	
E.2b	Motiv till erbjudandet användning av intäkterna.	Ej tillämpligt. Motiven för erbjudande och användningen av intäkterna skiljer sig inte åt från att generera vinster och/eller säkra vissa risker.
E.3	Former och villkor för erbjudandet.	<p>Det har överenskommits om att Managern, på eller efter respektive Emissionsdag för Värdepapperen, får köpa Värdepapper och ska placera Värdepapperen för försäljning, för Emissionskursen på villkor som kan komma att ändras i Jurisdiktionen för Erbjudande till Allmänheten under Teckningsperioden (enligt definition nedan).</p> <p>Emissionskursen kommer vara fastställd på den 29 juni 2015 ("Fastställsedagen") och kommer sedan att göras tillgänglig på www.ubs.com/keyinvest. Per Fastställsedagen kommer försäljningskursen justeras kontinuerligt för att reflektera den rådande marknadssituationen.</p> <p>Värdepapperen ska kunna tecknas från Managern under normala öppethållandetider för banker under 12 maj 2015 till 22 juni 2015 (kl 17:30 lokal tid i Stockholm) ("Teckningsperioden"). Emissionskursen för varje Värdepapper ska betalas den 14 juli 2015 ("Initial Betalningsdag").</p> <p>Emittenten förbehåller sig rätten att tidigare avsluta eller förlänga Teckningsperioden om marknadsförhållandena kräver det.</p> <p>Efter den Initiala Betalningsdagen ska respektive investerares Värdepapper krediteras dennes konto i enlighet med bestämmelserna för gällande Clearingsystem. Om Teckningsperioden förkortas eller förlängs, kan den Initiala Betalningsdagen också tidigare- eller senareläggas.</p>
E.4	Intressen som är väsentliga för emissionen/erbjudandet inkl. intressekonflikter.	Som så långt Emittenten är medveten, ingen person som är inblandad i utfärdandet och erbjudandet och noteringen av Värdepapperen har något väsentligt intresse i utfärdandet och erbjudandet och noteringen av Värdepapperen.
E.7	Förväntade kostnader debiteras investeraren av emittenten eller erbjudaren.	Ej tillämpligt; inga kostnader debiteras investeraren av emittenten eller Managern.

D. RISK FACTORS

The different risk factors associated with an investment in the Securities are outlined below. Which of these are relevant to the Securities issued under the Base Prospectus depends upon a number of interrelated factors, especially the type of Securities and of the Underlying, if any, or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components, if any. Investments in the Securities should not be made until all the factors relevant to the Securities have been acknowledged and carefully considered. **When making decisions relating to investments in the Securities, potential investors should consider all information contained in the Base Prospectus and, if necessary, consult their legal, tax, financial or other advisor.**

1. Issuer specific Risks

Investing in the debt or derivative securities of the Issuer involves certain issuer-specific risks. Investments in debt or derivative securities of the Issuer should not be made until all these risk factors have been acknowledged and carefully considered. When making decisions relating to investments in the debt or derivative securities of the Issuer, potential investors should consider following risks factors in respect of the Issuer, which may affect the Issuer's ability to fulfil its obligations under its debt or derivative securities and, if necessary, consult their legal, tax, financial or other advisor.

Prospective investors in any debt or derivative securities of the Issuer should read the entire Base Prospectus and the relevant summary and securities note, base prospectus or other prospectus, either incorporating information from this Base Prospectus by reference, containing disclosure on certain debt or derivative securities (and where appropriate, the relevant summary note applicable to the relevant debt or derivative securities).

As a global financial services provider, the business activities of UBS AG ("Issuer") with its subsidiaries (together, "UBS AG Group" and together with UBS Group AG, the holding company of UBS AG, "UBS Group", or "Group" or "UBS") are affected by certain risks, including those described below, which may impact UBS's ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects. Because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which UBS is not presently aware or which UBS currently does not consider to be material could also impact UBS's ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the potential magnitude of their consequences.

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Securities constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The obligations of the Issuer created by the Securities are not secured by a system of deposit guarantees or a compensation scheme. In case of an insolvency of the Issuer, Securityholders may, consequently, suffer a **total loss** of their investment in the Securities.

Effect of downgrading of the Issuer's rating

The general assessment of the Issuer's creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service, Inc. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.

Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS's capital strength, UBS's liquidity and funding position, and UBS's profitability

On 15 January 2015, the Swiss National Bank (SNB) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25%, (previously negative 0.75% to positive 0.25%). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy.

A significant portion of the equity of UBS's foreign operations is denominated in US dollars, euros, British pounds and other foreign currencies.

Similarly, a significant portion of UBS's Basel III risk-weighted assets (RWA) are denominated in US dollars, euros, British pounds and other foreign currencies. Group Asset and Liability Management (Group ALM) is mandated with the task of minimizing adverse effects from changes in currency rates on UBS's capital ratios. The Group Asset and Liability Management Committee, a committee of the UBS Group Executive Board, can adjust the currency mix in capital, within limits set by the Board of Directors, to balance the effect of foreign exchange movements on the fully applied CET1 capital and total capital ratio. As a result, the proportion of RWA denominated in foreign currencies outweighs the capital in these currencies, and any further significant appreciation of the Swiss franc against these currencies would be expected to benefit our Basel III capital ratios, while a depreciation of the Swiss franc would be expected to have a detrimental effect.

The portion of UBS's operating income denominated in non-Swiss franc currencies is greater than the portion of operating expenses denominated in non-Swiss franc currencies. Therefore, appreciation of the Swiss franc against other currencies generally has an adverse effect on UBS's earnings in the absence of any mitigating actions.

In addition to the estimated effects from changes in foreign currency exchange rates, UBS's equity and capital are affected by changes in interest rates. In particular, the calculation of UBS's net defined benefit assets and liabilities is sensitive to the discount rate applied. Any further reduction in interest rates would lower the discount rates and result in an increase in pension plan deficits due to the long duration of corresponding liabilities. This would lead to a corresponding reduction in UBS's equity and fully applied CET1 capital. Also, a continuing low or negative interest rate environment would have an adverse effect on the re-pricing of UBS's assets and liabilities, and would significantly impact the net interest income generated from UBS's wealth management and retail and corporate businesses. The low or negative interest rate environment may affect customer behavior and hence the overall balance sheet structure. Any mitigating actions that we may take to counteract these effects, such as the introduction of selective de-posit fees or minimum lending rates, could result in the loss of customer deposits, a key source of our funding, and / or a declining market share in our domestic lending portfolio.

Furthermore, the stronger Swiss franc may have a negative impact on the Swiss economy, which, given its reliance on exports, could impact some of the counterparties within UBS's domestic lending portfolio and lead to an increase in the level of credit loss expenses in future periods.

Regulatory and legal changes may adversely affect the Group's business and ability to execute its strategic plans

Fundamental changes in the laws and regulations affecting financial institutions can have a material and adverse effect on the Group's business. In the wake of the 2007–2009 financial crisis and the following

instability in global financial markets, regulators and legislators have proposed, have adopted, or are actively considering, a wide range of changes to these laws and regulations. These measures are generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions. They include the following:

- significantly higher regulatory capital requirements;
- changes in the definition and calculation of regulatory capital;
- changes in the calculation of risk-weighted assets ("**RWA**"), including potential requirements to calculate or disclose RWA using less risk-sensitive "standardized approaches" rather than the internal models approach the Group currently use as required by FINMA under the Basel III framework;
- changes in the calculation of the leverage ratio or the introduction of a more demanding leverage ratio;
- new or significantly enhanced liquidity requirements;
- requirements to maintain liquidity and capital in jurisdictions in which activities are conducted and booked;
- limitations on principal trading and other activities;
- new licensing, registration and compliance regimes;
- limitations on risk concentrations and maximum levels of risk;
- taxes and government levies that would effectively limit balance sheet growth or reduce the profitability of trading and other activities;
- cross-border market access restrictions;
- a variety of measures constraining, taxing or imposing additional requirements relating to compensation;
- adoption of new liquidation regimes intended to prioritize the preservation of systemically significant functions;
- requirements to maintain loss-absorbing capital or debt instruments subject to write down as part of recovery measures or a resolution of the Group or a Group company, including requirements for subsidiaries to maintain such instruments;
- requirements to adopt structural and other changes designed to reduce systemic risk and to make major financial institutions easier to manage, restructure, disassemble or liquidate, including ring-fencing certain activities and operations within separate legal entities; and
- requirements to adopt risk and other governance structures at a local jurisdiction level.

Many of these measures have been adopted and their implementation has had a material effect on the Group's business. Others will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there remains a high level of uncertainty regarding a number of the measures referred to above, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and/or the dates of their effectiveness. The implementation of such measures and further, more restrictive changes may materially affect the Group's business and ability to execute its strategic plans.

Notwithstanding attempts by regulators to coordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a coordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. Switzerland has adopted capital and liquidity requirements for its major international banks that are among the strictest of the major financial centres. This could disadvantage Swiss banks such as the Group when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

Regulatory and legislative changes in Switzerland

Swiss regulatory changes have generally proceeded more quickly in capital, liquidity and other areas than those in other major jurisdictions, and FINMA, the Swiss National Bank (“SNB”) and the Swiss Federal Council are implementing requirements that are significantly more onerous and restrictive for major Swiss banks, such as , than those adopted or proposed by regulatory authorities in other major global financial centers. In December 2014, a group of senior experts representing the private sector, authorities and academia (the “Brunetti group”) appointed by the Swiss Federal Council published recommendations on, among other things, safeguarding systemic stability and “too-big-to-fail” (“TBTF”), including with respect to the calculation of RWA, higher leverage ratio and withdrawing regulatory waivers at the level of the entity holding systemically relevant functions. The Brunetti group’s work on the TBTF regime served as the basis for the Swiss Federal Council’s review report on the Swiss TBTF law that was presented to the Swiss parliament in February 2015. In its report, the Swiss Federal Council confirmed the findings of the Brunetti group and mandated the Federal Department of Finance to set up a working group with representatives of FINMA and SNB that is expected to submit proposals to the Swiss government by the end of 2015. This may result in further changes to the Swiss TBTF and regulatory regime.

Capital regulation: A revised banking ordinance and capital adequacy ordinance implementing the Basel III capital standards and the Swiss TBTF law became effective on 1 January 2013. As a systemically relevant Swiss bank, the Group is subject to base capital requirements, as well as a “progressive buffer” that scales with the Group’s total exposure (a metric that is based on the Group’s balance sheet size) and market share in Switzerland. In addition, Swiss governmental authorities have the authority to impose an additional countercyclical buffer capital requirement of up to 2.5% of RWA. This authority has been exercised to impose an additional capital charge of 2% in respect of RWA arising from Swiss residential mortgage loans. FINMA has further required banks using the internal ratings based approach to use a bank-specific multiplier when calculating RWA for owner-occupied Swiss residential mortgages, which is being phased in through 2019. FINMA has notified us that the RWA increase should be extended to Swiss income producing and commercial real estate from the first quarter of 2015. FINMA also announced that the RWA levels of other asset classes are to be reviewed. We understand these reviews to be in anticipation of the Basel Committee on Banking Supervision (BCBS) expected prudential reforms, for example, the reduction in the variability of capital ratios or capital floors.

In addition, the Group and FINMA have mutually agreed to an incremental operational capital requirement to be held against litigation, regulatory and similar matters and other contingent liabilities, which added CHF 17.5 billion to the Group’s RWA as of 31 December 2014. There can be no assurance that the Group will not be subject to increases in capital requirements in the future either from the imposition of additional requirements or changes in the calculation of RWA or other components of the existing minimum capital requirement.

The BCBS has issued far-reaching proposals (i) on revising the standardized approach to credit risk, e.g., by relying less on external credit ratings, reducing the scope of national discretion and strengthening the link between the standardized and the IRB approach, (ii) on mandatory disclosure of RWA based on the standardized approach and (iii) on the design of a capital floor framework. If adopted by the BCBS and implemented into Swiss regulation, implementation of disclosure or capital calculations based on the standardized approach would result in significant implementation costs to UBS. In addition, a capital standard

or floor based on the standardized approach would likely be less risk sensitive and would likely result in higher capital requirements.

Liquidity and funding: The Group is required to maintain a Liquidity Coverage Ratio (“LCR”) of high-quality liquid assets to estimated stressed short-term funding outflows and will be required to maintain a Net Stable Funding Ratio (“NSFR”), both of which are intended to ensure that the Group is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets.

The Group currently calculates its LCR under supervisory guidance from FINMA. FINMA has issued a circular, which requires the Group to calculate its leverage ratio using new rules that align the leverage ratio denominator with the rules issued by the Bank of International Settlements (“BIS”). The Group will make use of a one-year transition period under which the prior definition may still be used, but the Group must disclose both measures of LCR commencing with the first quarter of 2015.

Neither the international nor Swiss standards for the calculation of NSFR have been fully implemented.

These requirements, together with liquidity requirements imposed by other jurisdictions in which the Group operates, require the Group to maintain substantially higher levels of overall liquidity than was previously the case. Increased capital requirements and higher liquidity requirements make certain lines of business less attractive and may reduce the Group’s overall ability to generate profits. The LCR and NSFR calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in a market or firm-specific stress situation. There can be no assurance that in an actual stress situation the Group’s funding outflows would not exceed the assumed amounts.

Resolution planning and resolvability: The revised Swiss banking act and capital adequacy ordinances provide FINMA with additional powers to intervene to prevent a failure or resolve a failing financial institution. These measures may be triggered when certain thresholds are breached and permit the exercise of considerable discretion by FINMA in determining whether, when or in what manner to exercise such powers. In case of a threatened insolvency, FINMA may impose more onerous requirements on the Group, including restrictions on the payment of dividends and interest. Although the actions that FINMA may take in such circumstances are not yet defined, the Group could be required directly or indirectly, for example, to alter its legal structure (e.g. to separate lines of business into dedicated entities, with limitations on intra-group funding and certain guarantees), or to further reduce business risk levels in some manner. The Swiss banking act also provides FINMA with the ability to extinguish or convert to common equity the liabilities of a bank in connection with its resolution.

Swiss TBTF requirements require systemically important banks, including the Group, to put in place viable emergency plans to preserve the operation of systemically important functions despite a failure of the institution, to the extent that such activities are not sufficiently separated in advance. The Swiss TBTF law provides for the possibility of a limited reduction of capital requirements for systemically important institutions that adopt measures to reduce resolvability risk beyond what is legally required. Such actions would likely include an alteration of the legal structure of a bank group in a manner that would insulate parts of the group to exposure from risks arising from other parts of the group thereby making it easier to dispose of certain parts of the group in a recovery scenario, to liquidate or dispose of certain parts of the group in a resolution scenario or to execute a debt bail-in. However, there is no certainty with respect to timing or size of a potential capital rebate.

The Group announced a series of measures to improve the resolvability of the Group:

- In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG and now holds approximately 97% of the outstanding shares of UBS AG and is the holding company for the Group.

- The Group plans to establish a new banking subsidiary of UBS in Switzerland and filed a formal application for a banking license in the third quarter of 2014. The subsidiary, which will be named UBS Switzerland AG, will include the Group's Retail & Corporate business division and the Swiss-booked business within the Wealth Management business division. The Group expects to implement this change in a phased approach starting in mid-2015.
- In the United Kingdom, in consultation with UK and Swiss regulators, the Group has implemented the first stages of a revised business and operating model for UBS Limited in the second quarter of 2014 with a follow-up phase scheduled for implementation during the second quarter of 2015. This change entails UBS Limited bearing and retaining a greater degree of the risk and reward of its business activities. The Group has increased the capitalization of UBS Limited accordingly.
- In the United States, new rules for foreign banks promulgated by the Federal Reserve System under Sections 165 and 166 of Dodd-Frank will require an intermediate holding company to own all of its operations other than US branches of UBS AG by 1 July 2016. As a result, the Group will designate an intermediate holding company to hold all its US subsidiaries.

The Group may consider further changes to the legal structure of the Group in response to regulatory requirements in Switzerland or in other countries in which it operates, including to further improve the resolvability of the Group, to respond to Swiss and other capital requirements, and to respond to regulatory required changes in legal structure. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, the transfer of shared service and support functions to service companies and adjustments to booking entity or location of services or products. Structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities and remain subject to a number of uncertainties that may affect feasibility, scope and timing. Movement of businesses to a new subsidiary ("**subsidiarization**") will require significant time and resources to implement. Subsidiarization in Switzerland and elsewhere may create operational, capital, funding and tax inefficiencies and increase the Group's and counterparties' credit risk. Refer to "Regulatory and legislative changes outside Switzerland" for a description of other regulatory and legislative developments that may affect these decisions and further discussion of these risks. There can be no assurance that the execution of the changes the Group has planned or may implement in the future will result in a material reduction in the progressive capital buffer as permitted under the Swiss TBTF law or that these changes will satisfy existing or future requirements for resolvability or mandatory structural change in banking organizations.

Market regulation: The Swiss government has also held a consultation on proposed regulations that would affect the terms of client relationships, including providing clients of financial intermediaries and consumer groups a right of collective action against a financial intermediary. These laws may, if enacted, have a material impact on the market infrastructure that the Group uses, available platforms, collateral management and the way the Group interacts with clients. In addition, these initiatives may cause the Group to incur material implementation costs.

Regulatory and legislative changes outside Switzerland:

Regulatory and legislative changes in other locations in which the Group operates may subject the Group to a wide range of new restrictions both in individual jurisdictions and, in some cases, globally.

Banking structure and activity limitations: Some of these regulatory and legislative changes may subject UBS to requirements to move activities from UBS AG branches into subsidiaries. Such "subsidiarization" can create operational, capital and tax inefficiencies, increase the Group's aggregate credit exposure to counterparties as they transact with multiple entities within the Group, expose the Group's businesses to higher local capital requirements, and potentially give rise to client and counterparty concerns about the credit quality of individual subsidiaries. Such changes could also negatively affect the Group's funding model and severely limit its booking flexibility.

For example, the Group has significant operations in the UK and currently uses UBS AG's London branch as a global booking center for many types of products. The Group has been required by the Prudential Regulatory Authority ("PRA") and by FINMA to increase very substantially the capitalization of its UK bank subsidiary, UBS Limited, and may be required to change its booking practices to reduce or even eliminate its utilization of UBS AG's London branch as a global booking center for the ongoing business of the Investment Bank. In addition, the UK Independent Commission on Banking has recommended structural and non-structural reforms of the banking sector, most of which have been endorsed by the UK government and implemented in the Financial Services (Banking Reform) Act. Key proposed measures proposed include the ring-fencing of retail banking activities in the UK (which the Group does not expect to affect the Group directly), additional common equity tier 1 capital requirements of up to 3% of RWA for retail banks, and the issuance by UK banks of debt subject to bail-in provisions. Furthermore, the European Commission published its proposal for a "Regulation on bank structural reform" in January 2014. The objectives of the Regulation center on the reduction of the systemic impact of banks and addressing the too big to fail problem. Proposals include the separation of retail banking activities from the wholesale banking activities together with a ban on proprietary trading and lending to hedge funds and private equity funds. Significant divergence in views on the scope and application of these proposals persists at the EU level with full potential political agreement not likely before early 2016. Issues that remain the subject of debate include how prescriptive to be as to separation requirements and which trading activities entities can and cannot engage in. The applicability and implications of such changes to branches and subsidiaries of foreign banks are also not yet entirely clear, but they could have a material adverse effect on the Group's businesses located or booked in the UK and other EU locations.

In February 2014, the Federal Reserve Board issued final rules for foreign banking organizations ("FBO") operating in the US (under Section 165 of Dodd-Frank) that include the following: (i) a requirement for FBO with more than USD 50 billion of US non-branch assets to establish an intermediate holding company ("IHC") to hold all US subsidiary operations, (ii) risk-based capital and leverage requirements for the IHC, (iii) liquidity requirements, including a 30-day onshore liquidity requirement for the IHC, (iv) risk management requirements including the establishment of a risk committee and the appointment of a US chief risk officer, (v) stress test and capital planning requirements and (vi) a debt-to-equity limit for institutions that pose "a grave threat" to US financial stability. Requirements differ based on the overall size of the foreign banking organization and the amount of its US-based assets. The Group expects that it will be subject to the most stringent requirements based on its current operations. The Group will have to establish an IHC by 1 July 2016 and meet many of the new requirements. The IHC will not need to comply with the US leverage ratio until 1 January 2018.

US regulators published final regulations implementing the Volcker Rule in December 2013 and generally extended until 2015 the time to conform to this rule and the related regulations. In general, the Volcker Rule prohibits any banking entity from engaging in proprietary trading and from owning interests in hedge funds and other private fund vehicles. The Volcker Rule also broadly limits investments and other transactional activities between a bank and funds that the bank has sponsored or with which the bank has certain other relationships. The Volcker Rule permits the Group and other non-US banking entities to engage in certain activities that would otherwise be prohibited to the extent that they are conducted solely outside the US and certain other conditions are met. The Group will be required to establish an extensive global compliance framework to ensure compliance with the Volcker Rule and the available exemptions. Moreover, the Volcker Rule may affect the way in which the Group conducts certain business lines. The Group continues to evaluate the final rule and its impact on its activities. The Volcker Rule could have a substantial impact on market liquidity and the economics of market-making activities.

OTC derivatives regulation: In 2009, the G20 countries committed to require all standardized over-the-counter ("OTC") derivative contracts to be traded on exchanges or trading facilities and cleared through central counterparties by the end of 2012. This commitment is being implemented through Dodd-Frank in the US and corresponding legislation in the European Union, Switzerland and other jurisdictions, and has and will continue

to have a significant effect on the Group's OTC derivatives business, which is conducted primarily in the Investment Bank. For example, the Group expects that, as a rule, the shift of OTC derivatives trading to a central clearing model will tend to reduce profit margins in these products, although some market participants may be able to offset this effect with higher trading volumes in commoditized products. Although the Group is preparing for these thematic market changes, the changes are likely to reduce the revenue potential of certain lines of business for market participants generally, and UBS may be adversely affected.

These mandatory clearing requirements will be supplemented by mandatory requirements to trade such clearable instruments on regulated venues under the forthcoming Markets in Financial Instruments Directive ("MiFID II") and the Markets in Financial Instruments Regulation ("MiFIR"). These two pieces of legislation, together with the more detailed implementing measures, due to take effect in early 2017 have the potential to bring about a major change to many aspects of the way financial services are provided in and into the European Economic Area. All areas of the provision of financial services are impacted across all client types. Some notable areas covered include increased pre- and post-trade transparency, particularly into the area of fixed income products; further restrictions on the provision of inducements; the introduction of a new discretionary trading venue with the aim of regulating broker crossing networks; trading controls for algorithmic trading activities; increased conduct of business requirements and strengthened supervisory powers which include powers for authorities to ban products or services in particular situations. The Group will not know the full effect of this legislation until the details of the implementing legislation and national implementation (where applicable) are completed. The Group expects that this legislation will necessitate changes in business models and procedures in a number of areas. This will likely entail the expenditure of significant time and resources on an ongoing basis and, in common with some other legislative proposals in this area, may also reduce the revenue potential of some of Group's businesses.

UBS AG registered as a swap dealer with the Commodity Futures Trading Commission ("CFTC") in the US at the end of 2012, enabling the continuation of its swaps business with US persons. The Group expects to register UBS AG as a securities-based swap dealer with the SEC, when its registration is required. Regulations issued by the CFTC impose substantial new requirements on registered swap dealers for clearing, trade execution, transaction reporting, recordkeeping, risk management and business conduct. Certain of the CFTC's regulations, including those relating to swap data reporting, recordkeeping, compliance and supervision, apply to UBS AG globally. Application of these requirements to UBS AG's swaps business with non-US persons continues to present a substantial implementation burden, will likely duplicate or conflict with legal requirements applicable to the Group outside the US, including in Switzerland, and may place UBS at a competitive disadvantage to firms that are not CFTC-registered swap dealers.

Regulation of cross-border provision of financial services: In many instances the Group provides services on a cross-border basis. The Group is therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the European Union ("EU") to harmonize the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect the Group's ability to conduct business in these jurisdictions from Switzerland. In addition, a number of jurisdictions are increasingly regulating cross-border activities on the basis of some notion of comity (e.g. substituted compliance and equivalence determination). While the issuance of such determinations in particular jurisdictions may ensure the Group's access to markets in those jurisdictions, a negative determination in other jurisdictions may negatively influence the Group's ability to act as a global firm. In addition, as jurisdictions tend to apply such determinations on a jurisdictional level rather than on an entity level, the Group will generally need to rely on jurisdictions' willingness to collaborate.

Resolution and recovery; bail-in

The Group is currently required to produce recovery and resolution plans in the US, the UK, Switzerland and Germany and is likely to face similar requirements for its operations in other jurisdictions, including its operations in the EU as a whole, as part of the proposed EU Bank Recovery and Resolution Directive. Resolution plans may increase the pressure on the Group to make structural changes, such as the creation of

separate legal entities, if the resolution plan in any jurisdiction identifies impediments that are not acceptable to the relevant regulators. Such structural changes may negatively impact the Group's ability to benefit from synergies between business units, and if they include the creation of separate legal entities, may have the other negative consequences mentioned above with respect to subsidiarization more generally.

The Financial Stability Board ("FSB") and the BCBS have issued proposed standards on Total Loss-Absorbing Capacity (TLAC) that aims to build up adequate loss-absorbing capacity for global systemically important banks to ensure that an orderly wind-down is possible. The FSB proposes that a minimum Pillar 1 TLAC requirement be set within the range of 16% to 20% of RWA and at least twice the Basel III tier 1 leverage ratio requirement. In addition, a number of jurisdictions, including Switzerland, the US, the UK and the EU, have implemented or are considering implementing changes that would allow resolution authorities to write down or convert into equity unsecured debt to execute a bail-in. The scope of bail-in authority and the legal mechanisms that would be utilized for the purpose are subject to a great deal of development and interpretation. Regulatory requirements to maintain minimum TLAC, including potential requirements to maintain TLAC at subsidiaries, as well as the power of resolution authorities to bail-in TLAC and other debt obligations and uncertainty as to how such powers will be exercised, may increase the total amount and cost of funding for the Group.

Possible consequences of regulatory and legislative developments

Planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which the Group has operations may have a material adverse effect on the Group's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on the Group's ability to compete with other financial institutions. The developments have been, and are likely to continue to be, costly to implement and could also have a negative impact on the Group's legal structure or business model, potentially generating capital inefficiencies and affecting the Group's profitability. Finally, the uncertainty related to or the implementation of legislative and regulatory changes may have a negative impact on the Group's relationships with clients and its success in attracting client business.

The Group's capital strength is important in supporting its strategy, client franchise and competitive position

The Group's capital position, as measured by the fully applied common equity tier 1 and total capital ratios under Basel III requirements, is determined by: (i) RWA (credit, non-counterparty related, market and operational risk positions, measured and risk-weighted according to regulatory criteria) and (ii) eligible capital. Both RWA and eligible capital may fluctuate based on a number of factors. RWA are driven by the Group's business activities and by changes in the risk profile of its exposures, as well as regulatory requirements. For instance, substantial market volatility, a widening of credit spreads (a major driver of the Group's value-at-risk), adverse currency movements, increased counterparty risk, a deterioration in the economic environment, or increased operational risk could result in a rise in RWA. The Group's eligible capital would be reduced if the Group experiences net losses or losses through other comprehensive income, as determined for the purpose of the regulatory capital calculation, which may also render it more difficult or more costly for the Group to raise new capital. In addition, eligible capital can be reduced for a number of other reasons, including certain reductions in the ratings of securitization exposures, acquisitions and divestments changing the level of goodwill, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, and changes in the value of certain pension fund assets and liabilities or in the interest rate and other assumptions used to calculate the changes in the Group's net defined benefit obligation recognized in other comprehensive income. See "Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on Group's capital strength, Group's liquidity and funding position, and Group's profitability" Any such increase in RWA or reduction in eligible capital could materially reduce the Group's capital ratios.

Risks captured in the operational risk component of RWA have become increasingly significant as a component of the Group's overall RWA as a result of significant reductions in market and credit risk RWA, as the Group executes its strategy, and increased operational risk charges arising from operational risk events (including charges arising from litigation, regulatory and similar matters). The Group has agreed with FINMA

on a supplemental analysis that is used to calculate an incremental operational risk capital charge to be held for litigation, regulatory and similar matters and other contingent liabilities. The incremental RWA calculated based on this supplemental analysis as of 31 December 2014 was CHF 17.5 billion. Future developments in and the ultimate elimination of the incremental RWA attributable to the supplemental analysis will depend on provisions charged to earnings for litigation, regulatory and similar matters and other contingent liabilities and on developments in these matters. There can be no assurance that UBS will be successful in addressing these matters and reducing or eliminating the incremental operational risk component of RWA.

The required levels and calculation of the Group's regulatory capital and the calculation of its RWA are also subject to changes in regulatory requirements or their interpretation, as well as the exercise of regulatory discretion. Changes in the calculation of RWA under Basel III and Swiss requirements (such as the revised treatment of certain securitization exposures under the Basel III framework) have significantly increased the level of the Group's RWA and, therefore, have adversely affected the Group's capital ratios. The Group has achieved substantial reductions in RWA, in part to mitigate the effects of increased capital requirements. Further changes in the calculation of RWA, imposition of additional supplemental RWA charges, or imposition of an RWA floor based on the standardized approach or other methodology could substantially increase the Group's RWA. In addition, the Group may not be successful in pursuing its plans to further reduce RWA, either because the Group is unable to carry out fully the actions it has planned or because other business or regulatory developments or actions to some degree counteract the benefit of its actions.

In addition to the risk-based capital requirements, the Group is subject to a minimum leverage ratio requirement for Swiss systemically relevant banks. The leverage ratio operates separately from the risk-based capital requirements, and, accordingly, under certain circumstances could constrain the Group's business activities even if the Group satisfies other risk-based capital requirements. The Group has achieved substantial reductions in its balance sheet and expects to make further reductions as it winds down its Non-core and Legacy Portfolio positions. These reductions have improved the Group's leverage ratio and contributed to its ability to comply with the more stringent leverage ratio requirements. There is also a risk that the minimum leverage ratio requirement will be increased significantly beyond the levels currently scheduled to come into effect, which would make it more difficult for the Group to satisfy the requirements without adversely affecting certain of its businesses. The leverage ratio is a simple balance sheet measure and therefore limits balance sheet intensive activities, such as lending, more than activities that are less balance sheet intensive.

Changes in international or Swiss requirements for risk-based capital, leverage ratios, LCR or NSFR, including changes in minimum levels, method of calculation or supervisory add-ons could have a material adverse effect on the Group's capital position and its business. Any such changes that are implemented only in Switzerland or more quickly in Switzerland may have an adverse effect on the Group's competitive position compared with institutions regulated under different regimes.

The Group may not be successful in completing its announced strategic plans or in implementing changes in its businesses to meet changing market, regulatory and other conditions

In October 2012, the Group announced a significant acceleration in the implementation of its strategy. The strategy included transforming UBS's Investment Bank to focus it on its traditional strengths, very significantly reducing Basel III RWA and further strengthening the Group's capital position, and significantly reducing costs and improving efficiency. The Group has substantially completed the transformation of its business, but elements remain that are not complete. There continues to be a risk that the Group will not be successful in completing the execution of its plans, that its plans may be delayed, that market events may adversely affect the implementation of the plan or that the effects of its plans may differ from those intended.

The Group has substantially reduced the RWA and balance sheet usage of its Non-core and Legacy Portfolio positions, but there can be no assurance that the Group will continue to be able to exit them as quickly as its plans suggest or that it will not incur significant losses in doing so. The continued illiquidity and complexity of many of the legacy risk positions in particular could make it difficult to sell or otherwise exit these positions and

reduce the RWA and the balance sheet usage associated with these exposures. As the size of the Non-core and Legacy Portfolio decreases, achieving a complete exit of particular classes of transactions will be necessary to achieve the reductions of RWA, balance sheet and costs associated with the positions. At the same time, the Group's ability to meet its future capital targets and requirements depends in part on its ability to reduce RWA and balance sheet usage without incurring unacceptable losses.

As part of its strategy, the Group has a program underway to achieve significant incremental cost reductions. The success of the Group's strategy and its ability to reach certain of the targets it has announced depends on the success of the effectiveness and efficiency measures the Group is able to carry out. As is often the case with major effectiveness and efficiency programs, the Group's plans involve significant risks. Included among these are the risks that restructuring costs may be higher and may be recognized sooner than the Group has projected, that the Group may not be able to identify feasible cost reduction opportunities that are also consistent with its business goals and that cost reductions may be realized later or may be less than the Group anticipates. Changes in workforce location or reductions in workforce can lead to charges to the income statement well in advance of the cost savings intended to be achieved through such workforce strategy. For example, under IFRS the Group is required to recognize provisions for real estate lease contracts when the unavoidable costs of meeting the obligations under the contracts are considered to exceed the future economic benefits expected to be received under them. In addition, as the Group implements its effectiveness and efficiency programs, it may experience unintended consequences such as the loss or degradation of capabilities that the Group needs in order to maintain its competitive position and achieve its targeted returns.

The Group is exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division, and the Group may not be successful in implementing the business changes needed to address them. The Group experienced substantial net outflows of client assets in its wealth management and asset management businesses in 2008 and 2009. The net outflows resulted from a number of different factors, including the Group's substantial losses, the damage to its reputation, the loss of client advisors, difficulty in recruiting qualified client advisors and tax, legal and regulatory developments concerning the Group's cross-border private banking business.

Many of these factors have been successfully addressed. The Group's Wealth Management and Wealth Management Americas business divisions recorded substantial net new money inflows in 2013 and 2014. Long-term changes affecting the cross-border private banking business model will, however, continue to affect client flows in the Wealth Management business division for an extended period of time. One of the important drivers behind the longer-term reduction in the amount of cross-border private banking assets, particularly in Europe but increasingly also in other regions, is the heightened focus of fiscal authorities on cross-border investments. Changes in local tax laws or regulations and their enforcement and the implementation of cross-border tax information exchange regimes, may affect the ability or the willingness of the Group's clients to do business with the Group or the viability of the Group's strategies and business model. For the last three years, the Group has experienced net withdrawals in its Swiss booking center from clients domiciled elsewhere in Europe, in many cases related to the negotiation of tax treaties between Switzerland and other countries.

The net new money inflows in recent years in the Group's Wealth Management business division have come predominantly from clients in Asia Pacific and in the ultra high net worth segment globally. Over time, inflows from these lower-margin segments and markets have been replacing outflows from higher-margin segments and markets, in particular cross-border European clients. This dynamic, combined with changes in client product preferences as a result of which low-margin products account for a larger share of the Group's revenues than in the past, put downward pressure on the Group's return on invested assets and adversely affect the profitability of its Wealth Management business division. The Group has implemented changes in its product offerings and service improvements, and will continue its efforts to adjust to client trends and market dynamics as necessary, in an effort to overcome the effects of these changes in the business mix on its profitability, but there can be no assurance that the Group will be able to counteract those effects. In addition, the Group has made changes to its business offerings and pricing practices in line with the Swiss Supreme

Court case concerning “retrocessions” (fees paid to a bank for distributing third-party and intra-group investment funds and structured products) and other industry developments. These changes may adversely affect the Group’s margins on these products and the current offering may be less attractive to clients than the products it replaces. There can be no assurance that the Group will be successful in its efforts to offset the adverse impact of these trends and developments.

Global Asset Management experienced net outflows of client assets in 2012 and 2013, although it had net inflows for the first three quarters of 2014 and for full year 2014. Further net outflows of client assets could adversely affect the results of this business division.

Material legal and regulatory risks arise in the conduct of the Group's business

The nature of its business subjects the Group to significant regulatory oversight and liability risk. As a global financial services firm operating in more than 50 countries, the Group is subject to many different legal, tax and regulatory regimes. The Group is involved in a variety of claims, disputes, legal proceedings and government investigations. These proceedings expose the Group to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil penalties, in addition to potential regulatory restrictions on its businesses. The outcome of most of these matters, and their potential effect on the Group’s future business or financial results, is extremely difficult to predict.

In December 2012, the Group announced settlements totaling approximately CHF 1.4 billion in fines by and disgorgements to US, UK and Swiss authorities to resolve investigations by those authorities relating to LIBOR and other benchmark interest rates. UBS entered into a non-prosecution agreement with the US Department of Justice (“DOJ”) and UBS Securities Japan Co. Ltd. also pled guilty to one count of wire fraud relating to the manipulation of certain benchmark interest rates. The settlements do not resolve investigations by other authorities or civil claims that have been or may in the future be asserted by private and governmental claimants with respect to submissions regarding LIBOR or other benchmark interest rates. The extent of the Group’s financial exposure to these remaining matters is extremely difficult to estimate and could be material.

UBS settlements with governmental authorities in connection with LIBOR and benchmark interest rates starkly illustrate the much-increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. Very large fines and disgorgement amounts were assessed against UBS, and the guilty plea of a Group subsidiary was required, despite the Group’s full cooperation with the authorities in the investigations relating to LIBOR and other benchmark interest rates, and despite the Group’s receipt of conditional leniency or conditional immunity from antitrust authorities in a number of jurisdictions, including the US and Switzerland. The Group understands that, in determining the consequences to the Group, the authorities considered the fact that it has in the recent past been determined that it has engaged in serious misconduct in several other matters. The heightened risk level was further illustrated by the European Commission (“EC”) announcement in December 2013 of fines against other financial institutions related to its Yen Interest Rate Derivatives (“YIRD”) investigation. The EC stated that the Group would have been subject to fines of approximately EUR 2.5 billion had the Group not received full immunity for disclosing to the EC the existence of infringements relating to YIRD. Recent resolution of enforcement matters involving other financial institutions further illustrates the continued increase in the financial and other penalties, reputational risk and other consequences of regulatory matters in major jurisdictions, particularly the US, and the resulting difficulty in predicting in this environment the financial and other terms of resolutions of pending government investigations and similar proceedings. In 2014, Credit Suisse AG (CS) and BNP Paribas (BNPP) each pleaded guilty to criminal charges in the United States and simultaneously entered into settlements with other US agencies, including the Federal Reserve and the New York Department of Financial Services (DFS). These resolutions involved the payment of substantial penalties (USD 1.8 billion in the case of CS and USD 8.8 billion in the case of BNPP), agreements with respect to future operation of their businesses and actions with respect to relevant personnel. In the case of BNPP, the DFS suspended for a one-year period BNPP’s ability to conduct through its New York branch business activity related to the business line that gave rise to the illegal conduct, namely US dollar clearing for specified BNPP business units. In addition, the US Department of Justice (DOJ)

has announced a series of resolutions related to the conduct of major financial institutions in packaging, marketing, issuing and selling residential mortgage-backed securities. In these resolutions, financial institutions have been required to pay penalties ranging from USD 7 to USD 16.7 billion and, in many cases, were also required to provide relief to consumers who were harmed by the relevant conduct.

UBS continues to be subject to a large number of claims, disputes, legal proceedings and government investigations, including the matters described in the notes to the financial statements included herein, and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters. UBS is not able to predict the financial and other terms on which some of these matters may be resolved. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, the non-prosecution agreement UBS entered into with the DOJ in connection with LIBOR (the "NPA") may be terminated by the DOJ if the Group commits any US crime or otherwise fails to comply with the NPA and the DOJ may obtain a criminal conviction of UBS AG in relation to the matters covered by the NPA. A guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS. Resolution of regulatory proceedings may require us to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

In connection with discussions of a possible resolution of investigations relating to the Group's foreign exchange business with the Antitrust and Criminal Division of the DOJ, UBS and the DOJ have extended the term of the NPA by one year to 18 December 2015. As a result of this history and UBS's ongoing obligations under the NPA, the Group's level of risk with respect to regulatory enforcement may be greater than that of some of its peer institutions.

At this point in time, the Group believes that the industry continues to operate in an environment where charges associated with litigation, regulatory and similar matters will remain elevated for the foreseeable future and the Group continues to be exposed to a number of significant claims and regulatory matters.

Ever since its losses in 2007 and 2008, the Group has been subject to a very high level of regulatory scrutiny and to certain regulatory measures that constrain its strategic flexibility. While the Group believes that it has remediated the deficiencies that led to the material losses during the 2007–2009 financial crisis, the unauthorized trading incident announced in September 2011, the LIBOR-related settlements of 2012 and settlements with some regulators of matters related to the Group's foreign exchange and precious metals business, the resulting effects of these matters on its reputation and relationships with regulatory authorities have proven to be more difficult to overcome. For example, following the unauthorized trading incident, FINMA placed restrictions (since removed) on acquisitions or business expansions in its Investment Bank unit. The Group is determined to address the issues that have arisen in the above and other matters in a thorough and constructive manner. The Group is in active dialogue with its regulators concerning the actions that it is taking to improve its operational risk management and control framework, but there can be no assurance that its efforts will have the desired effects.

Operational risks may affect UBS's business

The Group's businesses are dependent on the Group's ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which the Group is subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. The Group's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities, including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial

crime, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled.

For example, cyber-crime is a fast growing threat to large organizations that rely on technology to support their business. Cyber-crime can range from internet-based attacks that interfere with the organizations' internet websites, to more sophisticated crimes that target the organizations, as well as their clients, and seek to gain unauthorized access to technology systems in efforts to disrupt business, steal money or obtain sensitive information.

A major focus of US governmental policy relating to financial institutions in recent years has been fighting money laundering and terrorist financing. Regulations applicable to UBS impose obligations to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of their clients. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious consequences, both from legal enforcement action and from damage to the Group's reputation.

Although the Group seeks to continuously adapt its capability to detect and respond to the risks described above, if its internal controls fail or prove ineffective in identifying and remedying these risks, the Group could suffer operational failures that might result in material losses, such as the loss from the unauthorized trading incident announced in September 2011.

Participation in high-volume and high-frequency trading activities, even in the execution of client-driven business, can also expose the Group to operational risks. The Group's loss in 2012 relating to the Facebook initial public offering illustrates the exposure participants in these activities have to unexpected results arising not only from their own systems and processes but also from the behavior of exchanges, clearing systems and other third parties and from the performance of third-party systems.

The Group's wealth and asset management businesses operate in an environment of increasing regulatory scrutiny and changing standards. Legislation and regulators have changed and are likely to continue to change fiduciary and other standards of care for asset managers and advisers and have increased focus on mitigating or eliminating conflicts of interest between a manager or adviser and the client. These changes have and likely will continue to present regulatory and operational risks if not implemented effectively across the global systems and processes of investment managers and other industry participants. If the Group fails to effectively implement controls to ensure full compliance with new, rising standards in the wealth and asset management industry, it could be subject to additional fines and sanctions as a result. These could have an impact on the Group's ability to operate or grow its wealth and asset management businesses in line with its strategy.

Certain types of operational control weaknesses and failures could also adversely affect the Group's ability to prepare and publish accurate and timely financial reports. Following the unauthorized trading incident announced in September 2011, management determined that the Group had a material weakness in its internal control over financial reporting as of the end of 2010 and 2011, although this did not affect the reliability of the Group's financial statements for either year.

In addition, despite the contingency plans the Group has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which the Group is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services used by the Group or third parties with whom the Group conducts business.

The Group's reputation is critical to the success of its business

The Group's reputation is critical to the success of the Group's strategic plans. Damage to its reputation can have fundamental negative effects on the Group's business and prospects. Reputational damage is difficult to

reverse, and improvements tend to be slow and difficult to measure. This was demonstrated in recent years, as the Group's very large losses during the financial crisis, the US cross-border matter (relating to the governmental inquiries and investigations relating to the Group's cross-border private banking services to US private clients during the years 2000–2007 and the settlements entered into with US authorities with respect to this matter) and other events seriously damaged the Group's reputation. Reputational damage was an important factor in the Group's loss of clients and client assets across the Group's asset-gathering businesses, and contributed to its loss of and difficulty in attracting staff, in 2008 and 2009. These developments had short-term and also more lasting adverse effects on the Group's financial performance, and the Group recognized that restoring its reputation would be essential to maintaining its relationships with clients, investors, regulators and the general public, as well as with its employees. More recently, the unauthorized trading incident announced in September 2011 and the Group's involvement in the LIBOR matter and investigations relating to the Group's foreign exchange and precious metals business have also adversely affected the Group's reputation. Any further reputational damage could have a material adverse effect on the Group's operational results and financial condition and on its ability to achieve the Group's strategic goals and financial targets.

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

The financial services industry prospers in conditions of economic growth, stable geopolitical conditions; transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or weak or stagnant economic growth in the Group's core markets, or a severe financial crisis can negatively affect the Group's revenues and ultimately its capital base.

A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impact well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macroeconomic and political developments, or as a result of the failure of a major market participant. The Group has material exposures to a number of these markets, both as a wealth manager and as an investment bank. Moreover, the Group's strategic plans depend more heavily upon its ability to generate growth and revenue in emerging markets, causing the Group to be more exposed to the risks associated with them. The continued absence of sustained and credible improvements to unresolved issues in Europe, continued US fiscal and monetary policy issues, emerging markets fragility and the mixed outlook for global growth demonstrate that macroeconomic and political developments can have unpredictable and destabilizing effects. Adverse developments of these kinds have affected the Group's businesses in a number of ways, and may continue to have further adverse effects on the Group's businesses as follows:

- a general reduction in business activity and market volumes, as the Group has recently experienced, affects fees, commissions and margins; local or regional economic factors, such as the ongoing European sovereign debt concerns and negative interest rates, could also have an effect on the Group;
- a market downturn is likely to reduce the volume and valuations of assets the Group manages on behalf of clients, reducing its asset and performance-based fees;
- the ongoing low interest rate environment will further erode interest margins in several of the Group's businesses and adversely affect the UBS's net defined benefit obligations in relation to its pension plans;
- negative interest rates announced by central banks in Switzerland or elsewhere may also affect client behavior and changes to the Group's deposit and lending pricing and structure that the Group may make to respond to negative interest rates and client behavior may cause deposit outflows, reduced business volumes or otherwise adversely affect the Group's businesses;
- reduced market liquidity or volatility limits trading and arbitrage opportunities and impedes the Group's ability to manage risks, impacting both trading income and performance-based fees;

- deteriorating market conditions could cause a decline in the value of assets that the Group owns and accounts for as investments or trading positions;
- worsening economic conditions and adverse market developments could lead to impairments and defaults on credit exposures and on the Group's trading and investment positions, and losses may be exacerbated by declines in the value of collateral the Group holds; and
- if individual countries impose restrictions on cross-border payments or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the euro), the Group could suffer losses from enforced default by counterparties, be unable to access its own assets, or be impeded in, or prevented from, managing its risks.

Because the Group has very substantial exposures to other major financial institutions, the failure of one or more such institutions could have a material effect on the Group.

The developments mentioned above have in the past affected and could materially affect the performance of the business units and of the Group as a whole, and ultimately its financial condition. There are related risks that, as a result of the factors listed above, carrying value of goodwill of a business unit might suffer impairments, deferred tax asset levels may need to be adjusted or the Group's capital position or regulatory capital ratios could be adversely affected.

The Group holds legacy and other risk positions that may be adversely affected by conditions in the financial markets; legacy risk positions may be difficult to liquidate

The Group, like other financial market participants, was severely affected by the financial crisis that began in 2007. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards, and the Group recorded substantial losses on fixed income trading positions, particularly in 2008 and 2009. Although the Group has very significantly reduced its risk exposures starting in 2008, and more recently as it progresses its strategy and focuses on complying with Basel III capital standards, the Group continues to hold substantial legacy risk positions, primarily in its Non-core and Legacy Portfolio. In many cases these risk positions remain illiquid, and the Group continues to be exposed to the risk that the remaining positions may again deteriorate in value. In the fourth quarter of 2008 and the first quarter of 2009, certain of these positions were reclassified for accounting purposes from fair value to amortized cost; these assets are subject to possible impairment due to changes in market interest rates and other factors.

Moreover, the Group holds positions related to real estate in various countries, and could suffer losses on these positions. These positions include a substantial Swiss mortgage portfolio. Although management believes that this portfolio has been very prudently managed, the Group could nevertheless be exposed to losses if the concerns expressed by the Swiss National Bank and others about unsustainable price escalation in the Swiss real estate market come to fruition. Other macroeconomic developments, such as the implications on export markets of dramatic appreciation of the Swiss franc following recent announcements by the Swiss National Bank, adoption of negative interest rates by the Swiss National Bank or other central banks or any return of crisis conditions within the eurozone and the potential implications of the recent decision in Switzerland to reinstate immigration quotas for EU/EEA countries, could also adversely affect the Swiss economy, the Group's business in Switzerland in general and, in particular, the Group's Swiss mortgage and corporate loan portfolios.

In addition, the Group is exposed to risk in its prime brokerage, reverse repo and Lombard lending activities, as the value or liquidity of the assets against which the Group provides financing may decline rapidly.

The Group's global presence subjects it to risk from currency fluctuations

The Group prepares its consolidated financial statements in Swiss francs. However, a substantial portion of its assets, liabilities, invested assets, revenues and expenses are denominated in other currencies, particularly the US dollar, the euro and the British pound. Accordingly, changes in foreign exchange rates, particularly between the Swiss franc and the US dollar (US dollar revenues account for the largest portion of the Group's non-Swiss franc revenues) have an effect on the Group's reported income and expenses, and on other reported figures such as other comprehensive income, invested assets, balance sheet assets, RWA and Basel III CET1 capital. These effects may adversely affect the Groups income, balance sheet, capital and liquidity ratios. The effects described under "Recent Developments – *Impact of Swiss National Bank Actions*" clearly illustrate the potential effect of significant currency movements, particularly of the Swiss Franc.

The Group is dependent upon its risk management and control processes to avoid or limit potential losses in its counterparty credit and trading businesses

Controlled risk-taking is a major part of the business of a financial services firm. Credit risk is an integral part of many of the Group's retail, corporate, wealth management and Investment Bank activities, and the Group's non-core activities that were transferred to Corporate Center – Non-core and Legacy Portfolio, including lending, underwriting and derivatives activities. Changes in interest rates, credit spreads, securities' prices, market volatility and liquidity, foreign exchange levels and other market fluctuations can adversely affect the Group's earnings. Some losses from risk-taking activities are inevitable, but to be successful over time, the Group must balance the risks it takes against the returns it generates. The Group must, therefore, diligently identify, assess, manage and control its risks, not only in normal market conditions but also as they might develop under more extreme (stressed) conditions, when concentrations of exposures can lead to severe losses.

As seen during the financial crisis of 2007–2009, the Group is not always able to prevent serious losses arising from extreme or sudden market events that are not anticipated by the Group's risk measures and systems. Value-at-risk, a statistical measure for market risk, is derived from historical market data, and thus by definition could not have anticipated the losses suffered in the stressed conditions of the financial crisis. Moreover, stress loss and concentration controls and the dimensions in which the Group aggregates risk to identify potentially highly correlated exposures proved to be inadequate. Notwithstanding the steps the Group has taken to strengthen its risk management and control framework, the Group could suffer further losses in the future if, for example:

- the Group does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- the Group's assessment of the risks identified or its response to negative trends proves to be untimely, inadequate, insufficient or incorrect;
- markets move in ways that the Group does not expect – in terms of their speed, direction, severity or correlation – and the Group's ability to manage risks in the resultant environment is, therefore, affected;
- third parties to whom the Group has credit exposure or whose securities the Group holds for its own account are severely affected by events not anticipated by the Group's models, and accordingly the Group suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by the Group's counterparties proves inadequate to cover their obligations at the time of their default.

The Group also manages risk on behalf of its clients in its asset and wealth management businesses. The performance of assets the Group holds for its clients in these activities could be adversely affected by the same factors. If clients suffer losses or the performance of their assets held with the Group is not in line with relevant

benchmarks against which clients assess investment performance, the Group may suffer reduced fee income and a decline in assets under management, or withdrawal of mandates.

If the Group decides to support a fund or another investment that it sponsors in its asset or wealth management businesses, it might, depending on the facts and circumstances, incur charges that could increase to material levels.

Investment positions, such as equity investments made as part of strategic initiatives and seed investments made at the inception of funds that the Group manages, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. They are subject to a distinct control framework. Deteriorations in the fair value of these positions would have a negative impact on the Group's earnings.

Valuations of certain positions rely on models; models have inherent limitations and may use inputs which have no observable source

If available, the fair value of a financial instrument or non-financial asset or liability is determined using quoted prices in active markets for identical assets or liabilities. Where the market is not active, fair value is established using a valuation technique, including pricing models. Where available, valuation techniques use market observable assumptions and inputs. If such information is not available, inputs may be derived by reference to similar instruments in active markets, from recent prices for comparable transactions or from other observable market data. If market observable data is not available, UBS selects non-market observable inputs to be used in its valuation techniques. UBS also uses internally developed models. Such models have inherent limitations; different assumptions and inputs would generate different results, and these differences could have a significant impact on the Group's financial results. UBS regularly reviews and updates its valuation models to incorporate all factors that market participants would consider in setting a price, including factoring in current market conditions. Judgment is an important component of this process, and failure to make the changes necessary to reflect evolving market conditions could have a material adverse effect on the Group's financial results. Moreover, evolving market practice may result in changes to valuation techniques that could have a material impact on the Group's financial results. Changes in model inputs or calibration, changes in the valuation methodology incorporated in models, or failure to make the changes necessary to reflect evolving market conditions could have a material adverse effect on the Group's financial results.

Liquidity and funding management are critical to the Group's ongoing performance

The viability of the Group's business depends on the availability of funding sources, and the Group's success depends upon its ability to obtain funding at times, in amounts, for tenors and at rates that enable the Group to efficiently support its asset base in all market conditions. A substantial part of the Group's liquidity and funding requirements is met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. The volume of the Group's funding sources has generally been stable, but could change in the future due to, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A change in the availability of short-term funding could occur quickly.

Reductions in the Group's credit ratings can increase the Group's funding costs, in particular with regard to funding from wholesale unsecured sources, and can affect the availability of certain kinds of funding. In addition, as UBS experienced in connection with Moody's downgrade of UBS's long-term rating in June 2012, rating downgrades can require UBS to post additional collateral or make additional cash payments under master trading agreements relating to its derivatives businesses. The Group's credit ratings, together with its capital strength and reputation, also contribute to maintaining client and counterparty confidence and it is possible that ratings changes could influence the performance of some of the Group's businesses.

More stringent capital and liquidity requirements will likely lead to increased competition for both secured funding and deposits as a stable source of funding, and to higher funding costs. The addition of loss-

absorbing debt as a component of capital requirements and potential future requirements to maintain senior unsecured debt that could be written down in the event of the Group's insolvency or other resolution, may increase the Group's funding costs or limit the availability of funding of the types required.

The Group might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. The Group faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to the Group in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. The Group expects these trends to continue and competition to increase. The Group's competitive strength and market position could be eroded if the Group is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating its technology, particularly in trading businesses, or is unable to attract or retain the qualified people needed to carry them out.

The amount and structure of the Group's employee compensation are affected not only by the Group's business results but also by competitive factors and regulatory considerations. Constraints on the amount or structure of employee compensation, higher levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect the Group's ability to retain and attract key employees, and may in turn negatively affect the Group's business performance. The Group has made changes to the terms of compensation awards to reflect the demands of various stakeholders, including regulatory authorities and shareholders. These terms include the introduction of a deferred contingent capital plan with many of the features of the loss-absorbing capital that the Group has issued in the market but with a higher capital ratio write-down trigger, increased average deferral periods for stock awards, and expanded forfeiture provisions for certain awards linked to business performance. These changes, while intended to better align the interests of the Group's staff with those of other stakeholders, increase the risk that key employees will be attracted by competitors and decide to leave the Group, and that the Group may be less successful than its competitors in attracting qualified employees. The loss of key staff and the inability to attract qualified replacements, depending upon which and how many roles are affected, could seriously compromise the Group's ability to execute its strategy and to successfully improve its operating and control environment.

In a referendum in March 2013, the Swiss cantons and voters approved an initiative to give shareholders of Swiss listed companies more influence over board and management compensation (the "**Minder Initiative**"). In November 2013, the Swiss Federal Council issued the final transitional ordinance implementing the constitutional amendments resulting from this initiative, which came into force on 1 January 2014. The ordinance requires public companies to specify in their articles of association ("**AoA**") a mechanism to permit a "say-on-pay" vote, setting out three requirements: (i) the vote on compensation must be held annually, (ii) the vote on compensation must be binding rather than advisory and (iii) the vote on compensation must be held separately for the board of directors and members of the executive board. In addition, shareholders will need to determine the details of the "say-on-pay" vote in the AoA, in particular the nature of the vote, timing aspects and the consequences of a "no" vote. Each company affected by the Minder Initiative must undertake a first binding vote on management compensation and remuneration of the board of directors at its 2015 annual general meeting.

The EU has adopted legislation that caps the amount of variable compensation in proportion to the amount of fixed compensation for employees of a bank active within the EU. This legislation will apply to employees of UBS in the EU. These and other similar initiatives may require the Group to make further changes to its compensation structure and may increase the risks described above.

The Group's financial results may be negatively affected by changes to accounting standards

The Group reports its results and financial position in accordance with IFRS as issued by the IASB. Changes to IFRS or interpretations thereof may cause the Group's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the Group's regulatory capital and ratios. The Group monitors potential accounting changes and when these are finalised by the IASB, the Group determines the potential impact and discloses significant future changes in its financial statements. Currently, there are a number of issued but not yet effective IFRS changes, as well as potential IFRS changes, some of which could be expected to impact the Group's reported results, financial position and regulatory capital in the future.

The Groups's financial results may be negatively affected by changes to assumptions supporting the value of the Group's goodwill

The goodwill that the Group has recognized on the respective balance sheets of its operating segments is tested for impairment at least annually. The Group's impairment test in respect of the assets recognized as of 31 December 2014 indicated that the value of the Group's goodwill is not impaired. The impairment test is based on assumptions regarding estimated earnings, discount rates and long-term growth rates impacting the recoverable amount of each segment and on estimates of the carrying amounts of the segments to which the goodwill relates. If the estimated earnings and other assumptions in future periods deviate from the current outlook, the value of the Group's goodwill may become impaired in the future, giving rise to losses in the income statement. For example, in the third quarter of 2012, the carrying amount of goodwill and of certain other non-financial assets of the Investment Bank was written down, resulting in a pre-tax impairment loss of almost CHF 3.1 billion.

The effect of taxes on the Group's financial results is significantly influenced by reassessments of its deferred tax assets

The deferred tax assets ("DTA") that the Group has recognized on its balance sheet as of 31 December 2014 in respect of prior years' tax losses reflect the probable recoverable level based on future taxable profit as informed by its business plans. If the business plan earnings and assumptions in future periods substantially deviate from current forecasts, the amount of recognized deferred tax assets may need to be adjusted in the future. These adjustments may include write-downs of deferred tax assets through the income statement.

The Group's effective tax rate is highly sensitive both to its performance as well as the Group's expectations of future profitability as reflected in the Group's business plans. The Group's results in recent periods have demonstrated that changes in the recognition of deferred tax assets can have a very significant effect on the Group's reported results. If the Group's performance is expected to improve, particularly in the US, UK or Switzerland, the Group could potentially recognize additional deferred tax assets as a result of that assessment. The effect of doing so would be to significantly reduce the Group's effective tax rate in years in which additional deferred tax assets are recognized. Conversely, if the Group's performance in those countries is expected to produce diminished taxable profit in future years, the Group may be required to write down all or a portion of the currently recognized deferred tax assets through the income statement. This would have the effect of increasing the Group's effective tax rate in the year in which any write-downs are taken.

In 2015, notwithstanding the effects of any potential reassessment of the level of deferred tax assets, the Group expects its effective tax rate to be approximately 25%. Consistent with past practice, the Group expects to revalue its overall level of deferred tax assets in the second half of 2015 based on a reassessment of future profitability taking into account updated business plan forecasts, including consideration of a possible further extension of the forecast period used for US DTA recognition purposes to seven years from the six years used at 31 December 2014. The full year effective tax rate could change significantly on the basis of this reassessment. It could also change if aggregate tax expenses for locations other than Switzerland, the US and the UK differ from what is expected. The Group's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US and Switzerland. Reductions in the statutory tax rate would cause the

expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This in turn would cause a write-down of the associated deferred tax assets.

In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws could cause the amount of taxes ultimately paid by the Group to materially differ from the amount accrued.

The Group is currently considering changes to its legal structure in the US, the UK, Switzerland and other countries in response to regulatory changes. Tax laws or the tax authorities in these countries may prevent the transfer of tax losses incurred in one legal entity to newly organized or reorganized subsidiaries or affiliates or may impose limitations on the utilization of tax losses that are expected to carry on businesses formerly conducted by the transferor. Were this to occur in situations where there were also limited planning opportunities to utilize the tax losses in the originating entity, the deferred tax assets associated with such tax losses could be written down through the income statement.

A net charge of CHF 123 million was recognized in operating expenses (within operating profit before tax) in 2014 in relation to the UK bank levy. This is a balance sheet levy, payable by banks operating in the UK. The Group's bank levy expense for future years will depend on both the rate of the levy and the Group's taxable UK liabilities at each year-end; changes to either factor could increase the cost. This expense could increase if organizational changes involving UBS Limited and/or UBS AG alter the level or profile of the Group's bank levy tax base. The Group expects that the annual bank levy charge will continue to be recognized for IFRS purposes as an expense arising in the final quarter of each financial year, rather than being accrued throughout the year, as it is charged by reference to the year-end balance sheet position.

As UBS Group AG is a holding company, its operating results, financial condition and ability to pay dividends other distributions or to pay its obligations in the future is dependent on funding, dividends and other distributions received from UBS AG or any other future direct subsidiary, which may be subject to restrictions

UBS Group's ability to pay dividends and other distributions, and to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS AG and any new subsidiaries established by UBS Group in the future. The ability of such subsidiaries to make loans or distributions (directly or indirectly) to UBS Group may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory and fiscal or other restrictions. UBS Group's subsidiaries, including UBS AG, UBS Switzerland AG, UBS Limited and the US IHC (when designated) are subject to laws that restrict dividend payments, authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS Group, or limit or prohibit transactions with affiliates. Restrictions and regulatory action of this kind could impede access to funds that UBS Group may need to make payments.

In addition, UBS Group's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to all prior claims of the subsidiary's creditors.

UBS Group's credit rating could be lower than the rating of UBS AG, which may adversely affect the market value of the securities and other obligations of UBS Group on a standalone basis.

Furthermore, UBS Group expects that it may guarantee some of the payment obligations of certain of its subsidiaries from time to time. These guarantees may require UBS Group to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS Group is in need of liquidity to fund its own obligations.

The Group's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly

The Group has committed to return at least 50% of its net profit to shareholders as capital returns, provided its fully applied CET1 capital ratio is at least 13% and its post-stress fully applied CET1 capital ratio is at least 10%. As of 31 December 2014, the Group's post-stress CET1 capital ratio exceeded this 10% objective, and the actions of the Swiss National Bank did not cause a breach of this objective either in January or February 2015. However, the Group's ability to maintain a fully applied CET1 capital ratio of at least 13% is subject to numerous risks, including the results of the Group's business, changes to capital standards, methodologies and interpretation that may adversely affect the Group's calculated fully applied CET1 capital ratio, imposition of risk add-ons or additional capital requirements such as additional capital buffers.

Changes in the methodology, assumptions, stress scenario and other factors may result in material changes in the Group's post-stress fully applied CET1 capital ratio. The Group's objective to maintain a post-stress fully applied CET1 capital ratio of at least 10% is a condition to the Group's capital returns commitment. To calculate the Group's post-stress CET1 capital ratio, the Group forecasts capital one year ahead based on internal projections of earnings, expenses, distributions to shareholders and other factors affecting CET1 capital, including the Group's net defined benefit assets and liabilities. The Group also forecasts one-year developments in RWA. The Group adjusts these forecasts based on assumptions as to how they may change as a result of a severe stress event. The Group then further deducts from capital the stress loss estimated using its combined stress test (CST) framework to arrive at the post-stress CET1 capital ratio. Changes to the Group's results, business plans and forecasts, in the assumptions used to reflect the effect of a stress event on the Group's business forecasts or in the results of the Group's CST, could have a material effect on the Group's stress scenario results and on the Group's calculated fully applied post-stress CET1 capital ratio. The Group's CST framework relies on various risk exposure measurement methodologies which are predominantly proprietary, on the Group's selection and definition of potential stress scenarios and on the Group's assumptions regarding estimates of changes in a wide range of macroeconomic variables and certain idiosyncratic events for each of those scenarios. The Group periodically reviews these methodologies, and assumptions are subject to periodic review and change on a regular basis. The Group's risk exposure measurement methodologies may change in response to developing market practice and enhancements to the Group's own risk control environment and input parameters for models may change due to changes in positions, market parameters and other factors. The Group's stress scenarios, the events comprising a scenario and the assumed shocks and market and economic consequences applied in each scenario are subject to periodic review and change. A change in the CST scenario used to calculate the fully applied post-stress CET1 capital ratio, or in the assumptions used in a particular scenario, may cause the post-stress CET1 capital ratio to fluctuate materially from period to period. The Group's business plans and forecasts are subject to inherent uncertainty, the Group's choice of stress test scenarios and the market and macroeconomic assumptions used in each scenario are based on judgments and assumptions about possible future events. The Group's risk exposure methodologies are subject to inherent limitations, rely on numerous assumptions as well as on data which may have inherent limitations. In particular, certain data is not available on a monthly basis and the Group may therefore rely on prior month/quarter data as an estimate. All of these factors may result in the Group's post-stress CET1 capital ratio, as calculated using the Group's methodology for any period, being materially higher or lower than the actual effect of a stress scenario.

UBS Group may fail to realise the anticipated benefits of the exchange offer

UBS established UBS Group AG as a holding company for the UBS Group because it believes that it will, along with other measures already announced, substantially improve the resolvability of the Group in response to evolving regulatory requirements. These measures may also qualify UBS Group for a rebate on the progressive buffer capital requirements applicable to the Group as a systemically relevant Swiss bank under applicable Swiss TBTF requirements. UBS Group may, however, encounter substantial difficulties in achieving these anticipated benefits or these anticipated benefits may not materialize. For example, the relevant regulators may find the measures that the Group is undertaking or their implementation to be ineffective or insufficient (especially in the context of market turbulence or in distressed situations), or they may not grant potential relief to the full extent hoped for. UBS Group may also be required to adopt further measures to meet existing or new regulatory requirements.

UBS Group AG has acquired approximately 97 percent of the outstanding shares of UBS AG. Delay in acquiring full ownership of UBS AG could adversely affect the anticipated benefits of the exchange offer and the liquidity and market value of the UBS Group AG shares. Such a delay may occur if UBS Group determines that the squeeze-out merger cannot be implemented or is not advisable for any reason, including, among other things, disruption to the business, the negative impact on regulatory consents, approvals and licenses or required third-party rights. The existence of minority shareholders in UBS AG may, among other things, make it more difficult or delay UBS Group's ability to implement changes to the legal structure of the UBS Group and interfere with its day-to-day business operations and its corporate governance. In addition, any holders of UBS AG shares will have a pro rata claim upon any dividends or other distributions of UBS AG and would receive a proportionate share of any dividend payments or other distributions made by UBS AG, reducing the amount of any dividend payments or other distributions that UBS might make to holders of UBS Group AG shares.

Risks Associated with a Squeeze-out Merger

If UBS Group conducts a squeeze-out merger under Swiss law, UBS AG will merge into a merger subsidiary of UBS Group, which will survive the transaction. Although UBS Group expects that the surviving entity will in most cases succeed to UBS AG's banking licenses, permits and other authorizations, such entity may need to re-apply for or seek specific licenses, permits and authorizations, as well as third-party consents. Furthermore, although UBS Group expects this occurrence to be unlikely given that minority shareholders subject to the squeeze-out will be offered listed securities in UBS Group and the consideration to be offered in the squeeze-out merger will be identical to the consideration offered in the exchange offer, under Swiss law, a minority shareholder subject to the squeeze-out merger could theoretically seek to claim, within two months of the publication of the squeeze-out merger, that the consideration offered is "inadequate" and petition a Swiss competent court to determine what is "adequate" consideration. Each of these circumstances, if it were to happen, may generate costs, delay the implementation of the squeeze-out merger or disrupt or negatively impact the Group's business.

2. Security specific Risks

Investing in the Securities involves certain risks. Among others, these risks may be related to equity markets, commodity markets, bond markets, foreign exchanges, interest rates, market volatility and economic and political risks and any combination of these and other risks. The material risks are presented below. Potential investors should be experienced with regard to transactions in instruments such as the Securities and in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, in the Basket Components. **Potential investors should understand the risks associated with an investment in the Securities and shall only reach an investment decision, after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Underlying or, as the case may be, the Basket Components.**

An investment in the Securities should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying or, as the case may be, of the Basket Components, as the value of the Securities and, hence, any amount, if any, payable in accordance with the relevant Product Terms comprised in the Final Terms in conjunction with the General Conditions comprised in this Base Prospectus, together constituting the "**Conditions**", of the relevant Securities or, in case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Physical Delivery**" is specified to be applicable, the value of the Physical Underlying to be delivered in a number as expressed by the Participation Factor, the Leverage Factor or the Multiplier will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effects with regard to the Securities, so that the effect of a particular risk factor is not predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the value of the Securities.

Potential investors of the Securities should recognise that the Securities **constitute a risk investment** which can lead to a **total loss** of their investment in the Securities. Securityholders will incur a loss, if the amounts or, in case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the product feature "Physical Delivery" is specified to be applicable, the value of the Physical Underlying received in accordance with the Conditions of the Securities is below the purchase price of the Securities (including the transaction costs). Even when the Securities are capital protected at maturity to the extent of the Minimum Amount and, hence, the risk of a loss is initially limited to the Minimum Amount, the investor bears the risk of the Issuer's financial situation worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a **total loss** of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the **risks of loss** connected with the Securities.

Unless explicitly specified in the Product Terms of the relevant Final Terms, none of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they **generate no regular income**. Therefore, potential reductions in the value of the Securities cannot be offset by any other income from the Securities.

It is expressly recommended that potential investors familiarise themselves with the specific risk profile of the product type described in the Base Prospectus and seek the advice of a professional, if necessary.

1. Special risks related to specific features of the Security structure

Prior to investing in the Securities, potential investors should note that the following special features of the Securities, if specified to be applicable in the relevant Final Terms, may have a negative impact on the value of the Securities or, as the case may be, on any amount, if any, payable according to the Conditions of the Securities or, as the case may be, the delivery of the Physical Underlying in an appropriate number and that the Securities accordingly have special risk profiles:

In the case of Securities linked to an **Underlying** as specified in the section "Product Terms" of the relevant Final Terms,

potential investors should be aware that the amount of the Interest Amount, if specified to be applicable in the Final Terms, and of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying or, as the case may be, the Basket Components. In case of an unfavourable development of the price of the Underlying or, as the case may be, the Basket Components, any amount received under the Securities may be lower than expected by the investors **and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).**

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Participation Factor**", "**Leverage Factor**", "**Multiplication Factor**" or, as the case may be, "**Multiplier**" is specified to be applicable,

potential investors should consider that the application of the Participation Factor, Leverage Factor, Multiplication Factor or of the Multiplier, as specified to be applicable in the Final Terms, within the

determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying or, as the case may be, in the Basket Components, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders do, if so specified in the relevant Final Terms, not participate in the relevant performance of the Underlying or, as the case may be, Basket Components by a 1:1 ratio, but by the proportion of the Participation Factor, the Leverage Factor, the Multiplication Factor or of the Multiplier.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Reverse Structure**" is specified to be applicable,

potential investors should consider that the Securities provide for a so-called reverse structure and that, hence, the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) **depreciate in value**, if the price of the Underlying or, as the case may be, in the Basket Components, increases, or the Securities **increase in value**, if the price of the Underlying or, as the case may be, in the Basket Components, decreases. Consequently, there is the risk of a loss of the invested capital, if the price of the Underlying or, as the case may be, Basket Components increases correlatively. In addition, the potential return under each Security is, as a principle rule, limited, since the negative performance of the Underlying or, as the case may be, Basket Components may not exceed 100 %.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Express Structure**" is specified to be applicable,

potential investors should consider that the Securities may according to the Conditions of the Securities under certain circumstances expire prior to the Maturity Date without any notice or declaration by the Issuer or the Securityholder being required, so-called express structure. In case the Securities expire prior to the Maturity Date, the Securityholder is entitled to demand the payment of a cash amount and, if a "**Physical Delivery**" is specified to be applicable in the Final Terms, the delivery of the Physical Underlying in an appropriate number in relation to the early expiration. However, the Securityholder is not entitled to request any further payments on the Securities or, as the case may be, and if specified in the relevant Final Terms, the delivery of the Physical Underlying after such early expiration.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components to the expected extent and during the expected period.

In the case of an early expiration of the Securities, the Securityholder also bears the so-called **risk of reinvestment**. The Securityholder may only be able to re-invest any amount paid by the Issuer in the case of an early expiration, if any, at market conditions, which are less favourable than those existing prevailing at the time of the acquisition of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Thresholds, Barriers or Levels**" is specified to be applicable,

potential investors should consider that the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, under the Securities depends on whether the price of the Underlying or, as the case may be, the Basket Components equals, and/or falls below respectively exceeds a certain threshold, barrier or level as specified in the relevant Final Terms, at a given time or, as the case may be, within a given period as determined by the Conditions of the Securities.

Only provided that the relevant threshold, barrier or, as the case may be, level has not been reached and/or fallen below respectively exceeded at the time or period as determined by the Conditions of the Securities, the holder of a Security receives an amount, predetermined in the Conditions of the Securities as Redemption Amount. Otherwise the Securityholder participates in the performance of the Underlying or, as the case may be, the Basket Components and, therefore, bears the risks of a total loss of the invested capital.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Maximum Amount**" is specified to be applicable,

potential investors should consider that the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, under the Securities is limited to the Maximum Amount as determined in the Conditions of the Securities. In contrast to a direct investment in the Underlying or, as the case may be, the Basket Components the potential profit of the Securities is, therefore, limited to the Maximum Amount.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Relevant Underlying**" is specified to be applicable,

potential investors should consider that the calculation of the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, solely refers to the performance of the Relevant Underlying and, thereby, to the Underlying, showing a certain predetermined performance, e.g. the **worst** performance during an observation period.

Potential investors should, consequently, be aware that compared to Securities, which refer to only one underlying, the Securities show a higher exposure to loss. This risk may not be reduced by a positive or, as the case may be, negative performance of the remaining Underlyings, because the remaining Underlyings are not taken into account when calculating the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Physical Delivery**" is specified to be applicable,

potential investors should consider that as far as the Conditions of the Securities provide for settlement through physical delivery, upon maturity of the Securities, no payment of a Redemption Amount, but the delivery, if any, of the Physical Underlying as described in the Conditions of the Securities in the appropriate number will occur. Potential investors should, hence, consider that, in the case of a redemption of the Securities by physical delivery of the Physical Underlying in the appropriate number, investors do not receive any cash amount, but a right to the relevant security, which is transferable according to the conditions of the relevant depository system.

As in such case the Securityholders of the Securities are exposed to the issuer- and security-specific risks related to the Physical Underlying to be delivered, if any, potential investors in the Securities should make themselves familiar with the Physical Underlying, to be delivered, if any, before purchasing the Securities. Moreover, investors should not rely on being able to sell the Physical Underlying after redemption of the Securities at a certain price, in particular not at a price, which corresponds to the capital invested for the acquisition of the Securities. The Physical Underlying delivered in the appropriate number can, under certain circumstances, possibly have a very low or

even no value. In such case the Securityholders bear the risk of a total loss of the capital invested for purchasing the Securities (including the transaction costs).

Potential investors in the Securities should also consider that possible fluctuations in the price of the Physical Underlying between the end of the term of the Securities and the actual delivery of the Physical Underlying on the Maturity Date remain with the Securityholder. Any decrease in value of the Physical Underlying after the end of the term of the Securities has to be borne by the Securityholder.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Currency Conversion**" is specified to be applicable,

potential investors should consider that the Securityholder's right vested in the Securities is determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components is determined in such a currency other than the Redemption Currency, currency unit or calculation unit. Potential investors should, therefore, be aware that investments in these Securities could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying or, as the case may be, the Basket Components, but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit.

Such developments can additionally increase the Securityholders' exposure to losses, because an unfavourable performance of the relevant currency exchange rate may correspondingly decrease the value of the purchased Securities during their term or, as the case may be, the level of the Redemption Amount or, as the case may be, the value of the Physical Underlying to be delivered in an appropriate number, if any. Currency exchange rates are determined by factors of offer and demand on the international currency exchange markets, which are themselves exposed to economic factors, speculations and measures by governments and central banks (for example monetary controls or restrictions).

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Capital Protection**" is specified to be applicable,

potential investors should consider that the Securities are as at the end of their term only capital protected to the extent of a Minimum Amount (without consideration of the offering premium), *i.e.* the investor receives at the end of the term, in case of Securities linked to the performance of an Underlying even disregarding the actual performance of the Underlying or, as the case may be, the Basket Components, in any case the capital protected Minimum Amount specified in the relevant Final Terms. If an investor acquires the Securities at a price, which is higher than the Minimum Amount, the prospective investor should be aware that the (proportional) capital protection only refers to the lower Minimum Amount. In this context, it has to be considered that the capital protection only applies at the end of the term, *i.e.* provided that the Securities have not been terminated or, if so specified in the applicable Final Terms, expired early. The cash amount to be paid or, as the case may be and as specified in the applicable Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, in the case of an early redemption of the Securities can be considerably below the amount, which would be payable as a minimum at the end of the term of the Securities, where the capital protection applies to the extent of the Minimum Amount, and may even be equal to zero. In such case the Securityholders will incur a **total loss** of its investment (including any transaction costs).

Potential investors of the Securities should furthermore recognise that despite the capital protection to the extent of the Minimum Amount, the investor bears the risk of the Issuer's financial ability worsening and the potential subsequent inability of the Issuer to pay its obligations under the

Securities. In case of an insolvency of the Issuer, Securityholders may suffer a **total loss** of their investment in the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the capital invested. Purchasers of the Securities should in any case assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**No predefined term**" is specified to be applicable,

potential investors should consider that the Securities have - in contrast to securities with a fixed term - no predetermined expiration date, and thus no defined term. As a result, the Securityholder's right vested in those Securities, must be exercised by the respective Securityholder on a specific Exercise Date in accordance with the exercise procedure described in the Conditions of the Securities, if the Security Right is to be asserted. In the event that the required Exercise Notice is not duly received on the relevant Exercise Date, the Securities cannot be exercised until the next exercise date stated in the Conditions of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Time-lagged Valuation**" is specified to be applicable,

potential investors should note that in case of an exercise of the Securities on an Exercise Date or, as the case may be, of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the Valuation Date or the Final Valuation Date relevant for determining the Reference Price or the Settlement Price, as specified in the Final Terms, will in accordance with the Conditions of the Securities be a day following a significant period after the relevant Exercise Date or, as the case may be, the relevant automatic termination date, as specified to be applicable in the Product Terms. Any adverse fluctuations in the Price of the Underlying or, as the case may be, of the Basket Components between such date and the Valuation Date or the Final Valuation Date, as specified in the Final Terms are borne by the relevant Securityholder.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Automatic Termination**" is specified to be applicable,

potential investors should consider that in case of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the term of all outstanding Securities is automatically terminated.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components to the expected extent and during the expected period and, therefore, receives less than its capital invested.

In the case of the occurrence of an automatic termination event, the Securityholder also bears the risk of a reinvestment, i.e. the investor bears the risk that it will have to re-invest the redemption amount, if any, paid by the Issuer in the case of the occurrence of an automatic termination event at market conditions, which may be less favourable than those existing prevailing at the time of the acquisition of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Minimum Exercise Size**" is specified to be applicable,

potential investors should consider that any Securityholder, must in accordance with the Conditions of the Securities tender a specified minimum number of the Securities, in order to exercise the Security Right vested in the Securities, the so-called Minimum Exercise Size. Securityholders with fewer than the specified Minimum Exercise Size of Securities will, therefore, either have to sell their Securities or purchase additional Securities (incurring transaction costs in each case). Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Securityholder's Termination Right**" is specified to be **not** applicable,

potential investors should consider that Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.

Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Quanto**" is specified to be applicable,

potential investors should consider that the Price of the Underlying or, as the case may be, the Basket Components is determined in a currency other than the Redemption Currency, so-called underlying currency. The relevant Price of the Underlying or of the Basket Components used for the calculation of any amounts payable under the Securities is expressed in the Redemption Currency without any reference to the currency exchange rate between the underlying currency of the Underlying or, as the case may be, the Basket Components, and the Redemption Currency (so-called "quanto"-feature). As a result, the relative difference between the actual interest rate in relation to the Underlying Currency and the actual interest rate in relation to the Redemption Currency may have a negative impact on the value of the Securities.

2. No statutory or voluntary deposit guarantee scheme

The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. **In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.**

3. Termination and Early Redemption at the option of the Issuer

Potential investors in the Securities should furthermore be aware that the Issuer is, pursuant to the Conditions of the Securities, under certain circumstances, e.g. in case that (i) the determination and/or publication of the price of the Underlying or, as the case may be, a Basket Component is discontinued permanently or (ii) that due to the coming into effect of changes in laws or regulations (including but not limited to tax laws) at the reasonable discretion of the Issuer the holding, acquisition or sale of the Underlying or, as the case may be, a Basket Component is or becomes wholly or partially illegal, entitled to terminate and redeem the Securities in total prior to the scheduled Maturity Date. In case of a **share as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the Issuer is

pursuant to the Conditions of the Securities also entitled to termination, if the liquidity of the shares of the affected company is, in the Issuer's opinion, significantly affected by a take-over of the relevant shares, even without the occurrence of a delisting of the stock company. In case the Issuer terminates and redeems the Securities prior to the Maturity Date, the Securityholder is in accordance with the Conditions of the Securities entitled to demand the payment of a redemption amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the relevant termination date. Furthermore, the Termination Amount, if any, payable in the case of an early redemption of the Securities by the Issuer can be considerably below the amount, which would be payable at the scheduled end of the term of the Securities.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components, to the expected extent and during the expected period.

In the case of a termination the Issuer shall pay to each Securityholder an amount in the Redemption Currency with respect to each Security held by it, which is determined by the Calculation Agent at its reasonable discretion and, if applicable, considering the then prevailing Price of the Underlying or, as the case may be, the Basket Components and the expenses of the Issuer caused by the termination, as the fair market price of a Security at the occurrence of the termination. When determining a fair market price of a Security, the Calculation Agent is entitled to consider all factors, including any adjustments of option contracts on the Underlying or, as the case may be, the Basket Components, without being bound to any third party measures or assessments, in particular any measures or assessments of any futures or options exchange. Due to the fact that the Calculation Agent may take into consideration the market factors it considers to be relevant at its reasonable discretion without being bound to third party measures or assessments, it cannot be excluded that the amount determined by the Calculation Agent at its reasonable discretion as the fair market price of the Security at the occurrence of the termination – and, hence, the Termination Amount – may differ from the market price of comparable Securities relating to the Underlying or, as the case may be, the Basket Components, as determined by a third party.

In the case of a termination of the Securities by the Issuer, the Securityholder bears the risk of a reinvestment, *i.e.* the investor bears the risk that it will have to re-invest the Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those prevailing at the time of the acquisition of the Securities.

4. **Possible fluctuations in the Price of the Underlying or, as the case may be, the Basket Components after termination of the Securities**

In the event that the term of the Securities is terminated early by the Issuer pursuant to the Conditions of the Securities, potential investors of the Securities should note that any adverse fluctuations in the Price of the Underlying or, as the case may be, of the Basket Components between the announcement of the termination by the Issuer and the determination of the Price of the Underlying or, as the case may be, the Basket Components relevant for the calculation of the then payable relevant Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "Securityholder's Termination Right" is specified to be applicable, of the Securityholder Termination Amount, as the case may be, are borne by the Securityholders.

5. **Adverse impact of adjustments of the Security Right**

It cannot be excluded that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying or, as the case may be, the Basket Components, which potentially lead to changes to the Underlying or, as the case may be, the Basket Components or result in the underlying concept of the Underlying or, as the case may be, the Basket Components being changed, so-called Potential Adjustment Events. In the case of the occurrence of a Potential

Adjustment Event, the Issuer shall be entitled to effect adjustments according to the Conditions of the Securities to account for these events or measures. These adjustments might have a negative impact on the value of the Securities.

6. Substitution of the Issuer

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the “**Substitute Issuer**”) with respect to all obligations under or in connection with the Securities.

This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the credit risk of the Substitute Issuer.

7. Determinations by the Calculation Agent

The Calculation Agent has certain discretion under the Conditions of the Securities (i) to determine whether certain events have occurred (in particular, the occurrence of a Potential Adjustment Event or a Market Disruption in accordance with the Conditions of the Securities), (ii) to determine any resulting adjustments and calculations, (iii) also to make adjustments to the Underlying or, as the case may be, the Basket Components and (iv) to postpone valuations or payments under the Securities. The Calculation Agent will make any such determination at its reasonable discretion and in a commercially reasonable manner. Potential investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such discretion exercised by, or any determination made by, the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

8. Other factors affecting the value

The value of a Security is determined not only by changes in the Price of the Underlying or, as the case may be, the Basket Components, but also by a number of other factors. Since several risk factors may have simultaneous effects on the Securities, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the value of the Securities.

These factors include the term of the Securities, the frequency and intensity of price fluctuations (volatility), as well as the prevailing interest rate and dividend levels. A decline in the value of the Security may therefore occur even if the Price of the Underlying or, as the case may be, the Basket Components remain(s) constant.

Potential investors of the Securities should be aware that an investment in the Securities involves a valuation risk with regard to the Underlying or, as the case may be, the Basket Components. They should have experience with transactions in securities with a value derived from the Underlying or, as the case may be, the Basket Components. The value of the Underlying or, as the case may be, the Basket Components may vary over time and may increase or decrease by reference to a variety of factors which may include UBS corporate action, macro economic factors and speculation. In addition, the historical performance of the Underlying or, as the case may be, the Basket Components is not an indication of its future performance. Changes in the market price of the Underlying or, as the case may be, the Basket Components will affect the trading price of the Securities, and it is impossible to predict whether the market price of the Underlying or, as the case may be, the Basket Components will rise or fall or improve or worsen, respectively.

9. Effect of ancillary costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Securities may result in charges, particularly in combination with a low order value, **which can substantially reduce any Redemption Amount, if any, to be paid under the Securities.** Before acquiring a Security, potential investors should therefore inform themselves of all costs incurred through the purchase or sale of the Security, including any costs charged by their custodian banks upon purchase and maturity of the Securities.

10. Transactions to offset or limit risk

Potential investors of the Securities should not rely on the ability to conclude transactions at any time during the term of the Securities that will allow them to offset or limit relevant risks. This depends on the market situation and the prevailing conditions. Transactions designed to offset or limit risks might only be possible at an unfavourable market price that will entail a loss for investors.

11. Trading in the Securities / Illiquidity

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.

If so specified in the relevant Final Terms, applications will be or have been made to the Security Exchange(s) specified for admission or listing of the Securities. If the Securities are admitted or listed, no assurance is given that any such admission or listing will be maintained. The fact that the Securities are admitted to trading or listed does not necessarily denote greater liquidity than if this were not the case. If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities, if any, may be adversely affected. The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

In addition, it cannot be excluded that the number of Securities actually issued and purchased by investors is less than the intended Issue Size or, as the case may be, the intended Aggregate Nominal Amount of the Securities. Consequently, there is the risk that due to the low volume of Securities actually issued the liquidity of the Securities is lower than if all Securities were issued and purchased by investors.

The Manager(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. The Manager(s) determine(s) any bid and offer prices of the Securities by using common pricing models taking into account the changes in parameters that determine market prices. Unlike stock exchange trading prices (of shares, for example) these prices are not directly determined by the principle of offer and demand in relation to Securities. In case of extraordinary market conditions or technical problems, it may be temporarily complicated or impossible to purchase or sell the Securities. **Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.**

12. Representation and Custody of the Securities

Securities under the Base Prospectus may be issued either physically in bearer form (including Swiss Global Securities and (Temporary or Permanent) Global Security(s)) to be kept with the relevant

Clearing System or on its behalf) or in uncertificated and dematerialised form to be registered in book-entry form with the relevant Clearing System (in case of Intermediated Securities, Swedish Securities, Finnish Securities, Norwegian Securities and Danish Securities).

Consequently, Securityholders will have to rely on procedures of the relevant Clearing System and the applicable laws for transfer, payment and communication with the Issuer.

The Issuer has no responsibility or liability under any circumstances for any acts and omissions of any Clearing Systems or any intermediary/FISA Depository as well as for any losses which might occur to a Securityholder out of such acts and omissions.

13. Pricing of Securities

Unlike most other securities the pricing of these Securities is regularly not based on the principle of offer and demand in relation to Securities, since the secondary market traders might quote independent bid and offer prices. This price calculation is based on price calculation models prevailing in the market, whereas the theoretical value of the Securities is, in principle, determined on the basis of the value of the Underlying or, as the case may be, the Basket Components and the value of other features attached to the Securities, each of which features may, in economic terms, be represented by another derivative financial instrument.

The potentially quoted prices do not necessarily correspond to the Securities' intrinsic value as determined by a trader.

14. Expansion of the spread between bid and offer prices

In special market situations, where the Issuer is completely unable to conclude hedging transactions, or where such transactions are very difficult to conclude, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks to the Issuer. Therefore, Securityholders who wish to sell their Securities via a stock exchange or in the over-the-counter trading might sell at a price considerably lower than the intrinsic value of the Securities at the time of their sale.

15. Borrowed funds

If the purchase of Securities is financed by borrowed funds and investors' expectations are not met, they not only suffer the loss incurred under the Securities, but in addition also have to pay interest on and repay the loan. This produces a substantial increase in investors' risk of loss. Investors of Securities should never rely on being able to redeem and pay interest on the loan through gains from a Securities transaction. Rather, before financing the purchase of a Security with borrowed funds, the investors' financial situations should be assessed, as to their ability to pay interest on or redeem the loan immediately, even if they incur losses instead of the expected gains.

16. Effect of hedging transactions by the Issuer on the Securities

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions relating to the risks incurred in issuing the Securities. In such a case, the Issuer or one of its affiliated companies may conclude transactions that correspond to the Issuer's obligations arising from the Securities. Generally speaking, this type of transaction will be concluded before or on the Issue Date of the Securities, although these transactions can also be concluded after the Securities have been issued. The Issuer or one of its affiliated companies may take the necessary steps for the closing out of any hedging transactions. However, it cannot be excluded that the Price of the Underlying or, as the case may be, the Basket Components, might, in certain cases, be affected by these transactions. In the case of Securities whose value depends on the occurrence of a specific event

in relation to the Underlying or, as the case may be, the Basket Components, entering into or closing out such hedging transactions may affect the likelihood of this event occurring or not occurring.

17. **Taxation in relation to the Securities**

Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.

18. **Payments under the Securities may be subject to U.S. withholdings**

Investors in the Securities should be aware that payments under the Securities may under certain circumstances be subject to a U.S. withholding:

Payments under the Securities may be subject to U.S. withholding under the US Tax Code

Section 871(m) of the US Tax Code requires withholding (up to 30%, depending on whether a treaty applies) on certain financial instruments (such as, e.g. the Securities) to the extent that the payments or deemed payments on the financial instruments are contingent upon or determined by reference to U.S.-source dividends. Under proposed U.S. Treasury Department regulations (if finalised in their current form), certain payments or deemed payments with respect to certain equity-linked instruments ("specified ELLs") that reference U.S. stocks may be treated as dividend equivalents ("dividend equivalents") which are subject to U.S. withholding tax at a rate of 30% (or lower treaty rate). Under these proposed regulations, withholding may be required even in the absence of any actual dividend-related payment or adjustment made pursuant to the Conditions of the Securities. **In case, e.g. (but not limited to) of an Underlying or, as the case may be, a Basket Component, providing for dividends from sources within the United States, it is possible that these rules could apply to the Securities.**

If adopted in their current form, the proposed regulations may impose a withholding tax on payments or deemed payments made on the Securities on or after 1 January 2016 that are treated as dividend equivalents for Securities acquired on or after 5 March 2014. However, under a recent notice of the U.S. Internal Revenue Service ("IRS") the IRS announced that it and the Treasury Department intend that final Treasury regulations will provide that "specified ELLs" will exclude equity-linked instruments issued prior to 90 days after the date such final Treasury regulations are published. Accordingly, the Issuer generally expects that Securityholders should not be subject to tax under Section 871(m). However, it is possible that such withholding tax could apply to the Securities under these proposed rules if, for example, a Securityholder (other than a U.S. securityholder) enters into certain subsequent transactions in respect of the Underlying or, as the case may be, a Basket Component. If an amount in respect of such U.S. withholding tax were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax.

Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding tax and should consult with their tax advisors regarding the application of Section 871(m) of the US Tax Code and the regulations thereunder in respect of their acquisition and ownership of the Securities.

Payments under the Securities may be subject to U.S. withholding under FATCA

The Foreign Account Tax Compliance Act ("FATCA") imposes a 30% U.S. withholding tax on payments of U.S. source interest, dividends and certain other passive income, and on the gross proceeds from the sale or other disposition of certain assets and on certain "passthru payments" attributable to such income or proceeds beginning 1 January 2017, made to certain foreign financial institutions (including most foreign hedge funds, private equity funds and other investment vehicles) unless the payee foreign financial institution agrees to disclose the identity of any U.S. individuals and certain U.S. entities that directly or indirectly maintain an account with, or hold debt or equity interests in, such institution (or the relevant affiliate) and to annually report certain information about such account or interest directly, or indirectly, to the IRS. FATCA also requires withholding agents making certain payments to certain non-financial foreign entities that fail to disclose the name, address, and taxpayer identification number of any substantial direct or indirect U.S. owners of such entity to withhold a 30% tax on such payments.

Accordingly, the Issuer and other foreign financial institutions may be required under FATCA to report certain account information directly to the IRS (or to a non-U.S. governmental authority under a relevant Intergovernmental Agreement entered into between the U.S. and such non-U.S. country that will pass such information on to the IRS) regarding the holders of the Securities. Moreover, the Issuer may be required to withhold on a portion of payments made on the Securities to holders who (i) fail to provide the relevant information, or (ii) foreign financial institutions who fail to comply with FATCA.

Securityholders holding their Securities through a foreign financial institution or other foreign entity should be aware that a portion of any payments under the Securities may be subject to 30% withholding tax under FATCA. If an amount in respect of such withholding tax under FATCA were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. **Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding under FATCA and should consult with their tax advisors regarding the application of withholding tax under FATCA in respect of their acquisition and ownership of the Securities.**

19. Changes in Taxation in relation to the Securities

The considerations concerning the taxation of the Securities set forth in this Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, a different tax treatment by the fiscal authorities and tax courts cannot be excluded. In addition, the tax considerations set forth in this Base Prospectus cannot be the sole basis for the assessment of an investment in the Securities from a tax point of view, as the individual circumstances of each investor also have to be taken into account. Therefore, the tax considerations set forth in this Base Prospectus are not to be deemed any form of definitive information or tax advice or any form of assurance or guarantee with respect to the occurrence of certain tax consequences. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.

Neither the Issuer nor the Managers assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.

20. Potential conflicts of interest

The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying or, as the case may be, the Basket Components, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in

relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying or, as the case may be, the Basket Components; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying or, as the case may be, the Basket Components, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying(s) or, as the case may be, the Basket Components. Such activities could present conflicts of interest and may negatively affect the value of the Securities.

Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Managers, upon request, will provide information on the amount of these fees.

3. Underlying specific Risks

The Securities issued under the Base Prospectus may be linked to a share, a non-equity security, a precious metal, a commodity, an index, an exchange traded fund unit, a not exchange traded fund unit, a futures contract, a currency exchange rate, an interest rate or a reference rate. The Securities may relate to one or more of these Underlyings or a combination of them.

Some or all of the amounts payable on the Physical Underlying to be delivered on exercise, redemption or periodically under the Securities will be determined by reference to the price or value of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components. Accordingly, investing in the Securities also involves certain risks that are related to the Underlying and investors should review carefully the Base Prospectus and the applicable Final Terms in order to understand the effect on the Securities of such linkage to the Underlying.

The purchase of, or investment in, Securities linked to an Underlying involves substantial risks. These Securities are not conventional securities and carry various unique investment risks which potential investors should understand clearly before investing in the Securities. Potential investors in such Securities should be familiar with this type of securities and should fully review all documentation, read and understand the Base Prospectus, the Conditions of the Securities and the applicable Final Terms and be aware of the nature and extent of the exposure to risk of loss.

1. General risks related to the Underlying or a Basket Component, as the case may be

Investors should be aware that some risks are related to the Underlying or, as the case may be, the Basket Components in general:

Risk of fluctuations in the value of the Underlying or the Basket Components, as the case may be

By investing in Securities linked to an Underlying, Securityholders are subject to the risks related to such Underlying. The performance of the Underlying or, as the case may be, the Basket Components is subject to fluctuations. Therefore, Securityholders cannot foresee what consideration they can expect to receive for the Securities on a certain day in the future. When the Securities are redeemed, exercised or otherwise disposed of on a certain day, substantial losses in value might occur in comparison to a disposal at a later or earlier point in time.

Uncertainty about future performance of the Underlying or the Basket Components, as the case may be

The value of the Underlying or, as the case may be, the Basket Components may vary over time and may increase or decrease by reference to a variety of factors, e.g. corporate actions, macroeconomic factors and speculation. Potential investors should note that an investment in Securities linked to an Underlying may be subject to similar risks than a direct investment in the Underlying or, as the case may be, the Basket Components.

It is not possible to reliably predict the future performance of the Underlying or, as the case may be, the Basket Components. Likewise, the historical data of the Underlying or, as the case may be, the Basket Components does not allow for any conclusions to be drawn about the future performance of the Underlying or, as the case may be, the Basket Components and the Securities. The Underlying or Basket Components may have only a short operating history or may have been in existence only for a short period of time and may deliver results over the longer term that may be lower than originally expected.

No warranties or representations regarding the future performance of the Underlying or the Basket Components, as the case may be

The Issuer does not give any explicit or tacit warranty or representation regarding the future performance of the Underlying or, as the case may be, the Basket Components. In addition, the issuer or the sponsor of the Underlying or, as the case may be, the Basket Component does not assume any obligation to consider the interests of the Issuer of the Securities or the Securityholders for any reason whatsoever.

No rights of ownership in the Underlying or the Basket Components, as the case may be

Potential investors should be aware that the relevant Underlying or, as the case may be, the Basket Components will not be held by the Issuer for the benefit of the Securityholders, and that Securityholders will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to any Underlying or, as the case may be, Basket Component to which the Securities are related. Neither the Issuer nor any of its affiliates is under any obligation whatsoever to acquire or hold any Underlying or Basket Component.

Risks associated with Underlyings or a Basket Component, as the case may be, which are subject to emerging market jurisdictions

An Underlying or, as the case may be, a Basket Component may be subject to the jurisdiction of an emerging market. Investing in Securities with such an Underlyings or, as the case may be, Basket Component involves additional legal, political (e.g. rapid political upheavals) or economical (e.g. economic crises) risks.

Countries that fall into this category are usually considered to be "emerging" because of their developments and reforms and their economy being in the process of changing from those of a moderately developed country to an industrial country. In emerging markets, expropriation, taxation equivalent to confiscation, political or social instability or diplomatic incidents may have a negative impact on an investment in the Securities. The amount of publicly available information with respect to the Underlying or any components thereof may be less than that normally made available to Securityholders. Transparency requirements, accounting, auditing and financial reporting standards as well as regulatory standards are in many ways less stringent than standards in industrial countries.

Although they generally record rising volumes, some emerging financial markets have much lower trading volumes than developed markets and the securities of many companies are less liquid and their prices are subject to stronger fluctuations than those of similar companies in developed markets.

Risks associated with a limited information base regarding the Underlying or the Basket Components, as the case may be, and a possible information advantage of the Issuer

Information regarding the Underlying or the Basket Components, as the case may be may not be publicly available or only available to a certain extent. Therefore, investors may have no or only limited access to detailed information regarding the relevant Underlying or the Basket Components, as the case may be, in particular on its current price or value, on its past and future performance and on its volatility.

In contrast, the Issuer may have access to information which is not publicly available and may thereby generate an information advantage.

In addition, any publicly available information may be published with delay and may not have been published or published in full at the time the investors seeks the information or at the time the amounts payable or the Physical Underlying to be delivered on exercise, redemption or periodically under the Securities will be determined by reference to the price or value of the Underlying or the Basket Components, as the case may be.

Consequence of the linkage to a basket as the Underlying or, as the case may be, a portfolio of Underlyings

In case of a basket or a portfolio used as the Underlying, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the level of the Redemption Amount depends on the performance of the Basket comprising the Basket Components or, as the case may be, a portfolio comprising the Underlyings.

As a result, fluctuations in the value of one Basket Component or, as the case may be, one Underlying may be offset or intensified by fluctuations in the value of other Basket Components comprised in the Basket or, as the case may be, Underlyings comprised in the portfolio. Even in the case of a positive performance of one or more Basket Components comprised in the Basket or Underlyings comprised in the portfolio, the performance of the Basket or the portfolio, respectively, as a whole may be negative if the performance of the other Basket Components or, as the case may be, Underlyings is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the redemption amount if the performance of one or more Basket Components comprised in the Basket or, as the case may be, Underlyings comprised in the portfolio, on which the calculation or specification of the redemption amount is based, has deteriorated significantly.

Furthermore, also the degree of the Basket Components' or the Underlyings' dependency from each other, so-called correlation, is of importance when calculating the level of the Redemption Amount. If all of the Basket Components or the Underlyings derive from the same economy sector or, as the case may be, the same country the development of the Basket Components or the Underlyings therefore depends on the development of a single economy sector or a single country. That implies that in the case of an unfavourable development of a single economy sector or a single country, which is represented by the Basket comprising the Basket Components or, as the case may be, the portfolio comprising the Underlyings, the Basket or the portfolio may be affected over proportionally by this unfavourable development.

In the case of an Underlying consisting of different shares (except those of the Issuer or of any of its affiliates), indices, currency exchange rates, precious metals, commodities, interest rates, non-equity securities, exchange traded fund units, not exchange traded fund units, futures contracts or reference

rates (each a "**Basket**"), the Issuer may have the right, in certain circumstances as specified in the Final Terms, to subsequently adjust the Basket (i.e. remove a component of the Basket without replacing it or replace the component of the Basket in whole or in part by another basket component and/or if necessary by adjusting the weighting of the Basket). The Securityholder may not assume that the composition of a Basket will remain constant during the life of the Securities.

Depending on the features of the relevant Securities, there can be a significant adverse effect on the calculation or specification of the redemption amount or interest amounts if the performance of one or more basket components, on which the calculation or specification of the redemption amount or interest amounts is based, has deteriorated significantly.

Relative performance of the Underlying to another Underlying used as benchmark

In case of a determination of a relative performance of the Underlying or, as the case may be, the Underlyings to another Underlying or, as the case may be, the Underlyings, as specified in the section "Product Terms" of the relevant Final Terms, investors should also note that the value of the Securities will even in case of a positive performance of the relevant Underlying or, as the case may be, Underlyings remain constant, if the other Underlying or, as the case may be, Underlyings perform(s) in parallel.

2. Specific risks related to the Underlying or a Basket Component, as the case may be

In addition, the following risks are specifically related to the Underlying or a Basket Component, as the case may be:

In case of a **share as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following **risks specifically related to shares as Underlying or a Basket Component**, as the case may be:

Specific risks related to the performance of shares

The performance of a share used as the Underlying or, as the case may be, a Basket Component depends on the performance of the company issuing the shares. But even regardless of the financial position, cash flows, liquidity and results of operations of the company issuing the shares, the price of a share can be subject to fluctuations or adverse changes in value. In particular, the development of the share price can be influenced by the general economic situation and market sentiment.

Similar risks to a direct investment in shares

The market price of Securities with a share used as the Underlying or, as the case may be, a Basket Component depends on the performance of the share. The performance of a share may be subject to factors like the dividend or distribution policy, financial prospects, market position, corporate actions, shareholder structure and risk situation of the issuer of the share, short selling activities and low market liquidity as well as to political influences. Accordingly, an investment in Securities with a share as Underlying or, as the case may be, a Basket Component may bear similar risks to a direct investment in shares.

The performance of the share may be subject to factors outside the Issuer's sphere of influence, such as the risk of the relevant company becoming insolvent, insolvency proceedings being opened over the company's assets or similar proceedings under the laws applicable to the company being commenced or similar events taking place with regard to the company, which may result in a total loss for the Securityholder, or the risk that the share price is highly volatile. The issuer's dividend or

distribution policy, its financial prospects, market position, any capitalisation measures, shareholder structure and risk situation may also affect the share price.

In addition, the performance of the shares depends particularly on the development of the capital markets, which in turn are dependent on the global situation and the specific economic and political environment. Shares in companies with low or average market capitalisation may be subject to even higher risks (e.g. with regard to volatility or insolvency) than shares in larger companies. Furthermore, shares in companies with a low market capitalisation may be extremely illiquid due to smaller trading volumes. Shares in companies having their seat or exerting their relevant operations in countries with a high legal uncertainty are subject to additional risks, such as the risk of governmental measures being taken or nationalisation taking place. This may result in the partial or total loss of the share's value. The realisation of these risks may result in Securityholders relating to such shares losing all or parts of the capital invested.

Investors in the Securities have no shareholder rights

The Securities constitute no interest in a share as the Underlying or, as the case may be, a Basket Component including any voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to the share. The Issuer and any of its affiliates may choose not to hold the shares or any derivatives contracts linked to the shares used as Underlying or, as the case may be, a Basket Component. Neither the Issuer nor any of its affiliates is restricted from selling, pledging or otherwise conveying all right, title and interest in any shares or any derivatives contracts linked to the shares by virtue solely of it having issued the Securities.

No registration in the register of members in the case of physical delivery of Registered Shares

If the share used as the Underlying or, as the case may be, a Basket Component is a share that is registered in the name of the holder or if the shares contained in an Underlying (e.g. in an index or a Basket) are registered in the name of the holder (each a "**Registered Share**"), and if the Issuer is obliged, as specified in the applicable Conditions of the Securities, to physically deliver these shares to the investor in accordance with the Conditions of the Securities, the rights under the shares (e.g. participation in the annual general meeting and exercise of voting rights) may only be exercised by shareholders that are registered in the register of members or a comparable official shareholder register of the issuer of such Registered Shares. In the case of Registered Shares, any obligation incumbent upon the Issuer to deliver the shares is limited solely to the provision of the shares in a form and with features that allow for stock-exchange delivery and does not cover entry into the register of members. In such cases, any claims due to non-performance, in particular reversal of the transaction or damages, are excluded.

Currency risks

In case of investments of the company, the shares of which are used as the Underlying or, as the case may be, a Basket Component, being denominated in currencies other than the currency in which the share value is calculated, certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the share value is calculated. Hedging transactions, if any, of the company may not exclude these risks.

Issuer's conflicts of interest with regard to the Shares

It is possible that the Issuer or any of its affiliates hold shares in the company which has issued the Underlying or, as the case may be, the Basket Component which may result in conflicts of interest. The Issuer and any of its affiliates may also decide not to hold the Underlying or, as the case may be, a Basket Component, or not to conclude any derivative contracts linked to the share. Neither the Issuer nor any of its affiliates are limited in selling, pledging or otherwise assigning rights, claims and holdings regarding the Underlying or, as the case may be, the Basket Component or any derivative

contracts relating to the Underlying or, as the case may be, the Basket Component solely based on the fact that the Securities were issued.

In case of a **certificate representing shares as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following **risks specifically related to certificates representing shares as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in certificates representing shares and the Underlying Shares respectively

The level of the Redemption Amount is determined by reference to the price of the certificate representing shares used as the Underlying or, as the case may be, a Basket Component. A certificate representing shares represents shares of a stock corporation (each a "**Underlying Share**") and, as such, mirrors the performance of these Underlying Shares. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the certificate representing shares and the Underlying Shares respectively.

Potential investors should, as a result, also consider the **risks specifically related to shares as Underlying or a Basket Component**, as the case may be, related to the Underlying Shares when investing in the Securities.

In case of a **non-equity security as the Underlying or a Basket Component**, as the case may be, as specified in the applicable Product Terms in the definition of "Underlying",

potential investors should consider the following risks **specifically related to non-equity securities as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in non-equity securities

The level of the Redemption Amount is determined by reference to the price of the non-equity security used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the non-equity security.

Market Price Developments

The market price development of Securities using non-equity securities as the Underlying or, as the case may be, a Basket Component depends on the development of the non-equity securities which are subject to influences outside of the Issuer's sphere of influence, such as the risk that the issuer of the non-equity securities becoming insolvent or that the market price is subject to considerable fluctuations.

No endorsement of the issuer

Securities with non-equity securities used as the Underlying or, as the case may be, a Basket Component are not in any way sponsored, endorsed, sold or promoted by the issuer of the underlying non-equity securities and such issuer makes no warranty or representation whatsoever, express or implied, as to the future performance of the non-equity securities. Furthermore, the issuer of the non-equity securities used as the Underlying or, as the case may be, a Basket Component does not assume any obligations to take the interest of the Issuer of the Securities or those of the Securityholders into consideration for any reason. None of the issuers of the underlying non-equity securities are responsible for, and have participated in, the determination of the timing of, prices for or quantities of, the Securities.

In case of a **precious metal or commodity as the Underlying or a Basket Component, as the case may be**, as specified in the definition of “Underlying” contained in the section “Product Terms” of the relevant Final Terms,

potential investors should consider the following risks **specifically related to precious metals or commodities as Underlying or a Basket Component, as the case may be**:

Similar risks to a direct investment in the precious metals or commodities

An investment in Securities using precious metals or commodities as the Underlying or, as the case may be, a Basket Component may bear similar risks to a direct investment in the relevant underlying commodity(ies) or precious metal(s). Commodities (e.g. oil, gas, wheat, corn) and precious metals (e.g. gold, silver) are traded mainly on specialised exchanges or directly among market participants (over the counter). An investment in commodities and precious metals is associated with a greater risk than investments in e.g. bonds, currencies or stocks as prices in this asset category are subject to greater fluctuations (volatility) as trading in commodities and precious metals serves speculative reasons and may be less liquid than e.g. stock markets.

Dependence on the value of the precious metals or commodities

The following factors (which is a non-exhaustive list) may influence commodity and precious metal prices: supply and demand; speculations in the financial markets; production bottlenecks; delivery difficulties; few market participants; production in emerging markets (political disturbances, economic crises); political risks (war, terrorist actions); unfavourable weather conditions; natural disasters.

In cases of precious metals or commodities used as the Underlying, it should be noted that the values are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. This may lead to a determination of different values of the relevant Underlying in different places. **Potential investors of the Securities should, therefore, be aware that a relevant limit, barrier or, as the case may be, threshold, if applicable, described in the Conditions of the Securities, may be reached, exceeded or fallen short at any time and even outside of local or the business hours of the Issuer, the Calculation Agent or the Managers.**

Cartels and regulatory changes

A number of companies or countries producing commodities and precious metals have formed organisations or cartels to control the offer and thus influence prices. On the other hand, the commodities and precious metals trade is subject to regulatory supervision or market rules the application of which may also have negative impacts on the pricing of the precious metals concerned.

Limited liquidity

Many commodities and precious metals markets are not particularly liquid and may therefore not be able to react swiftly and in a sufficient manner to changes to the offer or demand side. In case of a low liquidity, speculative investments of individual market participants may result in distorted prices.

Political risks

Precious metals are often extracted in emerging markets and acquired by industrialised nations. The political and economic situation of emerging markets, however, is less stable than in the industrialised nations. They are more likely to face risks of quick political change or cyclical downturns. Political crises may unsettle the confidence of Securityholders which, in turn, may affect the prices of the goods. Acts of war or conflicts may change the offer and demand sides of specific precious metals. It is also possible that industrialised nations lay an embargo on the import or export of precious metals and

services which may directly or indirectly affect the price of a precious metal used as the Underlying or, as the case may be, a Basket Component.

In case of an **index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to indices as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in the index components

The market price of the Securities with an index used as the Underlying or, as the case may be, a Basket Component depends on the performance of the index. The performance of the index is subject to the performance of the components of the respective index. Accordingly, an investment in Securities with an index used as the Underlying or, as the case may be, Basket Component may bear similar risks to a direct investment in the index components.

Dependence on the value of the index components

The value of the index will be calculated on the basis of the value of its components. Changes to the prices of the index components, the composition of the index as well as other factors which (may) affect the value of the index components, will also affect the value of the Securities which are linked to the relevant index and may thus affect the return on any investment in such Securities. Fluctuations in the value of an index component may be set-off or enhanced by fluctuations in the value of other index components. The historic performance of the index does not constitute a guarantee of its future performance. An index used as the Underlying or, as the case may be, a Basket Component might not be available during the full term of the Securities, might be exchanged or continued to be calculated by the Issuer itself. In such or other cases as mentioned in the Conditions of the Securities, the Issuer is in accordance with the Conditions entitled to terminate the Securities.

It is possible that the Index used as Underlying or, as the case may be, a Basket Component only reflects the performance of assets in certain countries or certain industry sectors. In that case, the Securityholders are facing concentration risks. In case of unfavourable economic developments in a country or with regard to one industry sector such development may have negative impacts for the Securityholder. If several countries or sectors are represented in one index, it is possible that these are weighted in an uneven manner. This means that an unfavourable development in a country or one industry sector with high weighting in the index will affect the value of the index in an unproportionately negative manner.

Securityholders should be aware that selecting an index is not based on the expectations or evaluations of the Issuer or the Calculation Agent with regard to the future performance of the selected index. Securityholders should therefore assess the future performance of an index based on their own knowledge and the information available to them.

Influence of the Issuer or the index sponsor on the index

If the Issuer or any of its affiliates is not the index sponsor, the index composition of the respective index as well as the method of calculating the index is determined by the index sponsor alone or in cooperation with other entities. In this case, the Issuer has no influence on the composition or method of calculating the index. An amendment of the index composition may have an adverse impact on its performance. If, after an amendment by the index sponsor, the index is no longer comparable to the original index the Issuer has the right to adjust or terminate the Securities, if so specified in the Final Terms. Such an adjustment or termination may lead to losses for the Securityholders.

In accordance with the relevant index rules, the index sponsor may be entitled to make changes to the composition or calculation of the index, which may have a negative effect on the performance of the

Securities, or to permanently discontinue the calculation and publication of the index used as the Underlying or, as the case may be, a Basket Component without issuing a successor index.

If the Issuer or any of its affiliates is not the index sponsor, Securities with an index as Underlying are not in any way sponsored, endorsed, sold or promoted by the index sponsor. Such index sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index or the value at which the index stands at any particular time. Such an index is determined, composed and calculated by its respective index sponsor, without regard to the Issuer or the Securities. Such an index sponsor is not responsible or liable for the Securities to be issued, the administration, marketing or trading of the Securities.

If the Issuer or any of its affiliates acts as index sponsor or as index calculation agent, conflicts of interests may arise, since any calculation and/or determination of the index sponsor or as index calculation agent has immediate impact on the amount payable under the Securities.

Potential investors in the Securities should furthermore be aware that the Issuer is in case that the calculation and/or publication of the index used as the Underlying is permanently discontinued, pursuant to the Conditions of the Securities, entitled to terminate and redeem the Securities in total prior to the scheduled maturity of the Securities.

Adverse effect of fees on the index

An index used as the Underlying or, as the case may be, a Basket Component may in accordance with its index rules include fees (e.g. calculation fees or fees related to changes in the composition of the Index), which are taken into account when calculating the level of the Index. As a result, any of these index fees reduce the level of the index and have an adverse effect on the index and on any amounts to be paid under the Securities.

Dividends are not taken into account / price index

If the index used as the Underlying or, as the case may be, a Basket Component is calculated as a so-called price index, dividends or other distributions, if any, that are paid out from the index components are not taken into account when calculating the level of the index and may have a negative impact on the price of the index, because the index components will be traded at a discount after the pay-out of dividends or distributions. Thus, Securityholders generally do not participate in any dividends or other distributions paid out or made on components contained in the index used as an Underlying or, as the case may be, as a Basket Component.

Risks in relation to the comparison of the performance of a price index and a performance or total return index

If, for the calculation or specification of amounts payable under the Securities, the performance of a price index is compared with the performance of a total return index potential investors should note that the calculation of the price index does – in contrast to a total return index – not take into account dividends or other distributions, if any, that are paid out from the index components. As a result, the performance of a total return index will – compared to the performance of a price index – always look more positive than the performance of the price index.

The basis of calculating the price of the Underlying or, as the case may be, the Basket Component may change during the term of the Security

The basis of calculating the price of the index used as the Underlying or, as the case may be, a Basket Component or of the index components may vary during the term of the Securities and may negatively affect the market value of the Securities.

Risk of country or sector related indices

If an index used as the Underlying or, as the case may be, a Basket Component reflects the performance only of assets in some countries or industries, this index is affected disproportionately negative in case of an unfavourable development in such a country or sector.

Currency exchange risk contained in the index

Index components may be listed in a different currency and therefore be exposed to different currency influences (this applies particularly for country or sector related indices). Also, it is possible that index components are converted first from one currency to the currency which is relevant for the calculation of the index only to then have to be converted again in order to calculate or specify an amount payable under the Securities. In such cases, Securityholders bear several currency risks, which may not be clearly recognisable for Securityholders.

Adverse effect of fees on the index level

If the index composition, specified in the relevant description of the index, changes, fees may arise, which reduce the level of the index used as the Underlying or, as the case may be, a Basket Component. This may have a negative effect on the performance of the index and on the amounts to be paid under the Securities. In case of indices which reflect certain markets or industry sectors by using certain derivative financial Securities, this may lead to higher fees and thus lower performance of the index than in case of a direct investment in these markets or industry sectors.

Publication of the index composition not constantly updated

Some index sponsors publish the composition of the relevant indices not completely or only after a time lag on a website or in other media specified in the Final Terms. In this case the composition shown might not always be the current composition of the respective index used for calculating the Securities. The delay may be substantial, may under certain circumstances last several months and the calculation of the Securities may be negatively affected.

In case of the **UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to the UBS Multi Asset Portfolio T10 Total Return Index as Underlying or a Basket Component**, as the case may be:

Rules-Based Index

The UBS Multi Asset Portfolio T10 Total Return Index operates on the basis of predetermined rules. Accordingly, potential investors in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component should determine whether those rules are appropriate in light of their individual circumstances and investment objectives.

No assurance can be given that the algorithm on which the UBS Multi Asset Portfolio T10 Total Return Index is based will be successful or that the UBS Multi Asset Portfolio T10 Total Return Index will outperform any alternative algorithm that might be employed.

Equity market risks may affect the market value of the UBS Multi Asset Portfolio T10 Total Return Index and the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

Because the components of the UBS Multi Asset Portfolio T10 Total Return Index include equity securities, UBS expects that the UBS Multi Asset Portfolio T10 Total Return Index will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of the component stocks of

the components of the UBS Multi Asset Portfolio T10 Total Return Index, the value of common stocks generally and other factors. The financial condition of the issuer(s) of the components of the components of the UBS Multi Asset Portfolio T10 Total Return Index may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the level of the UBS Multi Asset Portfolio T10 Total Return Index. Common stocks are susceptible to general equity market fluctuations, to speculative trading by third parties and to volatile increases and decreases in value as market confidence in and perceptions regarding the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index change. Investor perceptions regarding the issuer of an equity security comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

The UBS Multi Asset Portfolio T10 Total Return Index is not actively managed.

The UBS Multi Asset Portfolio T10 Total Return Index operates in accordance with a predetermined methodology and formulae, and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index exercises discretion in limited situations. The UBS Multi Asset Portfolio T10 Total Return Index is, therefore, not managed. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index is not acting as an investment adviser or performing a discretionary management role with respect to the UBS Multi Asset Portfolio T10 Total Return Index and, as a result, has no fiduciary duty to any person in respect of the UBS Multi Asset Portfolio T10 Total Return Index.

Commodity prices may change unpredictably, affecting the value of the UBS Multi Asset Portfolio T10 Total Return Index in unforeseeable ways.

Trading in futures contracts on physical commodities, including trading in certain components of the UBS Multi Asset Portfolio T10 Total Return Index (which are subindices composed of commodity futures contracts), is speculative and can be extremely volatile. Market prices of such components of the UBS Multi Asset Portfolio T10 Total Return Index, the underlying futures contracts and the underlying physical commodities may fluctuate rapidly based on numerous factors, including changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); weather; agriculture; trade; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments; changes in interest rates, whether through governmental action or market movements; and monetary and other governmental policies, action and inaction. The current or "spot" prices of the underlying physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant physical commodity. These factors may affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and different factors may cause the prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

Influence of Interest Rates

The components of the UBS Multi Asset Portfolio T10 Total Return Index are affected in changes in interest rates of the relative currencies and such movements would affect the performance of the UBS Multi Asset Portfolio T10 Total Return Index. Market prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, the underlying futures contracts and the underlying physical bonds may fluctuate due to volatility and trends in the interest rates markets based on numerous factors, including (but not limited to) investors perception of quality of the bond issuer; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; governmental action or market movements; and monetary and other governmental policies. These factors may affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and different

factors may cause the prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

Influence of Currency Exchange Rates

The components of the UBS Multi Asset Portfolio T10 Total Return Index may be denominated in currencies different from the currency of the UBS Multi Asset Portfolio T10 Total Return Index, and even if the components of the UBS Multi Asset Portfolio T10 Total Return Index are currency-hedged, some residual currency exposure could affect the performance of the UBS Multi Asset Portfolio T10 Total Return Index. Furthermore, Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component may also be denominated in currencies different from the currency of the UBS Multi Asset Portfolio T10 Total Return Index. An unfavourable performance of such currencies in relation to the currency of the UBS Multi Asset Portfolio T10 Total Return Index may have an adverse effect on the level calculated for the UBS Multi Asset Portfolio T10 Total Return Index at any given time or the value of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component (if such Securities are not currency-hedged).

Securityholders have no rights in the property, nor shareholder rights in any of the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index.

The UBS Multi Asset Portfolio T10 Total Return Index is purely synthetic. The exposure to each component of the UBS Multi Asset Portfolio T10 Total Return Index is purely notional and will exist only in the records held by the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index. Investing in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component will not make Securityholders holders of the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index. Neither the Securityholders nor any other holder or owner of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to any property or securities of any issuer or with respect to any security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index.

UBS obtained the information about the issuer of any securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index from public sources.

UBS has derived all information about the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index from publicly available documents. UBS has not participated and will not participate in the preparation of any of those documents. Nor has UBS made or will make any "due diligence" investigation or any inquiry with respect to the sponsor or issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index in connection with the maintenance of the UBS Multi Asset Portfolio T10 Total Return Index. UBS does not make any representation that any publicly available document or any other publicly available information about the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index is accurate or complete. Furthermore, UBS does not know whether all events occurring before the date of this Prospectus, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the level, value or price of any component of the UBS Multi Asset Portfolio T10 Total Return Index, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index could affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and the hence the value of any

Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

As sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, UBS will have the authority to make determinations that could materially affect the UBS Multi Asset Portfolio T10 Total Return Index in various ways and create conflicts of interest.

UBS is the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index is responsible for the composition, calculation and maintenance of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has the discretion in a number of circumstances to make judgments and take actions in connection with the composition, calculation and maintenance of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index, and any such judgments or actions may adversely affect the value of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component. The role played by UBS, as sponsor both of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the exercise of the kinds of discretion described above could present it with significant conflicts of interest. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has no obligation to take the needs of any buyer, seller or holder of interest in the UBS Multi Asset Portfolio T10 Total Return Index into consideration at any time.

The policies of the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index and changes that affect the composition and the components of the UBS Multi Asset Portfolio T10 Total Return Index could affect the valuation of the UBS Multi Asset Portfolio T10 Total Return Index.

The policies of the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, concerning the calculation of the level of the UBS Multi Asset Portfolio T10 Total Return Index and the values of the components of the UBS Multi Asset Portfolio T10 Total Return Index could affect the level of the UBS Multi Asset Portfolio T10 Total Return Index.

The sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, may modify the methodology for calculating the level of the UBS Multi Asset Portfolio T10 Total Return Index and the values of the components of the UBS Multi Asset Portfolio T10 Total Return Index. In addition under a number of circumstances the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, may make certain changes to the way in which the UBS Multi Asset Portfolio T10 Total Return Index or any of the components of the UBS Multi Asset Portfolio T10 Total Return Index is calculated. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index may also discontinue or suspend calculation or publication of the UBS Multi Asset Portfolio T10 Total Return Index or any of the components of the UBS Multi Asset Portfolio T10 Total Return Index, in which case it may become difficult to determine the market value of the UBS Multi Asset Portfolio T10 Total Return Index. Any such changes could adversely affect the value of Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

If the level of the UBS Multi Asset Portfolio T10 Total Return Index cannot be calculated for any reason, the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index may be required to make, in its sole discretion and acting in good faith, an estimate of the level of the UBS Multi Asset Portfolio T10 Total Return Index.

Use of leverage can amplify losses and gains on Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component

Because the UBS Multi Asset Portfolio T10 Total Return Index exposure will be based upon the performance of one or more reference assets multiplied by a leverage factor which can be over 100 per cent. or 1.00, the purchaser may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the reference assets. Due to this leverage effect, the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component represent a very speculative and risky form of investment since any loss in the value of the reference assets carries the risk of a correspondingly higher loss.

The historical or hypothetical performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index is not an indication of future performance.

The historical or hypothetical performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index should not be taken as an indication of the future performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index. It is impossible to predict whether the future level, value or price of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index will fall or rise. Past fluctuations and trends in the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index are not necessarily indicative of fluctuations or trends that may occur in the future.

Changes to a component of the UBS Multi Asset Portfolio T10 Total Return Index may affect the value of the Index.

Where a given component of the UBS Multi Asset Portfolio T10 Total Return Index ceases to exist or is no longer tradable, as determined by the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index in good faith, including where UBS and its affiliates would be prevented from entering into transactions in respect of components of a given component of the UBS Multi Asset Portfolio T10 Total Return Index by any applicable law or regulation, or where any constituent security of any component of the UBS Multi Asset Portfolio T10 Total Return Index is delisted, becomes insolvent or bankrupt, is the target of a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity that results in such entity or person purchasing, or otherwise obtaining, or having the right to obtain, by conversion or other means, greater than ten percent (10%) and less than one hundred percent (100%) of its outstanding shares, is subject to a merger or does not have its net asset value published by its management company for more than a short period of time which has a material effect on its shares, in each case as determined by the sponsor or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index or sponsor of the component of the UBS Multi Asset Portfolio T10 Total Return Index, the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index may (but is not obliged to) substitute another component of the UBS Multi Asset Portfolio T10 Total Return Index (including without limitation one for which UBS or one of its affiliates is the sponsor or involved in the creation thereof) for the original one where it considers in good faith that a similar alternative is available. If the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index do not select any substitute component of the UBS Multi Asset Portfolio T10 Total Return Index, the component of the UBS Multi Asset Portfolio T10 Total Return Index in question will be assigned a zero weight in the Index. Any such substitution or assignment could alter the exposure provided by the UBS Multi Asset Portfolio T10 Total Return Index and materially affect the performance and value of the UBS Multi Asset Portfolio T10 Total Return Index.

Termination or Suspension of the UBS Multi Asset Portfolio T10 Total Return Index.

The calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index is under no obligation to continue the calculation, publication and dissemination of the UBS Multi Asset Portfolio T10 Total Return Index. The UBS Multi Asset Portfolio T10 Total Return Index may be terminated or temporarily suspended at any time. Should the UBS Multi Asset Portfolio T10 Total Return Index cease to exist, this may have a negative impact on the return on any investment in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

Amendment or Modification to the Index

The Index may be amended, modified or adjusted from time to time by the Index Sponsor and/or the Index Calculation Agent, as applicable. Any such amendment may have an adverse effect on the level of the Index and may be made without the consent of investors in Index Products. The Index Calculation Agent shall apply the method described in this Index Manual for the composition and calculation of the Index. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculation Agent may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. Notice of such amendments shall be provided on the Bloomberg Page.

Index Calculation Agent and Index Sponsor Discretion

The UBS Multi Asset Portfolio T10 Total Return Index confers on the calculation agent and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, discretion in making certain determinations, calculations and corrections from time to time. Although any such determinations, calculations and corrections must be made by the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, in good faith, the exercise of such discretion in the making of calculations and determinations may adversely affect the performance of the Index. Any such determination by the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, will be, in the absence of manifest error, final, conclusive and binding. The calculation agent and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index shall determine whether any such correction shall apply retrospectively or from the relevant date forward.

The role played by UBS, as calculation agent and sponsor of the UBS Multi Asset Portfolio T10 Total Return Index and the exercise of the kinds of discretion described above and could present it with significant conflicts of interest in light of the fact that UBS, of which the calculation agent and sponsor of the UBS Multi Asset Portfolio T10 Total Return Index are a division, is the issuer of products linked to the UBS Multi Asset Portfolio T10 Total Return Index. The calculation agent or sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has no obligation to take the needs of any buyer, seller or holder of Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component into consideration at any time.

Change of Index Sponsor and Index Calculation Agent

The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index may without the consent of investors in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component replace the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index at its discretion, and furthermore, may also designate a successor index sponsor at its discretion – in case of such replacement, any reference to the "calculation agent" and/or the "index sponsor" shall be construed as a reference to the successor calculation Agent and the successor sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, respectively.

Fees and Costs

The level of the UBS Multi Asset Portfolio T10 Total Return Index will be reduced by the accumulated management fees of 0.5% per annum and may be reduced by the borrowing cost for borrowed amounts. There will be a rebalancing cost of 0.08% on each rebalancing date. Prospective investors should understand that such fees and costs may have a material effect on the level of the UBS Multi Asset Portfolio T10 Total Return Index.

Simulated history

As limited historical performance data exist with respect to the Index, any Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component which is linked to the UBS Multi Asset Portfolio T10 Total Return Index may involve greater risk than an exposure linked to indices or strategies with a proven track record. The UBS Multi Asset Portfolio T10 Total Return Index will be first calculated on or around the commencement date of the UBS Multi Asset Portfolio T10 Total Return Index and therefore lacks historical performance. All such retrospective closing levels are simulated and must be considered hypothetical and illustrative only.

The actual performance of the UBS Multi Asset Portfolio T10 Total Return Index may be materially different from the results presented in any simulated history relating to the UBS Multi Asset Portfolio T10 Total Return Index. Past performance should not be considered indicative of future performance.

In case of a **not exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to not exchange traded fund units as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in fund units

The level of the Redemption Amount, if any is determined by reference to the price of the fund units used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the Fund Units. **Potential investors should seek respective advice and familiarise themselves with the specific risk profile of the fund and the category of assets, in which the fund invests, and seek the advice of a professional, if necessary.**

Market risk

Given that reduced market prices or losses in value incurred by the securities or other investments held by the fund used as the Underlying or, as the case may be, a Basket Component, will be reflected in the price of individual fund units, there is a principal risk of a decrease in the unit prices. Even a broad variation and diversification of the fund's investments cannot avoid the risk that a decreasing overall development at certain markets or stock exchanges results in a decrease of fund unit prices.

Illiquid investments

The fund may invest in assets that are illiquid or subject to a minimum holding period. It may therefore be difficult for the fund to sell these assets at a reasonable price or at all if it is forced to do so in order to generate liquidity. The fund may suffer considerable losses if it needs to sell illiquid assets in order to redeem units and selling the illiquid assets is only possible at a very low price. This may negatively affect the value of the fund and thus of the Securities.

Investments in illiquid assets may also result in difficulties when calculating the net asset value of the fund and thus delay distributions in connection with the Securities.

Delayed publication of the net asset value

It may be possible in certain situations that the publication of the net asset value by a fund is delayed. This may result in a delay of the redemption of the Securities and have a disadvantageous effect on the value of the securities, for instance, in case of a negative market development. In addition, Securityholders face the risk that in case of a delayed redemption of the Securities they will be able to reinvest the relevant return only at a later point in time and, maybe at less favourable terms.

Liquidation of a fund

It cannot be ruled out that a fund is liquidated during the term of the Securities. In such case, the issuer shall be entitled to modify the relevant Conditions of the Securities accordingly. Such modifications may, in particular, consist of one fund being replaced by another fund. In addition, there is also the possibility of a premature termination of the Securities by the Issuer.

Concentration risks

The fund used as the Underlying or, as the case may be, a Basket Component may in accordance with its fund rules concentrate its assets with a focus on certain countries, regions or industry sectors. This can result in the fund being subject to a higher volatility as compared to funds with a broader diversification as regards countries, regions or industry sectors. The value of investments in certain sectors, countries or regions may be subject to strong volatility within short periods of time. This also applies to funds focusing their investments on certain asset classes such as commodities. Funds investing their assets in less regulated, small and exotic markets, are subject to certain further risks. Such risks may include the risk of government interventions resulting in a total or partial loss of assets or of the ability to acquire or sell them at the fund's discretion. Such markets may not be regulated in a manner typically expected from more developed markets. If a fund concentrates its assets in emerging markets, this may involve a higher degree of risk as exchanges and markets in these emerging market countries or certain Asian countries such as Indonesia may be subject to stronger volatility than exchanges and markets in more developed countries. Political changes, foreign currency exchange restrictions, foreign exchange controls, taxes, restrictions on foreign investments and repatriation of invested capital can have a negative impact on the investment result and therefore the value of the Fund Units in the fund.

Currency risks

In case of the investments of the fund used as the Underlying or, as the case may be, a Basket Component being denominated in different currencies or in case of the investment and the Fund Units being denominated in a currency other than the currency in which the net asset value is calculated, certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the net asset value is calculated. Hedging transactions, if any, of the fund may not exclude these risks.

Markets with limited legal certainty

The fund used as the Underlying or, as the case may be, a Basket Component may invest in markets with a low legal certainty and will then be subject to additional risks, such as the risk of reliable governmental measures, which may entail a loss in the fund's value.

Dependence on investment manager

The performance of the fund used as the Underlying or, as the case may be, a Basket Component depends on the performance of the investments chosen by the investment manager in order to implement the applicable investment strategy. In practice, the fund's performance strongly depends on the expertise of the investment manager responsible for making the investment decisions. If such investment manager leaves the fund or is replaced, this may result in losses and/or a liquidation of the fund concerned.

The investment strategies, the investment restrictions and investment objectives of a fund may allow for considerable room for an investment manager's discretionary decision when investing the relevant assets and no warranty can be given that the investment manager's investment decisions will result in profits or that these constitute an effective hedging against market or other risks. No warranty can be given that the fund will be able to successfully implement its investment strategy as outlined in its documentation. It is therefore possible that, despite funds with a similar investment strategy experiencing a positive performance, the performance of the fund underlying the Securities (and thus the Securities) undergo a negative development.

Conflicts of interest

In the operation of the fund used as the Underlying or, as the case may be, a Basket Component certain conflicts of interest may arise that can have negative impact on the fund's performance. For persons involved in the fund management or advisory activities in relation to the fund conflicts of interest can arise from retrocessions or other inducements. In addition, persons involved in the fund management or advisory activities to the fund or their employees may provide services such as management, trading or advisory services for third parties at the same time. Although they will usually aim to distribute the investment opportunities equally to their clients, the fund portfolio and portfolios of other clients may differ even if their investment objectives are similar. Any of these persons might be induced to allocate lucrative assets first to a portfolio involving the highest fees. Persons providing management, trading or advisory services to the fund may make recommendations or enter into transactions which are different to those of the fund or may even compete with the fund.

Fees on different levels

Fees charged by the fund used as the Underlying or, as the case may be, a Basket may have a significant negative impact on the value of the Fund Units and the net asset value of the fund. Fees charged in relation to a fund can be incurred on different levels. Usually fees, e.g. management fees, are incurred at fund level. In addition, expenses and cost may be incurred when the services of third parties are commissioned in connection with the fund administration. With respect to investments made by the fund, such as investments in other funds or other collective investment vehicles, further charges might be incurred. This may have a negative impact on these investments and, consequently, in the fund's performance.

Performance fees may be agreed upon on the level of the fund. Such fee arrangements can create an inducement to invest assets in a more risk oriented or speculative manner than would be the case if no performance fee arrangement existed. Performance fees may even be incurred where the overall fund performance is negative. Consequently performance fees can be incurred on the level of the fund even if an investment in the Securities results in a loss to the investor.

Limited Supervision

Funds may not be regulated or may invest in investment vehicles that are not subject to supervision. If unregulated funds become subject to supervision, this may negatively impact the value of the Fund, and, consequently, of the Securities.

In case of an **exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to exchange traded fund units in an exchange traded fund as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in fund units

The level of the Redemption Amount, if any is determined by reference to the price of so-called exchange traded funds used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the Fund Units. **Potential investors should seek respective advice and familiarise themselves with the specific risk profile of the fund and the category of assets, in which the fund invests, and seek the advice of a professional, if necessary.**

Concept of an Exchange Traded Fund; Listing

An exchange traded fund ("ETF" or the "Fund") is a fund managed by a domestic or non-domestic management company or, as the case may be, an estate organised as a corporate fund, whose fund units ("Fund Units") are listed on a securities exchange. No assurance is given that such admission or listing will be maintained during the whole life of the Securities. In addition, a listing does not imply that the Fund Units are liquid at any time and, hence, may be sold via the securities exchange at any time, since trading in the securities exchange may be suspended in accordance with the relevant trading rules.

Pricing Factors; Use of Estimates

The price of the ETF used as the Underlying or, as the case may be, a Basket Component mainly depends in the price per unit of the ETF and, consequently, on the aggregate value of assets held by the ETF less any liabilities, so-called net asset value. Any negative performance or losses of the securities or other investments made by the Fund for the purposes of replicating the performance of a benchmark (*cf.* below "Replication of the performance of a benchmark; tracking error") will result in a loss of the Fund and a decline in the value of the Fund Units. Even a broad spread of its investments and a strong diversification of the Fund's investments cannot exclude the risk that any negative development on certain markets or exchanges will lead to a decline in the price per unit of the ETF.

As ETFs generally calculate their net asset value on a daily basis only, the price of the ETF as continuously published by the securities exchange is usually based on the estimated net asset values. These estimates may differ from the final net asset value as subsequently published by the Funds. Therefore, the general risks during trading hours exists that the performance of the ETF and of its actual Net Asset Value may deviate.

Replication of the performance of a benchmark; tracking error

ETFs are designed to replicate as closely as possible the performance of an index, basket or specific single assets (each a "**Benchmark**"). However, the ETF conditions can allow a Benchmark to be substituted. Therefore, an ETF might not always replicate the original Benchmark.

For the purpose of tracking a Benchmark, ETFs can use full replication and invest directly in all components comprised in the Benchmark, synthetic replication using for example a swap, or other tracking techniques such as sampling. The value of the ETFs is therefore in particular based on the performance of the holdings used to replicate the Benchmark. It cannot be excluded that the performance of the ETF differs from the performance of the Benchmark (tracking error).

Unlike other collective investment schemes, ETFs are usually not actively managed by the management company of the ETF. In fact, investment decisions are determined by the relevant Benchmark and its components. In case that the underlying Benchmark shows a negative performance, ETFs are subject to an unlimited performance risk in particular when they are using full replication or synthetic replication techniques. This can have a negative impact on the performance of the Securities.

Tracking a Benchmark typically entails further risks:

- An ETF using a full replication technique for tracking the performance of the Benchmark may not be able to acquire all components of that Benchmark or sell them at reasonable prices. This can affect the ETF's ability to replicate the Benchmark and may have a negative effect on the ETF's overall performance.
- ETFs using swaps for synthetic replication of the Benchmark may be exposed to the risk of a default of their swap counterparties. ETFs might retain substituting contractual rights in case of default of the swap counterparty. However, it cannot be excluded that the ETF does not receive or not receive the full amount due to it if the Swap counterparty were not in default.
- ETFs replicating the Benchmark using sampling techniques (i.e. not using full replication and without using swaps) may create portfolios of assets which are not Benchmark components at all or do only comprise some components of the Benchmark. Therefore, the risk profile of such ETF is not necessarily consistent with the risk profile of the Benchmark.
- If ETFs use derivatives to replicate or to hedge its positions, this may result in losses which are significantly higher than any losses of the Benchmark (leverage effect).

Concentration risks

An ETF used as the Underlying or, as the case may be, a Basket Component may in accordance with its fund rules concentrate its assets with a focus on certain countries, regions or industry sectors while replicating the Benchmark. This can result in the ETFs being subject to a higher volatility as compared to funds with a broader diversification as regards countries, regions or industry sectors. The value of investments in certain sectors, countries or regions may be subject to strong volatility within short periods of time. This also applies to ETFs focusing their investments on certain asset classes such as commodities. ETFs investing their assets in less regulated, small and exotic markets, are subject to certain further risks. Such risks may include the risk of government interventions resulting in a total or partial loss of assets or of the ability to acquire or sell them at the fund's discretion. Such markets may not be regulated in a manner typically expected from more developed markets. If an ETF concentrates its assets in emerging markets, this may involve a higher degree of risk as exchanges and markets in these emerging market countries or certain Asian countries such as Indonesia may be subject to stronger volatility than exchanges and markets in more developed countries. Political changes, foreign currency exchange restrictions, foreign exchange controls, taxes, restrictions on foreign investments and repatriation of invested capital can have a negative impact on the investment result and therefore the value of the Fund Units in the ETF.

Currency risks

In case of the investments of the ETF fund used as the Underlying or, as the case may be, a Basket Component being denominated in different currencies or in case of the investment and the Fund Units being denominated in a currency other than the currency in which the net asset value is calculated, certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the net asset value is calculated. Hedging transactions, if any, of the ETF may not exclude these risks. Furthermore, it should be noted that the Benchmark may not be denominated in the fund's base currency. If the Benchmark is converted into the ETF currency in particular for determining fees and costs, currency exchange rate fluctuations may have a negative impact on the value of the Fund Units in the ETF.

Fees on different levels

Fees charged by the ETF may have a significant negative impact on the value of the Fund Units and the net asset value of the ETF. Fees charged in relation to an ETF can be incurred on different levels. Usually fees, e.g. management fees, are incurred at fund level. In addition, expenses and cost may be

incurred when the services of third parties are commissioned in connection with the fund administration. With respect to investments made by the ETF, such as investments in other funds or other collective investment vehicles, further charges might be incurred. This may have a negative impact on these investments and, consequently, in the ETF's performance.

Performance fees may be agreed upon on the level of the ETF. Such fee arrangements can create an inducement to invest assets in a more risk oriented or speculative manner than would be the case if no performance fee arrangement existed. Performance fees may even be incurred where the ETF underperforms the Benchmark. Even if the ETF outperforms its Benchmark, performance fees might be triggered even though the overall fund performance is negative (for example where the Benchmark's performance is negative). Consequently performance fees can be incurred on the level of the ETF even if an investment in the Securities results in a loss to the investor.

Limited Supervision

Funds may not be regulated or may invest in investment vehicles that are not subject to supervision. If unregulated funds become subject to supervision, this may negatively impact the value of the Fund, and, consequently, of the Securities.

In case of a **futures contract as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to futures contracts as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in futures contracts

The level of the Redemption Amount, if any is determined by reference to the price of the futures contract used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the futures contract.

Futures contracts are standardised transactions

Futures contracts used as the Underlying or, as the case may be, a Basket Component are standardised transactions relating to financial instruments (e.g. shares, indices, interest rates, currencies) - so-called financial futures- or to commodities and precious metals (e.g. oil, wheat, sugar, gold, silver) - so-called commodities futures.

A futures contract represents a contractual obligation to buy or sell a fixed amount of the underlying commodities, precious metals or financial instruments on a fixed date at an agreed price. Futures contracts are traded on futures exchanges and are standardised with respect to contract amount, type, and quality of the underlying, as well as to delivery locations and dates (where applicable). Futures, however, are normally traded at a discount or premium to the spot prices of their underlying.

Securities with rolling futures contracts as Underlying or, as the case may be, as Basket Component

For the purpose of trading on an exchange, futures contracts are standardised with respect to their term (e.g. 3, 6, 9 months). Futures contracts used as the Underlying or, as the case may be, a Basket Component may have an expiration date different from the term of the Securities. In such a case, the Issuer will replace the underlying futures contract by a futures contract which - except for its expiration date, which will occur on a later date - has the same contract specifications as the initial underlying (the "Roll-over"). Such a Roll-over can be repeated several times.

Contango and backwardation

The prices of the longer-term and the shorter-term futures contract used as the Underlying or, as the case may be, a Basket Component can differ even if all other contract specifications are the same. If the prices of longer-term futures contracts are higher than the price of the shorter-term futures

contract to be exchanged (so-called contango), the number of futures contracts held is reduced with the Roll-over. Conversely, if the prices of short-term futures are higher (so-called backwardation), the number of futures contracts held is increased with the Roll-over (without taking into account roll-over expenses). In addition, expenses for the roll-over itself are incurred. This may result in a negative effect for the value of the Securities and the redemption.

Replacement or termination

If it is impossible to replace an expiring futures contract with a futures contract with identical features (except for the term to maturity), the Final Terms may provide for replacement with another, potentially less advantageous, futures contract or termination by the Issuer. Therefore, Securityholder cannot rely on participating in the performance of the original futures contract throughout the entire term of the Securities.

No parallel development of spot price and futures price

Futures prices can differ substantially from the spot price of the underlying financial instrument (e.g. shares, indices, interest rates, currencies) or underlying commodity and precious metal (e.g. oil, wheat, sugar, gold, silver). Moreover, the investor in Securities linked to the futures price of a certain underlying (e.g. financial instrument, commodity or precious metal) must be aware of the fact that the futures price and, accordingly, the value of the Securities does not always move in the same direction or at the same rate as the spot price of such underlying. Therefore, the value of the Securities can fall substantially even if the spot price of the relevant underlying of the futures contract remains stable or rises.

In case of an **interest rate and a reference rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to interest rates and reference rates as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in interest rates or, as the case may be, reference rates

The level of the Redemption Amount, if any is determined by reference to the price of the interest rate or, as the case may be, reference rate used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in an interest rate or, as the case may be, a reference rate.

Interest rates and reference rates used as the Underlying or, as the case may be, a Basket Component are determined by offer and demand on the international money and capital markets, which in turn are influenced by economic factors, speculation and interventions by central banks and governments as well as other political factors. The interest rate level on the money and capital markets is often highly volatile. Securityholders are subject to the risk of changing interest rates, because an investment in the Securities linked to an interest rate as the Underlying or, as the case may be, a Basket Component may bear similar market risks to a direct investment in an interest rate.

In case of an **currency exchange rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to currency exchange rates as Underlying or a Basket Component**, as the case may be:

Securities with currency exchange rates used as the Underlying or, as the case may be, a Basket Component refer to a specific currency or specific currencies. Payments depend on the performance of the underlying currency(ies) and may be substantially less than the amount originally invested by the Securityholder. An investment in Securities linked to currency exchange rates as the Underlying or, as the case may be, a Basket Component may bear similar market risks to a direct investment in the relevant underlying currency(ies). In particular, this will apply if the relevant underlying currency is the currency of an emerging market jurisdiction. Therefore, potential investors should be familiar with foreign exchange rates as an asset class. Furthermore, legal restrictions on the free exchangeability may adversely affect the value of the Securities.

In cases of currency exchange rates used as the Underlying or, as the case may be, a Basket Component, it should be noted that the values are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. **Potential investors of the Securities should, therefore, be aware that a relevant limit or, as the case may be, threshold, if applicable, described in the Conditions of the Securities, may be reached, exceeded or fallen short at any time and even outside of local or the business hours of the Issuer, the Calculation Agent or the Manager.**

G. CONDITIONS OF THE SECURITIES

The Securities will be issued either (i) under the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA and incorporated by reference in this Base Prospectus or (ii) under the Conditions of the Securities as contained in this Base Prospectus.

1. Structure of the Conditions of the Securities

Securities will be issued (i) on the General Conditions of the Securities as set out under "General Conditions" in the Base Prospectus, (ii) as completed by the Security specific Product Terms for the relevant series of Securities as set out under "Product Terms" in the Base Prospectus.

The Product Terms shall in the relevant Final Terms amend and put in concrete terms the General Conditions of the Securities for the purposes of the relevant Securities.

The Product Terms and the General Conditions together constitute the "Conditions" of the relevant Securities. Full information on the Conditions is only available on the basis of the combination of the Final Terms and the Base Prospectus.

Summarised Contents of the Conditions

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	Product Terms	
Part 1:	<i>Key Terms and Definitions of the Securities</i>	[•]
Part 2: § 1 - 3	<i>Special Conditions of the Securities</i>	[•]
	General Conditions	
§ 4	<i>Form of Securities; Title and Transfer; Status</i>	[•]
§ 5	<i>Settlement</i>	[•]
§ 6 (a) - (m)	<i>Adjustments for Securities on Baskets; Adjustments in connection with Shares, Certificates representing Shares, Non-Equity Securities, Commodities, Precious Metals, Indices, exchange traded Fund Units, not exchange traded Fund Units, Futures Contracts, Interest Rates, Currency Exchange Rates and Reference Rates</i>	[•]
§ 7	<i>Adjustments due to the European Economic and Monetary Union</i>	[•]
§ 8	<i>Extraordinary Termination Right of the Issuer</i>	[•]
§ 9	<i>Termination Right of the Securityholders</i>	[•]
§ 10	<i>Taxes</i>	[•]
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§ 15	<i>Issue of further Securities; Purchase of Securities; Cancellation</i>	[•]
§ 16	<i>Governing Law; Jurisdiction</i>	[•]
§ 17	<i>Corrections; Severability</i>	[•]

2. Product Terms

The following “**Product Terms**” of the Securities shall, for the relevant Securities, amend and put in concrete terms the General Conditions for the purposes of such Securities. A version of these Product Terms as amended and completed for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

The Product Terms are composed of

Part 1: Key Terms and Definitions of the Securities and

Part 2: Special Conditions of the Securities (for the individual types of Securities)

Product Terms and General Conditions together constitute the “**Conditions**” of the relevant Securities.

In the event of any inconsistency between these Product Terms and the General Conditions, these Product Terms shall prevail for the purposes of the Securities.

Part 1: Product Terms: Key Terms and Definitions of the Securities

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities. The following use of the symbol “*” in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.

A.

[Accumulated Borrowing Fee]_(t):

The Accumulated Borrowing Fee_(t) [means [•]] [(i) on any [Fund Business Day] [•] ‘t’ which is not immediately following a Borrowing Rebalancing Date, (A) the sum of the Borrowing Fees calculated in respect of each [Fund Business Day] [•] in the period from but excluding the immediately preceding Borrowing Rebalancing Date or, if none, the [Fixing Date] [•] to but excluding the relevant [Fund Business Day] [•] ‘t’ plus (B) the Borrowing Fee in respect of [Fund Business Day] [•] ‘t’; and (ii) on any [Fund Business Day] [•] ‘t’ which is immediately following a Borrowing Rebalancing Date, the Borrowing Fee in respect of [Fund Business Day] [•] ‘t’.

The Accumulated Borrowing Fee and the Rate shall be reset on each [quarterly] [monthly] [•] Borrowing Rebalancing Date.]]

[Additional Termination Event:

Additional Termination Event [means [•]] [, in relation to a currency exchange rate used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The determination and/or publication of the price of a currency used in relation to the currency exchange rate is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (iii) The currency used in connection with the currency exchange rate is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such currency, replaced by another currency, or merged with another currency to become a common currency, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (iv) A Relevant Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the

Calculation Agent determines is likely to affect the Issuer's and/or any of its affiliates' ability to acquire, hold, transfer or realise the currency used in connection with the currency exchange rate or otherwise to effect transactions in relation to such currency.

- (v) The occurrence at any time of an event, which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its affiliates from:
 - (aa) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency through customary legal channels or transferring within or from any Relevant Country any of these currencies, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (bb) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (cc) delivering the currency used in connection with the currency exchange rate from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (dd) transferring the currency used in connection with the currency exchange rate between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country.]

[and] [, in relation to a share used as [the Underlying] [the Basket Component]] means any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the shares of the Company [in the Relevant Trading System] [or] [on the Relevant Exchange] [, as the case may be,] due to a merger or a new company formation, due to a transformation of the Company into a legal form without shares, or due to any other comparable reason, in particular as a result of a delisting of the Company.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the Company is initiated with respect to the assets of the Company.
- (iii) Take-over of the shares of the Company, which in the Issuer's opinion, results in a significant impact on the liquidity of such

shares in the market.

- (iv) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (Aktiengesetz), the German Law regulating the Transformation of Companies (Umwandlungsgesetz) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to cash settlement, to Securities other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.]

[and] [in relation to a certificate representing shares used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the certificate representing shares on the Relevant Exchange.*
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the company, which has issued the Underlying Shares is initiated with respect to the assets of such company.]*

[Aggregate Nominal Amount:

The Aggregate Nominal Amount equals [●]. [Indicative. The Aggregate Nominal Amount will be fixed on [the Fixing Date [at Fixing Time]] [the end of the Subscription Period depending on the demand for the Securities during the Subscription Period].*]]

[American Depositary Receipt:

American Depositary Receipt means a negotiable instrument issued by a United States commercial bank acting as a depositary that represents a specified number of Underlying Shares issued by an entity organised outside the United States held in a safekeeping account with the depositary's custodian.]

B.

Banking Day:

The Banking Day means [●] [each day on which the banks in [Frankfurt am Main, Federal Republic of Germany,] [and] [[●]] are open for business[, the Trans-European Automated Real-time Gross settlement Express Transfer System ("TARGET2") is open] and the Clearing System settles securities dealings.]

[Barrier:

The Barrier

[equals [●].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [●] ("Barrier_(i=1)"), [●] and

the Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [●] ("Barrier_(i=n)").]

[indicative. The Barrier [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Barrier" shall also refer to all Barriers_(i=1) to _(i=n).]

[Basket Component:

The Basket Component_(i=1) equals [, subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities,] [Description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [•]] [in the case of an Index as the Basket Component insert, if appropriate, the following text: (the "Index_(i=1)"), [as maintained, calculated and published by [•] (the "Index Sponsor_(i=1)") [as maintained by [•] (the "Index Sponsor_(i=1)") and calculated and published by [•] (the "Index Calculator_(i=1)")]] [in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit_(i=1)") in the [•] (the "Fund_(i=1)") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=1)") [(also "GDR_(i=1)")]] (In such context, the Share_(i=1) underlying [the ADR_(i=1)] [the GDR_(i=1)] is also referred to as the "Underlying Share_(i=1)"); [•] and

the Basket Component_(i=n) equals [, subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities,] [Description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [•]] [in the case of an Index as the Basket Component insert, if appropriate, the following text: (the "Index_(i=n)"), [as maintained, calculated and published by [•] (the "Index Sponsor_(i=n)") [as maintained by [•] (the "Index Sponsor_(i=n)") and calculated and published by [•] (the "Index Calculator_(i=n)")]] [in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit_(i=n)") in the [•] (the "Fund_(i=n)") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=n)") [(also "GDR_(i=n)")]] (In such context, the Share_(i=n) underlying [the ADR_(i=n)] [the GDR_(i=n)] is also referred to as the "Underlying Share_(i=n)").

[The Basket Components are [expressed in] [converted into] [related to] [the Underlying Currency] [•]].]

[In this context, the individual underlying values or components of a Basket Component are referred to as a "Component" or, as the case may be, the "Components".]

The term "Basket Component" [or "Index"[, "Index Calculator"] and "Index Sponsor", as the case may be,] [or "Fund Unit" and "Fund", as the

case may be] [•] shall also refer to all Basket Components_(i=1) to _(i=n) [and to all Indices_(i=1) to _(i=n)], all Index Calculators_(i=1) to _(i=n) and all Index Sponsors_(i=1) to _(i=n), as the case may be] [and to all Fund Units_(i=1) to _(i=n) and all Funds_(i=1) to _(i=n), as the case may be] [•].]

[Basket Component Calculation Date:

The Basket Component Calculation Date means

[•]

[each day, on which [the Relevant Trading System] [,] [and] [the Relevant Exchange] [,] [and] [the Relevant Exchange Market] [and] [the Relevant Reference Market] [is] [are] open for trading [and] [the Price of the Basket Component is determined in accordance with the relevant rules]]

[in the case of an Index as the Basket Component insert, if applicable, the following text: [[or, as the case may be,] in relation to the Index] each day, on which [(i)] [the Index Sponsor] [the Index Calculator] determines, calculates and publishes the official price of the Index, [and (ii) the Components, which are comprised in the Index are [, to the extent of at least [•] [80 %] [90 %] of the market capitalisation of all Components, which are comprised in the Index, or of the overall value of the Index,] available for trading and quotation [in the Relevant Trading System] [or] [on the Relevant Exchange]]

[in the case of a fund unit as the Basket Component insert, if applicable, the following text: [[or, as the case may be,] in relation to a Fund Unit] each day on which the [respective] administrator of the Fund publishes the Net Asset Value for such Fund in accordance with the relevant Fund's prospectus and constitutional documents]

[in the case of a reference rate as the Basket Component insert, if applicable, the following text: [[or, as the case may be,] in relation to a reference rate] each day on which the [respective] Relevant Reference Agent determines the Price of the Basket Component in accordance with the relevant rules]].]

[Basket Performance:

The Basket Performance equals [•]]

[Bonus Level:

The Bonus Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Bonus Level_(i=1)"), [•] and

the Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Bonus Level_(i=n)").]

[indicative. The Bonus Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Bonus Level" shall also refer to all Bonus Levels_(i=1) to _(i=n).]]

[Borrowing Fee:	The Borrowing Fee [means [•]] [Day Count Fraction x Rate x [•%][•]]
[Borrowing Rebalancing Date:	The Borrowing Rebalancing Date [means [•]] [[•] in each year commencing on [•] to and including [•], or if any such day is not a [Fund Business Day] [•], the immediately following [Fund Business Day][•]]
[Business Day:	The Business Day means [•] [each day on which the banks in [Frankfurt am Main, Federal Republic of Germany,] [and] [[•]] are open for business.]]
C. [Calculation Agent:	The Calculation Agent means [•] [UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]]].]
[Cap:	<p>The Cap</p> <p>[equals [•].]</p> <p>[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Cap_(i=1)"), [•] and</p> <p>the Cap in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Cap_(i=n)").]</p> <p>[indicative. The Cap [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]</p> <p>[The term "Cap" shall also refer to all Caps_(i=1) to _(i=n).]</p>
[Cap Level:	<p>The Cap Level</p> <p>[equals [•].]</p> <p>[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Cap Level_(i=1)"), [•] and</p> <p>the Cap in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Cap Level_(i=n)").]</p> <p>[indicative. The Cap Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]</p> <p>[The term "Cap Level" shall also refer to all Cap Levels_(i=1) to _(i=n).]</p>
CA Rules:	CA Rules means [[•]

[the Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument)]

[the Finnish Act on the Book-Entry System and Clearing Operations (749/2012) (laki arvoosuusjärjestelmästä ja selvitystoiminnasta) the Finnish Act on Book-Entry Accounts (827/1991) (laki arvo-osuustileistä)]

[the Norway Securities Register Act (Lov av 5. juli 2002 nr. 64 om registrering av finansielle instrumenter)]

[the Danish Securities Trading Act etc. (Lov om værdipapirhandel m.v.) as amended from time to time and the Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depository (Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral) as amended from time to time issued pursuant thereto]

as well as] any regulation and operating procedure applicable to and/or issued by the Clearing System.

[Certificate Value_(t):

The Certificate Value_(t) equals [•] [on [Fund Business Day]][•] 't', and Certificate Value(0) is equal to [100%][•].]

[CIBOR:

CIBOR means [•]]

Clearing System:

Clearing System means

[•]

[UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland (For the avoidance of doubt: The Securities can only be held in a securities account with UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland)]

[Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany]

[Clearstream Banking S.A., Luxembourg (42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg)]

[Euroclear Bank S.A./ N.V., Brussels, as operator of the Euroclear System (1 Boulevard du Roi Albert II, B - 1210 Brussels, Belgium)]

[Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om kontoföring av finansiella instrument)]

[Euroclear Finland Ltd., Urho Kekkosen katu 5 C, FI-00101 Helsinki, Finland, in its capacity as central securities depository under the Finnish Act on the Book-Entry System and Clearing Operations (749/2012) (laki

arvo-osuusjärjestelmästä ja selvitystoiminnasta) and the Finnish Act on Book-Entry Accounts (827/1991) (laki arvo-osuustileistä)]

[Verdipapirsentralen ASA, P.O. Box 4, 0051 Oslo, Norway, in its capacity as central securities depository under the Norway Securities Register Act (Lov av 5. Juli 2002 nr. 64 om registrering av finansielle instrumenter)]

[VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 København 5, Denmark, in its capacity as central securities depository under the Danish Securities Trading Act (Lov om værdipapirhandel m.v.), as amended from time to time)]

or any successor in this capacity or any other Clearing System referred to in the Final Terms. [The term "Clearing System" shall refer to all Clearing Systems.]

[Coupon:

[The Coupon equals [•] [the Nominal Amount multiplied by the Coupon Factor (as defined below), afterwards commercially rounded to [two] [•] decimal places]]

[The Coupon_(i=1) in relation to the Observation Date_(i=1) equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [•] decimal places]. [indicative. The Coupon_(i=1) in relation to the Observation Date_(i=1) will be fixed on the Fixing Date [at the Fixing Time]^{*}; [•] and

the Coupon_(i=n) in relation to the Observation Date_(i=n) equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [•] decimal places]. [indicative. The Coupon_(i=n) in relation to the Observation Date_(i=n) will be fixed on the Fixing Date [at the Fixing Time]^{*}.]

The term "Coupon" shall also refer to all Coupons_(i=1) to _(i=n).]]

[Coupon Barrier:

The Coupon Barrier

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Coupon Barrier_(i=1)"), [•] and

the Coupon Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Coupon Barrier_(i=n)").]

[indicative. The Coupon Barrier [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time]^{*}.]

[The term "Coupon Barrier" shall also refer to all Coupon Barriers_(i=1) to _(i=n).]]

[Coupon Day Count Fraction:	The Coupon Day Count Fraction, in respect of the calculation of an amount for any period of time (the " Coupon Calculation Period ") means [•] [the actual number of days in the Coupon Calculation Period divided by 360].]
[Coupon Determination Date:	The Coupon Determination Date means [•] [the [•] [Banking Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] before the start of the relevant Coupon Period].]
[Coupon Factor:	The Coupon Factor equals [•].]
[Coupon Payment Date:	<p>The Coupon Payment Date means [•] [the [•] Banking Day after the [relevant] Observation Date].]</p> <p>[If any Coupon Payment Date would fall on a day which is not a [Banking Day] [•], the payment date shall be:</p> <p>[if Modified Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•] unless it would thereby fall into the next calendar month, in which event the Coupon Payment Date shall be the immediately preceding [Banking Day] [•]]</p> <p>[if Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•]]</p> <p>[if Preceding Business Day Convention insert: the immediately preceding [Banking Day] [•]]</p> <p>(the "Business Day Convention").]</p>
[Coupon Period:	<p>[The Coupon Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]</p> <p>[The Coupon Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Coupon Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding)] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]]</p>
D. [Day Count Fraction:	The Day Count Fraction, in respect of the calculation of an amount for

any period of time (the "**Calculation Period**") means:

[in the case of "Actual/Actual (ICMA)":

- (a) where the Calculation Period is equal to or shorter than the Interest Calculation Period during which it falls, the actual number of days in the Calculation Period divided by the product of (i) the actual number of days in such Interest Calculation Period and (ii) the number of Interest Calculation Periods in any calendar year; and
- (b) where the Calculation Period is longer than one Interest Calculation Period, the sum of: (i) the actual number of days in such Calculation Period falling in the Interest Calculation Period in which it begins divided by the product of (x) the actual number of days in such Interest Calculation Period and (y) the number of Interest Calculation Periods in any year; and (ii) the actual number of days in such Calculation Period falling in the next Interest Calculation Period divided by the product of (x) the actual number of days in such Interest Calculation Period and (y) the number of Interest Calculation Periods in any year.]

[in the case of "30/360":

the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).]

[in the case of "30E/360" or "Eurobond Basis":

the number of days in the Calculation Period divided by 360 (unless, in the case of the final Calculation Period, [the Expiration Date] [the Valuation Date] [the Final Valuation Date] [if applicable, insert other relevant date: [●]] is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

[in the case of "Actual/365" or "Actual/Actual (ISDA)":

the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[in the case of "Actual/365 (Fixed)":

the actual number of days in the Calculation Period divided by 365.]

[in the case of "Actual/360":

the actual number of days in the Calculation Period divided by 360.]

[Delivery Date:

The Delivery Date means [•][Front Month]

[[•] [in respect of the Price of the Underlying the First Nearby Month, provided that if the Expiration Date or the Kick-In Observation Date is the same as or subsequent to the Last Trading Date or the First Notice Date in respect of the Underlying then the delivery date applicable to the Underlying shall be the Second Nearby Month.]

[In this context, "First Nearby Month" means the first following contract months (as specified in relation to the Underlying in the definition "Underlying") and the "Second Nearby Month" means the second following contract months (as specified in the definition "Underlying").]

[Delivery Disruption Amount:

The Delivery Disruption Amount equals [the Reference Price] [the Settlement Price] of [the Underlying] [if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus: [•]] [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplier] [, expressed as a decimal number,]] [and] commercially rounded to [two] [•] decimal places.]

E.

[EURIBOR:

EURIBOR means [•]]

[Exchange Business Day:

The Exchange Business Day means [•] [each day, on which the Relevant Exchange is open for trading and the Price of the Underlying is determined in accordance with the relevant rules].

[Exercise Date:

The Exercise Date means [•.]

[Exercise Period:

The Exercise Period [•] [starts on [•] and ends on [•] [at the Exercise Time]].]

[Exercise Time:

The Exercise Time equals [•] [hrs. (local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland])] [•]]

[Expiration Date:

The Expiration Date means [•]. [If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date], the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the Expiration Date.]]

[Express Level:

The Express Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Express Level_(i=1)"), [•] and

the Express Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Express Level_(i=n)").]

[indicative. The Express Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Express Level" shall also refer to all Express Levels_(i=1) to _(i=n).]]

F.

[Fee Determination Date:

The Fee Determination Date means [•] [the date which is [two (2)] [□] [Banking Days] [Business Days] [Fund Business Days] [[Underlying] [Basket Component] Calculation Dates]] prior to the first [Banking Day] [Business Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date]] of the respective Roll Period].]

[Final Valuation Date:

[The Final Valuation Date means [the Expiration Date] [•].]

[The Final Valuation Date means [[the Expiration Date] [•]] [(i) in the case of an exercise by the Securityholder in accordance with § [•] of the Conditions of the Securities, subject to an effective exercise procedure, [the relevant Exercise Date] [the day immediately succeeding the relevant Exercise Date] [•]] [and] [(ii) in the case of an Automatic Exercise in accordance with § [•] of the Conditions of the Securities [the Automatic Exercise Date] [the day immediately succeeding the Automatic Exercise Date] [•]].]

If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Final Valuation Date in relation to [the Underlying]

[the affected [Underlying_(i)] [Basket Component_(i)]]
[the aggregate [Underlyings] [Basket Components]]].]

[Fixing Date:

The Fixing Date means [•].

[the date which is [two (2)] [•] [Banking Days] [Business Days] [Fund Business Days] [[Underlying] [Basket Component] Calculation Dates]] [•] prior to [the start] [the first [Banking Day] [Business Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date]] [•]] of the respective [Roll Period] [Interest Calculation Period].]

[If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Fixing Date in relation to [the Underlying]

[the affected [Underlying_(i)] [Basket Component_(i)]
[the aggregate [Underlyings] [Basket Components]]].]

[In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.]]

[Fixing Time:

The Fixing Time equals [•]

[[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]).]

[[the time of the official determination of the [Price] [[•] price] of the [Underlying] [respective Underlying_(i)] [by the Index Sponsor] [or the Index Calculator, as the case may be] [by the Relevant Reference Agent].] [•]]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: [[•], relevant local time for each Basket Component_(i)] [the time of the official determination of the [Price] [[•] price] of each Basket Component_(i)] [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]]

[Fund Business Day:

The Fund Business Day means any day in respect of which (i) the administrator of the Fund calculates and publishes the Fund's NAV in accordance with the relevant prospectus and constitutional documents of the Fund and (ii) a Notional Investor in the Fund Units of the Fund could subscribe and redeem the Fund Units.]

[Fund Value_(t):

The Fund Value_(t) means [•] [the product of (A) the Number of Fund Units with respect to the immediately preceding [Fund Business Day][•] 't-1' or, if none, the [Fixing Date][•] and (B) the NAV on [Fund Business Day][•] 't' divided by the Initial NAV.]]

[Futures Contract with the next Expiration Date:

Futures Contract with the next Expiration Date means [•] [the futures contract with the Expiration Date, which falls in the chronologically next of the Relevant Expiration Months.]]

[FX Factor:

The FX Factor equals $[\bullet]$ [the quotient of the \bullet ("•") currency exchange rate on the Observation Date_(i=n) ("FX_{End}"), divided by the \bullet currency exchange rate on the Fixing Date ("FX_{Start}")].

[The currency exchange rate is expressed in units \bullet per 1 unit \bullet .]

["FX_{Start}" and "FX_{End}" will be determined, commercially rounded to $[\bullet]$ [4] decimal places, by the Calculation Agent at its reasonable discretion pursuant to § 317 of the German Civil Code ("BGB"), targeting the $[\bullet]$ currency exchange rate resulting as the quotient of 1 divided by the $[\bullet]$ ("•") currency exchange rate as published as daily fixing at or about \bullet hrs $[\bullet]$ [CET] on Reuters page " \bullet " (or a substitute page thereof).]

[If a currency exchange rate is not determined or quoted in the manner described above or in case of, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a FX Market Disruption (as defined below), the Calculation Agent shall be entitled to identify a currency exchange rate, determined on the basis of the then prevailing market customs.]

[A "FX Market Disruption" means a limitation, suspension or disruption of or a restriction imposed on trading, the latter of which the Issuer and the Calculation Agent consider significant, on the foreign exchange market(s) in which the rates for the determination of the FX Factor are determined.]]

G.**[Global Depositary Receipt:**

Global Depositary Receipt means a negotiable instrument issued by a commercial bank acting as a depositary that represents a specified number of Underlying Shares issued by an entity and held in a safekeeping account with the depositary's custodian.]

Governing Law:

German law governed Securities. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

I.**[Initial Strike:**

The Initial Strike

[equals $[\bullet]$.]

[in relation to the $[\text{Underlying}_{(i=1)}]$ $[\text{Basket Component}_{(i=1)}]$ equals $[\bullet]$ ("Initial Strike_(i=1)"), $[\bullet]$ and

the Initial Strike in relation to the $[\text{Underlying}_{(i=n)}]$ $[\text{Basket Component}_{(i=n)}]$ equals $[\bullet]$ ("Initial Strike_(i=n)").]

[indicative. The Initial Strike [in relation to each $[\text{Underlying}_{(i)}]$ $[\text{Basket Component}_{(i)}]$ will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Initial Strike" shall also refer to all Initial Strikes_(i=1) to _(i=n).]]

[Initial Payment Date:	The Initial Payment Date means [•]. [In the case of abbreviation or extension of the Subscription Period, the Initial Payment Date may be changed accordingly.]]
[Interest Amount:	The Interest Amount [means [•]] [is calculated by applying the Interest Rate and the Day Count Fraction to the Nominal Amount per Security, if applicable, commercially rounded to [two] [•] decimal places.]]
[Interest Amount Fixing Date:	The Interest Amount Fixing Date means [•].]
[Interest Amount Fixing Time:	The Interest Amount Fixing Time means [•] [[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom]).]]
[Interest Calculation Period:	The Interest Calculation Period means the period from [(including)] [(excluding)] one [Interest Payment Date] [•] to [(including)] [(excluding)] the next succeeding [Interest Payment Date] [•]. The initial Interest Calculation Period will be the period from the [Issue Date] [Initial Payment Date] [•] [(including)] [(excluding)] to the first [Interest Payment Date] [•] [(including)] [(excluding)].]
[Interest Payment Date:	<p>The Interest Payment Date means [•] [[•] of each calendar year [beginning on [•]]. The last Interest Payment Date equals the Maturity Date.]</p> <p>[If any Interest Payment Date would fall on a day which is not a [Banking Day] [•], the payment date shall be:</p> <p>[if Modified Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•] unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Banking Day] [•]]</p> <p>[if Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•]]</p> <p>[if Preceding Business Day Convention insert: the immediately preceding [Banking Day] [•]]</p> <p>(the "Business Day Convention").]</p>
[Interest Rate:	<p>The Interest Rate equals [•]</p> <p>[in case of fixed rate securities insert, if applicable:</p> <p>[•] % [per annum]]</p> <p>[in case of step-up or step-down securities insert, if applicable:</p> <p>in relation to the Interest Calculation Period_(i=1) [•] % [per annum],</p> <p>in relation to the Interest Calculation Period_(i=2) [•] % [per annum], [•]</p>

in relation to the Interest Calculation Period_(i=n) [●] % [per annum]

[, as determined by the Calculation Agent by referring to the Relevant Screen Page (or a substitute page thereof) at or around the Fixing Time on the relevant Fixing Date]. [The Interest Rate is subject to a minimum of [●] [%] [per annum].]

[If the Relevant Screen Page at or around the Fixing Time is not available or if [the relevant interest rate] [●] is not displayed, [●] [[the relevant interest rate] [●] shall be the [[●] rate] [●] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If [the relevant interest rate] [●] is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a Interest Rate [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time. [In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for [the relevant interest rate] [●] [(expressed as a percentage rate p.a.)] at or around the Fixing Time. If at least [two] [●] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the Interest Rate by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]]

[Issue Date:

The Issue Date means [●]. [In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.]

Issuer:

The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]].

[Issuing Agent:

The Issuing Agent means [SEB Merchant Banking, Asset Servicing, SE-106 40 Stockholm, Sweden,] [Nordea Bank Finland Plc, 2590 Issuer Services, Aleksis Kiven katu 3 – 5, FI-00500 Helsinki, Finland,] [Nordea Bank AB, Issuer Services, Middelthunsgate 17, P.O. Box 1166 Sentrum, NO-0107 Oslo, Norway,] [Nordea Bank Danmark A/S, Issuer Services, Securities Services, P.O. Box 850, DK-0900 Copenhagen C, Denmark,] [●] or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.]

K.

[Kick In Level:

The Kick In Level

[equals [●].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [●] ("Kick In Level_(i=1)"), [●] and

the Kick In Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("**Kick In Level_(i=n)**").]

[indicative. The Kick In Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}

[The term "Kick In Level" shall also refer to all Kick In Levels_(i=1) to _(i=n).]]

[Kick In Strike:

The Kick In Strike

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("**Kick In Strike_(i=1)**"), [•] and

the Kick In Strike in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("**Kick In Strike_(i=n)**").]

[indicative. The Kick In Strike [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}

[The term "Kick In Strike" shall also refer to all Kick In Strikes_(i=1) to _(i=n).]]

[Kick In Threshold:

The Kick In Threshold

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("**Kick In Threshold_(i=1)**"), [•] and

the Kick In Threshold in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("**Kick In Threshold_(i=n)**").]

[indicative. The Kick In Threshold [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}

[The term "Kick In Threshold" shall also refer to all Kick In Thresholds_(i=1) to _(i=n).]]

[Kick Out Level:

The Kick Out Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("**Kick Out Level_(i=1)**"), [•] and

the Kick Out Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("**Kick Out Level_(i=n)**").]

[indicative. The Kick Out Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}

L.

[Last Trading Date:

[The term "Kick Out Level" shall also refer to all Kick Out Levels_(i=1) to _(i=n).]]

The Last Trading Date means [•] [in respect of the Price of the Underlying, the last date on which the Underlying may be traded in accordance with the regulations and procedures of the Relevant Reference Market. The Last Trading Date shall be the date commonly understood in the market as applying to the Underlying and, in the event of any dispute, shall be the date specified and determined by the Calculation Agent.]]

[Leverage Factor:

[The Leverage Factor equals [•] [indicative. The Leverage Factor will be fixed on the Fixing Date [at Fixing Time].]

[The Leverage Factor represents the amount which will be invested into the Fund. The Leverage Factor will be set at [•%].*]]

[Leverage Value_(t):

The Leverage Value_(t) [means [•] [represents a notional borrowing by the Issuer to facilitate the allocation to Fund Units over [100%][•] of the Certificate Value(t). On any [Fund Business Day][•] 't' this is equal to 200% (which is the Leverage Factor on Fund Business Day 't' minus [100%][•]).]]

[LIBOR:

LIBOR means [•]]

[Look-Back Level:

The Look-Back Level of [the Underlying] [an Underlying_(i)] [a Basket Component_(i)] equals [•] [the lowest of the [closing prices] [•] of [the Underlying] [an Underlying_(i)] [a Basket Component_(i)] on each of the Look-Back Dates within the Look-Back Period as determined by the Calculation Agent on the last Look-Back Date.]

For these purposes a "Look-Back Date" means each [Banking Day] [[Underlying] [Basket Component] Calculation Date] [Exchange Business Day] [•] within the Look-Back Period.]

[Look Back Period:

The Look-Back Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[Loss Threshold:

The Loss Threshold

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Loss Threshold_(i=1)"), [•] and

the Loss Threshold in relation to the [Underlying_(i=n)] [Basket

Component_(i=n)] equals [•] ("Loss Threshold_(i=n)").]

[indicative. The Loss Threshold [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Loss Threshold" shall also refer to all Loss Thresholds_(i=1) to _(i=n).]

M.

[Management Fee:

The Management Fee ("MF") [is determined as follows: [•]] [equals [•] [%] per [calendar day] [calendar month] [calendar quarter] [calendar year] [•], which is [calculated and] deducted [monthly] [quarterly] [semi-annually] [annually] [•] [in arrears].]

[The Management Fee will be published on each Fee Determination Date on [•] [UBS Quotes (<http://www.ubs.com/quotes>)]. The applicable Management Fee of [up to] [•][%] [per annum] will be charged and deducted on [•] [a daily basis (Act/360)] on the Redemption Amount per Security as of the respective previous Fee Determination Date, as determined by the Calculation Agent.]

[The [initial] Management Fee [("MF")] equals [•] [[•] % p.a., which is [calculated and] deducted [per calendar day] [•] [in arrears].] [This includes a Recurring Commission of [•] [[•]% p.a.]]

[The Management Fee [("MF")] can be adjusted annually on and is effective as of the MF Adjustment Date.]

[The Management Fee [("MF")] will be fixed [•] [annually on the MF Fixing Date becoming effective on the MF Adjustment Date with a maximum of [•] [[•]% p.a.]]

[The current Management Fee will be published on [•] [www.ubs.com/keyinvest].]

Maturity Date:

The Maturity Date means [•] [the [•] Banking Day (i) after the [relevant Valuation Date] [latest of the Valuation Averaging Dates] [, (ii) in the case of an early expiration in accordance with § [•] of the Conditions of the Securities, after the Early Expiration Date,] [(ii)][(iii)] in the case of the occurrence of an automatic termination event in accordance with § [•] of the Conditions of the Securities, after [the Stop Loss Expiration Date] [the Knock Out Expiration Date] [•];] and ([•]) in the case of a termination by the Issuer in accordance with § 8 [•] of the Conditions of the Securities, after the Termination Date.]

[Maximum Amount:

The Maximum Amount equals [•] [converted into the Redemption Currency] [and] [commercially rounded to [two] [•] decimal places] [indicative. The Maximum Amount will be fixed [at the Fixing Time] on the Fixing Date.*]

[MF Adjustment Date:	<p>The MF Adjustment Date means [•].</p> <p>[If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] [•] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] [•] is the relevant MF Adjustment Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]</p>
[MF Fixing Date:	<p>The MF Fixing Date means [•].</p> <p>If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] [•] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] [•] is the relevant MF Fixing Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].</p> <p>[In the case of abbreviation or extension of the Subscription Period the MF Fixing Date may be changed accordingly.]</p>
[Minimum Amount:	The capital protected Minimum Amount equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [four] [•] decimal places] [indicative. The Minimum Amount will be fixed [at the Fixing Time] on the Fixing Date.*]]
[Minimum Exercise Size:	The Minimum Exercise Size equals [•].]
[Minimum Settlement Amount:	The Minimum Settlement Amount equals [0.001] [•] in the Redemption Currency per Security.]
[Minimum Trading Size:	The Minimum Trading Size equals [•].]
[Minimum Transferable Size:	The Minimum Transferable Size equals [•] [Security] [Securities].]
[Multiplication Factor:	The Multiplication Factor equals the factor [•] [indicative. The Multiplication Factor will be fixed on the Fixing Date [at Fixing Time].*]]
[Multiplier:	<p>The Multiplier equals [•] [[•], or expressed as a decimal number [•], i.e. [•] [Security relates] [Securities relate] to 1 Underlying [, respectively, 1 Security relates to [•] Underlying[s], as the case may be].] [indicative. The Multiplier will be fixed [at the Fixing Time] on the Fixing Date.*]]</p>
N.	
[Net Asset Value:	<p>The Net Asset Value ("NAV") means [the Fund's net asset value as calculated and published by the Fund's administrator in accordance with the relevant Fund's prospectus and constitutional documents by adding the value of all the assets of the Fund and deducting the total liabilities (including, in particular but not limited to, any fees (including</p>

an advisory fee and an incentive fee) payable to the Fund's advisor, the administrator, the bank and the custodian of the Fund, all borrowings, brokerage fees, provisions for taxes (if any), allowances for contingent liabilities and any other costs and expenses reasonably and properly incurred to the bank or the custodian of the Fund in effecting the acquisition or disposal of securities or in administering the Fund) of the Fund.] [•.]

[NIBOR: NIBOR means [•.]

[Nominal Amount The Nominal Amount [(Denomination)] per Security equals [•.]
[(Denomination)]:

[Notional Investor: The Notional Investor means a hypothetical investor (in the same position as the Issuer) investing in the Fund Units of the Fund.]

[Number of Fund Units: The Number of Fund Units equals [•] [The initial number of Fund Units will correspond to the Leverage Factor. This decreases on a Borrowing Rebalancing Date on the basis that on the [Fund Business Day][•] immediately following a Borrowing Rebalancing Date the Number of Fund Units is reduced by a number of Fund Units equivalent to the Accumulated Borrowing Fee with respect to such immediately preceding Borrowing Rebalancing Date. On any other day the number of Fund Units equals the number of Fund Units on the preceding [Fund Business Day][•].]

O.

[Observation Date: The Observation Date means [•].

If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Observation Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].

[Observation Period: [The Observation Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Observation Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Observation Period_(i=n) means the

period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding)] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]]

[Option Style:

The Option Style is [European][American].]

P.

[Participation Factor:

The Participation Factor equals [•] [The Participation Factor will be fixed on the Fixing Date [at Fixing Time].^{*}]]

Paying Agent:

The Paying Agent means [•] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]]] [UBS Limited c/o UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany] [, as well as the paying agents specified for the purposes in the applicable Final Terms under the heading "Part D – Country Specific Information"]. [The term "Paying Agent" shall also refer to all Paying Agents [including the Principal Paying Agent].]

[Payout Factor:

The Payout Factor equals [•]

[in relation to the Observation Date_(i=n)] equals (indicative)]

[The term "Payout Factor" shall also refer to all Payout Factors_(i=n) to _(i=n)]

[The Payout Factor will be fixed on the Fixing Date.^{*}]]

[Percentage Weighting:

The Percentage Weighting

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Percentage Weighting_(i=1)"), [•] and

the Percentage Weighting in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Percentage Weighting_(i=n)").]]

[Physical Underlying:

The Physical Underlying means

[in the case of shares as the Physical Underlying insert, if appropriate, the following text: the shares of [•] with the ISIN [•]]

[in the case of an Index as the Physical Underlying insert, if appropriate, the following text: index securities linked to the performance of the

Index with the ISIN [•]]

[in the case of a fund unit as the Physical Underlying insert, if appropriate, the following text: Fund Unit in the Fund with the ISIN [•]]

[in the case of precious metals or commodities as the Physical Underlying insert the following text: securities linked to the performance of the relevant Underlying with the ISIN [•]]

[•]

[in a number that considers [the Participation Factor] [the Leverage Factor] [the Multiplier], expressed as a decimal number] [•].]

[Price of the Basket Component:

The Price of the Basket Component means

[•]

[the [•] price(s) of the respective Basket Component(s) as [continuously] determined [by the Relevant Trading System] [or] [on the Relevant Exchange]] [or]

[in the case of an Index as the Basket Component insert, if applicable, the following text: the [•] price(s) of the [relevant] Basket Component(s) as calculated and published by [the Index Sponsor] [the Index Calculator]] [or]

[in the case of a currency exchange rate as the Basket Component insert, if applicable, the following text: [•] [the [•] [bid] [mean] [ask] [•] price[s] of the [relevant] Basket Component[s] as [[continuously] determined on the Relevant Exchange Market] [and] [published on [[Reuters] Bloomberg] on page ["EUROFX/1"] [•]] [the Relevant Screen Page], or a substitute page thereof.] [or]

[in the case of an interest rate as the Basket Component insert, if applicable, the following text: [•] [the [•] price[s] of the [relevant] Basket Component[s] as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof]] [or]

[in the case of a fund unit as the Basket Component insert, if applicable, the following text: [•] [the Net Asset Value of the [relevant] Fund in relation to the Fund Unit, as calculated [and published] by [•] [the [relevant] administrator of the Fund] [or]

[in the case of a futures contract as the Basket Component insert, if applicable, the following text: [•] [the [•] price[s] of the [relevant] Basket Component[s] as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof]] [or]

[in the case of a reference rate as the Basket Component insert, if

applicable, the following text: [•] [the [•] price[s] of the [relevant] Basket Component[s] as [[continuously] determined [on the Relevant Reference Market] [by the Relevant Reference Agent]] [and] [published on the Relevant Screen Page or a substitute page thereof].]] [or]

[The Price of each Basket Component is [expressed in] [converted into] [related to] [the Underlying Currency] [•].]

[in the case of a currency exchange rate, interest rate, futures contract or a reference rate as Basket Component, as the case may be, insert, if applicable, the following text: [•] [If the [respective] Relevant Screen Page at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] is not available or if the Price for the [respective] Basket Component is not displayed, the relevant Price shall be the [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If the Price of the [respective] Basket Component is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time as the relevant price. In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for the [[•]rate] [[•]price] [•] corresponding to the [respective] Basket Component [(expressed as a percentage rate p.a.)] at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] on the relevant [Valuation Date] [Final Valuation Date] [Valuation Averaging Date] [•]. If at least [two] [•] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the relevant price by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]]

[Price of the Underlying:

The Price of the Underlying means

[•]

[[the [•] price of the Underlying as [continuously] determined [in the Relevant Trading System] [or] [on the Relevant Exchange].]

[in the case of an Index as the Underlying insert, if applicable, the following text: the [•] price of the Underlying as calculated and published by [the Index Sponsor] [the Index Calculator].]

[in the case of a currency exchange rate as the Underlying insert, if applicable, the following text: [•] [the [•] [bid] [mean] [ask] [•] price of the Underlying as [[continuously] determined on the Relevant Exchange Market] [and] [published on [[Reuters] [Bloomberg] on page ["EUROFX/1"] [•]] [the Relevant Screen Page], or a substitute page thereof.]

[in the case of an interest rate as the Underlying insert, if applicable, the

following text: [●] [the [●] price of the Underlying as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof].]]

[in the case of a fund unit as the Underlying insert, if appropriate, the following text: [●] [the Net Asset Value of the Fund in relation to the Fund Unit, as calculated [and published] by the administrator of the Fund.]]

[in the case of a futures contract as the Underlying insert, if applicable, the following text: [●] [the [●] price of the Underlying as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof].]]

[in the case of a reference rate as the Underlying insert, if applicable, the following text: [●] [the [●] price of the Underlying as [[continuously] determined [on the Relevant Reference Market] [by the Relevant Reference Agent]] [and] [published on the Relevant Screen Page or a substitute page thereof].]]

[in the case of a Basket as the Underlying insert, if applicable, the following text: [●] [the sum of the respective Prices of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket.]]

[in the case of a portfolio of Underlyings insert, if applicable, the following text: [●] [the sum of the respective Prices of the Underlyings [each multiplied by the [Percentage] Weighting of the respective Underlying within the portfolio] [, related to the Underlying Currency].]]

[The Price of the [respective] Underlying is [expressed in] [converted into] [related to] [the Underlying Currency] [●].]

[in the case of a currency exchange rate, interest rate, futures contract or a reference rate as the Underlying, as the case may be, add, if applicable, the following text: [●] [If the [respective] Relevant Screen Page at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] is not available or if the Price for the [respective] Underlying is not displayed, the relevant Price shall be the [[●]rate] [[●]price] [●] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If the Price of the [respective] Underlying is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a [[●]rate] [[●]price] [●] [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time as the relevant price. In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for the [[●]rate] [[●]price] [●] corresponding to the [respective] Underlying [(expressed as a percentage rate p.a.)] at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] on the relevant [Valuation Date] [Final Valuation Date] [Valuation Averaging Date] [●]. If at least [two] [●] of the reference banks have

provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the relevant price by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]

Principal Paying Agent:

The Principal Paying Agent means [•] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]]].

R.

[Rate:

The Rate equals [•] [[•] + [•] [per annum]]]

Redemption Currency:

The Redemption Currency means [•]. [The product feature “**Currency Conversion**” applies.]

[Reference Banks:

The Reference Banks mean [•] [[four] [•] major commercial banks, which for the relevant time offering EURIBOR, STIBOR, LIBOR, NIBOR or CIBOR and are selected by the Issuer at its reasonable discretion.]]

[Reference Level:

The Reference Level [of the Underlying] [in the case of a portfolio of Underlyings insert, if appropriate, the following text: in relation to the relevant Underlying_(i) equals

[•]

[[the Price of the Underlying [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Reference Level of the Underlying will be fixed [at the Fixing Time] on the Fixing Date.] *]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: [the Price of [the relevant Underlying_(i)] [the Relevant Underlying] [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Reference Level of the Underlying_(i) will be fixed [at the Fixing Time] on the Fixing Date.] *]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: the sum of the respective Reference Levels of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket] [, related to the Underlying Currency].]]

[Reference Price:

The Reference Price [of the Underlying] [in the case of a portfolio of Underlyings insert, if appropriate, the following text: in relation to the relevant Underlying_(i) equals

[•]

[the Price of the Underlying on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[the [arithmetic] average of the Prices of the Underlying on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the Price of [the relevant Underlying_(i)] [the Relevant Underlying] on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the [arithmetic] average of the Prices of [the relevant Underlying_(i)] [the Relevant Underlying] on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[If on the Valuation Date, in the opinion of the Calculation Agent at its reasonable discretion, there is not sufficient liquidity in relation to [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components] or if the unwinding of any hedging transaction, due to such illiquidity or any other reason, has an inadequate impact on the Price of [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components], the Calculation Agent shall determine the Reference Price based on the [arithmetic] [volume weighted] average of the [•] prices of the Underlying, as indicated by the unwinding of the related hedging transactions in [the Underlying] [the relevant Underlyings] [the relevant Basket Component], on [the Valuation Date] [the Final Valuation Date] [each of the Valuation Averaging Dates]. [The Calculation Agent shall determine [the closing dates on the Fixing Date and] the unwinding dates of the hedging transactions at its reasonable discretion.]]

[Reference Share(s) per Denomination: Reference Share(s) per Denomination means [•] share(s) per Security.]]

[Relevant Conversion Rate: The Relevant Conversion Rate means the relevant [bid] [mean] [ask] rate as published on [•]

[(i) [the Valuation Date] [the Final Valuation Date] [the latest of the Valuation Averaging Dates] or (ii) in the case of a termination by the Issuer, on the [Termination Date] [day, on which the Termination Event occurs], [or (iii) in the case of a termination by the Securityholders, on [•] [the day, on which the Event of Default occurs]],

[the Banking Day immediately succeeding (i) [the Valuation Date] [the Final Valuation Date] [the latest of the Valuation Averaging Dates] or (ii) in the case of termination by the Issuer, the [Termination Date] [day, on which the Termination Event occurs] [or (iii) in the case of a termination by the Securityholders, on [•] [the day, on which the Event of Default occurs]],

[[Reuters] [•] on page ["EUROFX/1"] ["ECB37"] [•], or a substitute page thereof.]

If the Relevant Conversion Rate is not determined or quoted in the manner described above or if controversial [bid] [mean] [ask] rates are quoted, the Issuer shall be entitled to identify a Relevant Conversion Rate, determined on the basis of the then prevailing market customs.]

[Relevant Country:

The Relevant Country means with respect to the [Underlying] [Basket Component], each of (i) any country (or any political or regulatory authority thereof) in which the currency used as [the Underlying] [the Basket Component] is the legal tender or currency; and (ii) any country (or any political or regulatory authority thereof) with which the currency used as [the Underlying] [the Basket Component] has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factors as it may deem appropriate at its reasonable discretion.]

[Relevant Exchange:

The Relevant Exchange means

[•]

[in the case of an Index as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text: the stock exchange(s) on which the Components comprised in the Index are traded, as determined by [the Index Sponsor] [or] [the Index Calculator, as the case may be].]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Exchange" shall also refer to all Relevant Exchanges_(i=1) to _(i=n).]]

[Relevant Exchange Market:

The Relevant Exchange Market means

[•]

[the foreign exchange market[s], on which the [[Underlying[s]] [Basket Component[s]] [is] [are] primarily traded.]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Exchange Market" shall also refer to all Relevant Exchange Markets_(i=1) to _(i=n).]]

[Relevant Futures and Options Exchange:

The Relevant Futures and Options Exchange means

[•]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)].]

[The futures and options exchange[s], on which futures and option contracts on the [[Underlying[s]] [Basket Component[s]] are primarily traded]. [The term "Relevant Futures and Options Exchange" shall also

refer to all Relevant Futures and Options Exchanges_(i=1) to _(i=n).]]

[Relevant Reference Agent:

The Relevant Reference Agent means

[•]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Reference Agent" shall also refer to all Relevant Reference Agents_(i=1) to _(i=n).]]

[Relevant Reference Market:

The Relevant Reference Market means

[•]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Reference Market" shall also refer to all Relevant Reference Markets_(i=1) to _(i=n).]]

[Relevant Reference Rate:

The Relevant Reference Rate equals [insert description of the reference rate: [•].]

[Relevant Screen Page:

The Relevant Screen Page means

[•]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Screen Page" shall also refer to all Relevant Screen Pages_(i=1) to _(i=n).]]

[Relevant Trading System:

The Relevant Trading System means

[•]

[in the case of an Index as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text: The trading system(s) in which the Components comprised in the Index are traded, as determined by the [Index Sponsor] [or] [the Index Calculator, as the case may be].]

[in the case of a Fund Unit as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text: [the Fund] [•].]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Trading System" shall also refer to all Relevant Trading Systems_(i=1) to _(i=n).]]

[Relevant Underlying:

The Relevant Underlying means

[•]

[the Underlying_(i), which has had, in relation to the other Underlyings, the **worst** performance during the Term of the Securities]

[the Underlying_(i), which has had, in relation to the other Underlyings, the **best** performance during the Term of the Securities].]

[Reverse Level:

The Reverse Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("**Reverse Level**_(i=1)"), [•] and

the Reverse Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("**Reverse Level**_(i=n)").]

[indicative. The Reverse Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Reverse Level" shall also refer to all Reverse Levels_(i=1) to _(i=n).]

[Roll Over Date:

Roll Over Date means [the last trading date] [the first trading date after the last trading date] [•] of the futures contracts in the Relevant Reference Market. If, at that date, the Issuer determines at its reasonable discretion that there is insufficient liquidity in the futures contract used as [the Underlying] [the Basket Component] in the Relevant Reference Market or that a comparable extraordinarily market situation prevails, the Issuer shall be entitled to determine at its reasonable discretion another day as Roll Over Date.]

S.**Securities:**

Securities means the [specify designation of the Securities: [•]] issued by the Issuer in [the Issue Size] [the Aggregate Nominal Amount and with the denomination of the Nominal Amount per Security] with the following product feature:

Participation Factor:	[Applicable] [Not Applicable]
Leverage Factor:	[Applicable] [Not Applicable]
Multiplier:	[Applicable] [Not Applicable]
Multiplication Factor:	[Applicable] [Not Applicable]
Reverse Structure:	[Applicable] [Not Applicable]
Express Structure:	[Applicable] [Not Applicable]
Thresholds, Barriers or Levels:	[Applicable] [Not Applicable]
Maximum Amount:	[Applicable] [Not Applicable]
Relevant Underlying:	[Applicable] [Not Applicable]
Physical Delivery:	[Applicable] [Not Applicable]
Automatic Termination:	[Applicable] [Not Applicable]
Currency Conversion:	[Applicable] [Not Applicable]

Capital Protection:	[Applicable] [Not Applicable] [Capital Protected Securities] [Partly Capital Protected Securities]
No predefined term:	[Applicable] [Not Applicable]
Time-lagged Valuation:	[Applicable] [Not Applicable]
Minimum Exercise Size:	[Applicable] [Not Applicable]
Securityholder's Termination Right:	[Applicable] [Not Applicable]
Quanto:	[Applicable] [Not Applicable]
Consideration of Components:	[Applicable] [Not Applicable]
Individual Determination:	[Applicable] [Not Applicable]
Collective Determination:	[Applicable] [Not Applicable]

The Securities are being [issued] [formed as] [in bearer form [as securities within the meaning of § 793 German Civil Code] [and will be represented on issue by [one or more permanent global bearer security/ies (each a "Global Security") [a temporary global bearer security (each a "Temporary Global Security") exchangeable upon certification of non-U.S. beneficial ownership for a permanent global bearer security (each a "Permanent Global Security", and together with the Temporary Global Security, a "Global Security")]] [in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System [(also the "Swedish Securities")] [(also the "Finnish Securities")] [(also the "Norwegian Securities")] [(also the "Danish Securities")] and will not be represented by definitive securities [as defined in article 965 CO].

[Security Agent:

The Security Agent means [UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany.] [•] [The term "Security Agent" shall also refer to all Security Agents.]]

[Securityholder Termination
Amount:

The Securityholder Termination Amount equals [•] [an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering [the then prevailing Price of the Underlying] [if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus: [•]], as the fair market price of a Security at the occurrence of the termination of the Securities [and which is, in any case, at least equal to the Minimum Amount].]]

[Settlement Amount:

The Settlement Amount equals [insert amount: [•]].]

[Settlement Cycle:

The Settlement Cycle means [•] [the number of [Banking Days] [[Underlying] [Basket Component] Calculation Dates] following a trade in the [Underlying] [Basket Component] [in the Relevant Trading System] [or] [on the Relevant Exchange] in which settlement will customarily occur according to the rules of [the Relevant Trading System] [or] [the Relevant Exchange].]]

[Settlement Price:

The Settlement Price [of the Underlying] [in the case of a portfolio of Underlyings insert, if appropriate, the following text: in relation to the relevant Underlying_(i)] equals

[•]

[the Price of the Underlying on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[the [arithmetic] average of the Prices of the Underlying on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the Price of [the relevant Underlying_(i)] [the Relevant Underlying] on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the [arithmetic] average of the Prices of [the relevant Underlying_(i)] [the Relevant Underlying] on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[If on the Valuation Date, in the opinion of the Calculation Agent at its reasonable discretion, there is not sufficient liquidity in relation to [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components] or if the unwinding of any hedging transaction, due to such illiquidity or any other reason, has an inadequate impact on the Price of [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components], the Calculation Agent shall determine the Settlement Price based on the [arithmetic] [volume weighted] average of the [•] prices of the Underlying, as indicated by the unwinding of the related hedging transactions in [the Underlying] [the relevant Underlyings] [the relevant Basket Component], on [the Valuation Date] [the Final Valuation Date] [each of the Valuation Averaging Dates]. [The Calculation Agent shall determine [the closing dates on the Fixing Date and] the unwinding dates of the hedging transactions at its reasonable discretion.]]

[Sprint Factor:

The Sprint Factor equals [the Price of the Underlying of] [•]. [indicative. The Sprint Factor will be fixed on the Fixing Date [at Fixing Time].*]]

[STIBOR:

STIBOR means [•]]

[Stop Loss Level:

The Stop Loss Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Stop Loss Level_(i=1)"), [•] and

the Stop Loss Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Stop Loss Level_(i=n)").]

[indicative. The Stop Loss Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Stop Loss Level" shall also refer to all Stop Loss Levels_(i=1) to _(i=n).]]

[Stop Loss Event:

The Stop Loss Event means [•] [if on any [Fund Business Day][•] 't', the Certificate Value(t) is at or below the Stop Loss Level, the Certificates will expire on the next [Fund Business Day][•] on which a Notional Investor would have been able to redeem the Fund, if that investor had, by giving the appropriate notice, requested redemption (the "Stop Loss Expiration Date").]]

[Stop Loss Early Redemption Amount:

The Stop Loss Early Redemption Amount means [•] [an amount in [SEK][EUR][•] as solely determined by the Calculation Agent to take into account any fees and charges and costs incurred by the Issuer (or any of its affiliates) of unwinding any underlying related hedging arrangement(s) or transaction(s).

For avoidance of doubt, the Stop Loss Early Redemption Amount may not be equal to the Stop Loss Level.]]

[Stop Loss Early Redemption Payment Date:

The Stop Loss Early Redemption Payment Date means [•] [the Maturity Date] [[•] Business Days following the Stop Loss Expiration Date, subject to postponement in the event of a delay in the receipt by a Notional Investor of the full liquidation proceeds for the Fund, as determined by the Issuer in its reasonable discretion.]]

[Strike:

The Strike [of the Underlying] [in the case of a portfolio of Underlyings insert, if appropriate, the following text: in relation to the relevant Underlying_(i)] equals

[•]

[[the Price of the Underlying [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Underlying will be fixed [at the Fixing Time] on the Fixing Date.]*]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: [the Price of [the relevant Underlying_(i)] [the Relevant Underlying] [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Underlying_(i) will be fixed [at the Fixing Time] on the Fixing Date.]*]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: the sum of the respective Strikes of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket] [, related to the Underlying Currency].]]

[Strike of the Basket Component:

The Strike of the Basket Component_(i=1) equals [the Price of the Basket

Component_(i=1) [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component_(i=1) will be fixed [at the Fixing Time] on the Fixing Date.*] [•]

The Strike of the Basket Component_(i=n) equals [the Price of the Basket Component_(i=n) [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component_(i=n) will be fixed [at the Fixing Time] on the Fixing Date.*]]

T.

Termination Amount:

The Termination Amount equals [•] [an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering [the then prevailing Price of the Underlying] [if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus: [•]], as the fair market price of a Security at the occurrence of the termination of the Securities [and which is, in any case, at least equal to the Minimum Amount].]

[Term of the Securities:

The Term of the Securities means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany,] [London, United Kingdom,] [Zurich, Switzerland,] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany,] [London, United Kingdom,] [Zurich, Switzerland,] [•]] [with the determination of [the Reference Price] [the Settlement Price]] on [the Maturity Date] [the Expiration Date] [the Valuation Date] [the Final Valuation Date] [the latest of the Valuation Averaging Dates] [•].]

U.

[Underlying[s]:

[The Underlying means [, subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities,] [insert description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate] [the Basket] [the portfolio]: [•]]

[in the case of an Index as the Underlying add the following text: (the "Index"), [as maintained, calculated and published by [•] (the "Index Sponsor") [as maintained by [•] (the "Index Sponsor") and calculated and published by [•] (the "Index Calculator").]

[in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [also "ADR")] [(also "GDR")]. In such context, the share underlying [the ADR] [the GDR] is also referred to as the "Underlying Share".]

[in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit") in the [•] (the "Fund").]

[in the case of a Basket as the Underlying add the following text: (the "Basket"), comprising the Basket Components, as calculated and

published by [●] [the Calculation Agent].]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: The Underlying_(i=1) equals [, subject to a Roll Over in accordance with § 6 (j) of the Conditions,] [insert description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [●]] [in the case of an Index as the Underlying insert, if appropriate, the following text: (the "Index_(i=1)"), [as maintained, calculated and published by [●] (the "Index Sponsor_(i=1)") [as maintained by [●] (the "Index Sponsor_(i=1)") and calculated and published by [●] (the "Index Calculator_(i=1)")]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit_(i=1)") in the [●] (the "Fund_(i=1)") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=1)") [(also "GDR_(i=1)") (In such context, the share_(i=1) underlying [the ADR_(i=1)] [the GDR_(i=1)] is also referred to as the "Underlying Share_(i=1)"); [●] and the Underlying_(i=n) equals [, subject to a Roll Over in accordance with § 6 (i) of the Conditions of the Securities,] [insert description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [●]] [in the case of an Index as the Underlying insert, if appropriate, the following text: (the "Index_(i=n)"), [as maintained, calculated and published by [●] (the "Index Sponsor_(i=n)") [as maintained by [●] (the "Index Sponsor_(i=n)") and calculated and published by [●] (the "Index Calculator_(i=n)")]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit_(i=n)") in the [●] (the "Fund_(i=n)") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=n)") [(also "GDR_(i=n)") (In such context, the share_(i=n) underlying [the ADR_(i=n)] [the GDR_(i=n)] is also referred to as the "Underlying Share_(i=n)").]

The term "Underlying" [or "Index" [, "Index Calculator"] and "Index Sponsor", as the case may be,] [or "Fund Unit" and "Fund", as the case may be] [●] shall also refer to all Underlyings_(i=1) to _(i=n) [and to all Indices_(i=1) to _(i=n)], to all Index Calculators_(i=1) to _(i=n) and all Index Sponsors_(i=1) to _(i=n), as the case may be [and to all Fund Units_(i=1) to _(i=n) and all Funds_(i=1) to _(i=n), as the case may be] [●].]

[[The Underlying is] [The Underlyings are] [expressed in] [converted into] [related to] [the Underlying Currency] [●].]

[In this context, the individual underlying values or components of [the] [an] Underlying are referred to as a "Component" or, as the case may be, the "Components".]

[Underlying Calculation Date:

The Underlying Calculation Date means

[•]

[each day, on which [the Relevant Trading System] [,] [and] [the Relevant Exchange] [,] [and] [the Relevant Exchange Market] [and] [the Relevant Reference Market] [is] [are] open for trading [and] [the Price of the Underlying is determined in accordance with the relevant rules]]

[in the case of an Index as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to the Index] each day, on which [(i)] [the Index Sponsor] [the Index Calculator] determines, calculates and publishes the official price of the Index, [and (ii) the Components, which are comprised in the Index are [, to the extent of at least [•] [80 %] [90 %] of the market capitalisation of all Components, which are comprised in the Index, or of the overall value of the Index,] available for trading and quotation [in the Relevant Trading System] [or] [on the Relevant Exchange]]

[in the case of a fund unit as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to a Fund Unit] each day on which the [respective] administrator of the Fund publishes the Net Asset Value for such Fund in accordance with the relevant Fund's prospectus and constitutional documents]

[in the case of a reference rate as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to a reference rate] each day on which the [respective] Relevant Reference Agent determines the Price of the Underlying in accordance with the relevant rules]].]

[Underlying Currency:

The Underlying Currency means [•].]

V.

[Valuation Averaging Date:

[The Valuation Averaging Date means [•].]

[The Valuation Averaging Date_(i=1) means the [•]; and

the Valuation Averaging Date_(i=n) means [the [•]] [(i) in the case of an exercise by the Securityholder in accordance with § [•] of the Conditions of the Securities, subject to an effective exercise procedure, [the relevant Exercise Date] [the day immediately succeeding the relevant Exercise Date] [•]] [and] [(ii) in the case of an Automatic Exercise in accordance with § [•] of the Conditions of the Securities [the Automatic Exercise Date] [the day immediately succeeding the Automatic Exercise Date] [•].]

The term "Valuation Averaging Date" shall also refer to all Valuation Averaging Dates_(i=1) to _(i=n).]

If one of these days is not [an Underlying] [a Basket Component]

Calculation Date in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Underlying] [Basket Component] Calculation Date is deemed to be the relevant Valuation Averaging Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]

[Valuation Date:

[The Valuation Date means [•].]

[The Valuation Date means [the [•]] [(i) in the case of an exercise by the Securityholder in accordance with § [•] of the Conditions of the Securities, subject to an effective exercise procedure, [the relevant Exercise Date] [the day immediately succeeding the relevant Exercise Date] [•]] [and] [(ii) in the case of an Automatic Exercise in accordance with § [•] of the Conditions of the Securities [the Automatic Exercise Date] [the day immediately succeeding the Automatic Exercise Date] [•]].]

If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Valuation Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]

[Valuation Period:

[The Valuation Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Valuation Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Valuation Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]]

[Valuation Time:

The Valuation Time equals [•]

[[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of

Germany] [London, United Kingdom] [Zurich, Switzerland]].]

[[the time of the official determination of the [Price] [[•] price] of the [Underlying] [respective Underlying_(i)] [by the Index Sponsor] [or the Index Calculator, as the case may be] [by the Relevant Reference Agent].] [•]]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: [[•], relevant local time for each Basket Component_(i)] [the time of the official determination of the [Price] [[•] price] of each Basket Component_(i)] [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]]

W.

[Warrant Agent:

The Warrant Agent means [UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany.] [•] [The term "Warrant Agent" shall also refer to all Warrant Agents.]]

[Weighting:

The Weighting

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Weighting_(i=1)"), [•] and

the Weighting in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Weighting_(i=n)").]]

[if applicable, insert further Key Terms and Definitions of the Securities]

Part 2: Product Terms: Special Conditions of the Securities

The Special Conditions of the Securities (for the individual types of Securities) consist of Section 1 – 3. The Special Conditions for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

§ 1 See applicable Final Terms

§ 2 See applicable Final Terms

§ 3 See applicable Final Terms

3. General Conditions of the Securities

The following ("**General Conditions**") of the Securities must be read in their entirety together with the section "Product Terms" of the relevant Final Terms (the "**Product Terms**" for the relevant Securities. The Product Terms that shall amend and put in concrete terms the following General Conditions for the purposes of such Securities.

The Product Terms and the General Conditions together constitute the "**Conditions**" of the relevant Securities.

Terms not otherwise defined in these General Conditions shall have the meaning given in the applicable Product Terms.

The Conditions are subject to adjustment in accordance with § 6 (a) – (m) of the Conditions.

§ 4

Form of Securities; Title and Transfer;
Status

(1) Form of Securities

- (a) In case the Securities (i) are as of the Issue Date represented by a **Global Security** as specified in the applicable Product Terms in the definition "**Securities**", and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

The bearer Securities issued by the Issuer are represented by one or more permanent global bearer security/securities (the "**Global Security**") without coupons which shall be signed manually by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.

The Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition "**Clearing System**", a common depositary on behalf of the Clearing System in accordance with the applicable rules and regulations.

- (b) In case the Securities (i) are initially represented by a **Temporary Global Security**, as specified in the applicable Product Terms in the definition "**Securities**", and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

- (i) The bearer Securities issued by the Issuer are initially represented by a temporary global bearer security (the "**Temporary Global Security**") without coupons which will be exchangeable for a permanent global bearer security (the "**Permanent Global Security**") and, together with the Temporary Global Security, each a "**Global Security**") without coupons. Each Global Security shall be signed manually by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.
- (ii) The Temporary Global Security shall be exchanged for the Permanent Global Security on a date (the "**Exchange Date**") not earlier than 40 days after the Issue Date. Such exchange and any payment of interest on Securities represented by a Temporary Global Security shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Security is not a U.S. person as defined by the U.S. Securities Act of 1933. Any such certification received by the Principal Paying Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Security as described above. Any securities delivered in exchange for the Temporary Global Security shall be delivered only outside of the United States.

Each Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition "**Clearing System**", a common depositary on behalf of the Clearing System in accordance with the applicable rules and regulations.

- (c) In case the Securities are specified in the applicable Product Terms in the definition of "**Securities**" to be **Swedish Securities, Finnish Securities, Norwegian Securities and Danish Securities**, the following applies:

The Securities are issued in uncertificated and dematerialised book-entry form, and registered at the Clearing System in accordance with the relevant CA Rules. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of the Securities. The Issuer shall be entitled to obtain from the respective Clearing System information based on the

Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to these Conditions.

(2) Securityholder; Title and Transfer

- (a) In case the Securities are not specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**, the following applies:

"**Securityholder**" means any holder of a proportionate co-ownership interest or right in the Permanent Global Security, acknowledged by German law as legal owner of the Securities. The Securityholder shall, for all purposes, be treated by the Issuer and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

The Securities are transferable as co-ownership interests in the Permanent Global Security in accordance with applicable law and the relevant CA Rules and may be transferred within the collective securities settlement procedure in the Minimum Trading Size or an integral multiple thereof only. Such transfer becomes effective upon registration of the transfer in the records of the relevant Clearing System.

- (b) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

The Issuer shall be entitled to obtain from Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to these Conditions.

- (c) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Finnish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

The Issuing Agent in Finland shall be entitled to obtain from Euroclear Finland information based on Euroclear Finland's register regarding the Securities for the purpose of performing its obligations

pursuant to these Conditions.

(d) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Norwegian Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

By purchasing Securities registered in the Clearing System, each Securityholder is deemed to consent that the Clearing System may provide the Issuer, the Issuing Agent or the Security Agents upon request, information registered with the Clearing System relating to the Securities and the Securityholder. Such information shall include, but not be limited to, the identity of the registered Securityholder, the residency of the registered Securityholder, the number of Securities registered with the relevant Securityholder, the address of the relevant Securityholder, the account operator in respect of the relevant VPS account (*Kontofører utsteder*) and whether or not the Securities are registered in the name of a nominee and the identity of any such nominee. The relevant agents and/or the Issuer will only make use of and store such information to the extent this is required or deemed appropriate to fulfil their obligations in relation to the Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

(e) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Danish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

(3) Status of the Securities

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

§ 5

**Settlement; Conversion Rate; Impracticability of physical settlement;
Period of Presentation; Prescription**

(1) Settlement of the Securities

- (a) In case the Securities are not specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**, the following applies:

The Securities will, subject to a Market Disruption (§ 11), be redeemed on the relevant Maturity Date by payment of the Redemption Amount, of the Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, by delivery of the Physical Underlying in the appropriate number.

The Issuer shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or delivery, as the case may be, or other laws and regulations to which the Issuer agree to be subject, provide any performance due under these Conditions to the relevant Clearing System or the relevant intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant intermediary.

The period of presentation as established in § 801 section 1 sentence 1 of the German Civil Code ("**BGB**") is reduced to ten years.

4. (b) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, or Danish Securities**, the following applies:

The Issuer will, subject to a Market Disruption (§ 11), procure that the payment of the Redemption Amount, of the Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, by delivery of the Physical Underlying in the appropriate number occurs on the relevant Maturity Date in accordance with the relevant CA Rules.

Payments and delivery of the Physical Underlying in the appropriate number, as the case may be, shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or delivery, as the case may be, or other laws and regulations to which the Issuer agree to be subject, be made in accordance with the relevant CA Rules to the relevant Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

The prescription period for claims of a Securityholders against the Issuer for the payment of principal shall be ten (10) years from the due date for such payment.

- (c) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Norwegian Securities**, the following applies:

The Issuer will, subject to a Market Disruption (§ 11), procure that the payment of the Redemption

Amount, of the Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, by delivery of the Physical Underlying in the appropriate number occurs on the relevant Maturity Date in accordance with the relevant CA Rules.

Payments and delivery of the Physical Underlying in the appropriate number, as the case may be, shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or delivery, as the case may be, or other laws and regulations to which the Issuer agree to be subject,, be made on the due date for such payment or delivery to the Securityholders registered as such on the tenth business day (as defined in the relevant CA Rules prior to the due date), or on such other business day falling closer to the due date as then may be stipulated in the relevant CA Rules.

The prescription period for claims of a Securityholders against the Issuer for the payment of principal shall be ten (10) years from the due date for such payment.

(2) Conversion into the Redemption Currency

If in the applicable Product Terms in the definition of "Redemption Currency" a "**Currency Conversion**" is specified to be applicable, any conversion of amounts payable under these Conditions into the Redemption Currency is made by the Calculation Agent using the Relevant Conversion Rate.

(3) Settlement Disruption

If in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, the delivery of the Physical Underlying is effected with the characteristics and in the form that allows delivery via an exchange. Such transfer becomes effective upon registration of the transfer in the records of the relevant Clearing System pursuant to its applicable rules and regulations. No definitive securities will be issued. The right to request the delivery of definitive Securities is excluded.

If the Participation Factor, the Multiplier or the Leverage Factor, as specified in the applicable Product Terms, is not an integral number, as caused, for example, by an adjustment pursuant to §§ 6 (a) – (m) of these Conditions, cash consideration will be paid for each Security upon physical settlement with respect to any fractions per Physical Underlying. A consolidation of such fractions for all Securities of the Securityholder for the delivery of the Physical Underlying shall not take place. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

Should the delivery of the Physical Underlying be impracticable for economic or factual reasons, the Issuer is entitled to pay to each Securityholder with respect to each Security it holds, the Delivery Disruption Amount as specified to be applicable in the relevant Product Terms instead of the delivery of the Physical Underlying. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

(4) Discharging effect

The Issuer shall be discharged from its redemption obligations or any other payment or delivery obligations under these Conditions of the Securities by delivery to the Clearing System in the manner described above.

(5) Taxes, charges and/or expenses

All taxes, charges and/or expenses, if any, incurred in connection with the redemption of the Securities or any other payment or delivery obligations under these Conditions of the Securities shall be borne and paid by the relevant Securityholder. The Issuer and the Paying Agent, as the case may be, are entitled, but not obliged, to withhold from any required performance under these Conditions such taxes, charges and/or expenses as be paid by the Securityholder in accordance with the preceding sentence.

Only if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the following § 6 (a) of these Conditions applies:

§ 6 (a)

Adjustments for Securities on Baskets; Successor Basket Component

If in relation to a Basket Component an adjustment (as described in these Conditions) is necessary, the Issuer shall (in addition to the adjustments pursuant to these Conditions in relation to each Basket Component) be entitled, but not obliged, either

- (i) to remove at its reasonable discretion the respective Basket Component without replacement from the Basket (if applicable by adjusting the weighting of the remaining Basket Components), or
- (ii) to replace at its reasonable discretion the Basket Component in whole or in part by a new Basket Component (if applicable by adjusting the weighting of the Basket Components then present) (the **"Successor Basket Component"**).

In such case, the Successor Basket Component will be deemed to be the Basket Component and each reference in these Conditions to the Basket Component shall be deemed to refer to the Successor Basket Component.

Only in case of a share as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (b) of these Conditions applies:

§ 6 (b)

Adjustments in connection with a Share

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (b) (2)), the Issuer shall be entitled to effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the share used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any measure in relation to the share, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the stock exchange, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (b) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The stock corporation, the share(s) of which is/are used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component (the "**Company**") increases its share capital against deposits/contributions granting a direct or indirect subscription right to its shareholders, capital increase out of the Company's own funds, through the issuance of new shares, directly or indirectly granting a right to its shareholders to subscribe for bonds or other securities with option or conversion rights to shares.
- (ii) The Company decreases its share capital through cancellation or combination of shares of the Company. No Adjustment Event shall occur, if the capital decrease is effected by way of reduction of the nominal amount of the shares of the Company.
- (iii) The Company grants exceptionally high dividends, bonuses or other cash or non-cash distributions ("**Special Distributions**") to its shareholders. The distributions of regular dividends, which do not

constitute Special Distributions, do not create any Adjustment Event. With regard to the differentiation between regular dividends and Special Distributions, the differentiation made by the Relevant Futures and Options Exchange shall prevail.

- (iv) In the case of a stock split (reduction of the nominal amount and corresponding increase in the number of shares without a change in the share capital) or a similar measure.
- (v) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to new shares or to shares of another stock corporation.
- (vi) Take-over of shares of the Company by a shareholder in the course of a tender offer in accordance with the German Securities Acquisition and Take-over Act or with any other similar provision under the jurisdiction applicable to and governing the Company.
- (vii) The Company spins off any part of the Company so that a new independent enterprise is created or any part of the Company is absorbed by a third company, the Company's shareholders are granted shares in the new company or the absorbing company free of charge or at a price below the market price and therefore a market price or price quotation may be determined for the shares granted to the shareholders.
- (viii) The quotation of or trading in the shares of the Company on the Relevant Exchange is permanently discontinued due to a merger or a new company formation, or for any other comparable reason, in particular as a result of a delisting of the Company. The Issuer's right of termination in accordance with § 8 of these Conditions remains unaffected.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the calculation value of the shares.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (b) (2).

(4) Termination or replacement of the Share

In the event that the share is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the share used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component shall be applicable in the future (the "Successor Underlying" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "Successor Basket Component"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Exchange

If the quotation of or trading in the share on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component on the Relevant Exchange, at the latest.

(6) Corrected Price

In the event that the price of the share used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of a **certificate representing shares as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (c) of these Conditions applies:

§ 6 (c)

Adjustments in connection with a Certificate representing Shares

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (c) (2)) in relation to the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for such Potential Adjustment Event.

(2) Occurrence of a Potential Adjustment Event

"Potential Adjustment Event" means any following events or measures in relation to the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component, provided that such event or measure is, at the reasonable discretion the Issuer and the Calculation Agent, material and adversely affects the Underlying or, as the case may be, the Basket Component or the calculation of the Price of the Underlying or, as the case may be, the Basket Component:

- (a) In the opinion of the Calculation Agent at its reasonable discretion, a material change
 - (i) has occurred in relation to the Relevant Exchange relevant for the calculation and determination of the price of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component, or
 - (ii) has occurred in relation to the relevant terms of either the certificate representing shares used as the Underlying or, as the case may be, the Basket Component or of the Underlying Shares.
- (b) Any measure in relation to the certificate representing shares, which gives reason, or would give reason, if option and futures contracts on the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the **"Option Contracts"**) were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the trading system, relevant for the calculation and determination of the price of the underlying.

(3) Termination or replacement of the certificate representing shares

In the event that the certificate representing shares is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component shall be applicable in the future (the **"Successor Underlying"** or, if in the applicable Product

Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(4) Determination of a Substitute Exchange

If the quotation of or trading in the certificate representing shares on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the Basket Component on the Relevant Exchange, at the latest.

(5) Corrected Price

In the event that the price of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

Only in case of a **non-equity security as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (d) of these Conditions applies:

§ 6 (d)

Adjustments in connection with a Non-Equity Security

(1) Consequences of the occurrence of a Potential Adjustment Event

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Trading System relevant for the calculation and determination of the price of the non-equity security used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component (a **"Potential Adjustment Event"**), the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the non-equity security, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or of the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the non-equity security as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the non-equity security shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Termination or replacement of the Non-Equity Security

In the event that the non-equity security is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at the reasonable discretion of the Issuer or, as the case may be, of the Calculation Agent, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the non-equity security used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component shall be applicable in the future (the **"Successor Underlying"** or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the **"Successor Basket Component"**). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent

appropriate, be deemed to refer to the Successor Underlying or, as the case may be, to the Successor Basket Component.

(4) Determination of a Substitute Trading System

If the quotation of or trading in the non-equity security in the Relevant Trading System is permanently discontinued while concurrently a quotation or trading is started up or maintained on another trading system, the Issuer shall be entitled to stipulate such other trading system as the new relevant trading system (the **"Substitute Trading System"**) through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Trading System thereafter shall be deemed to refer to the Substitute Trading System. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component in the Relevant Trading System at the latest.

(5) Corrected Price

In the event that the price of the non-equity security used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Trading System is subsequently corrected and the correction (the **"Corrected Price"**) is published by the Relevant Trading System, after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

Only in case of a commodity as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (e) of these Conditions applies:

§ 6 (e)

Adjustments in connection with a Commodity

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (e) (2)), the Issuer shall be entitled to effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the commodity used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any measure in relation to the commodity, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the trading system, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (e) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The commodity is traded in the Relevant Trading System relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in a different quality, in a different consistency (e.g. with a different degree of purity or a different point of origin) or in a different standard measuring unit.
- (ii) The occurrence of another event or action, due to which the commodity, as traded in the Relevant Trading System]relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, is materially modified.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if

the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the value of the commodity.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (e) (2).

(4) Termination or replacement of the Commodity

In the event that the commodity is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the commodity used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Trading System

If the quotation of or trading in the commodity in the Relevant Trading System is permanently discontinued while concurrently a quotation or trading is started up or maintained on another trading system, the Issuer shall be entitled to stipulate such other trading system as the new relevant trading system (the "**Substitute Trading System**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Trading System thereafter shall be deemed to refer to the Substitute Trading System. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component in the Relevant Trading System, at the latest.

(6) Corrected Price

In the event that the price of the commodity used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Trading System is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Trading System after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under

consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of a **precious metal as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (f) of these Conditions applies:

§ 6 (f)

Adjustments in connection with a Precious Metal

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (f) (2)), the Issuer shall be entitled to effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any measure in relation to the precious metal, which gives reason, or

would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the stock exchange, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (f) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The precious metal is traded on the Relevant Exchange relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in a different quality, in a different consistency (e.g. with a different degree of purity or a different point of origin) or in a different standard measuring unit.
- (ii) The occurrence of another event or action, due to which the precious metal, as traded on the Relevant Exchange relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component, is materially modified.

The provisions set out above shall apply *mutatis mutandis* to any other event or circumstance, which may have an impact on the value of the precious metal and which causes the terms of the Securities to no longer reflect the original commercial terms agreed by the Issuer and the Securityholders or adversely affects the economic basis on which the Issuer issued the Securities.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (f) (2).

(4) Termination or replacement of the Precious Metal

In the event that the precious metal is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, to the Successor Basket Component.

(5) Determination of a Substitute Exchange

If the quotation of or trading in the precious metal on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another exchange, the Issuer shall be entitled to stipulate such other exchange as the new relevant exchange (the **"Substitute Exchange"**) through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component on the Relevant Exchange, at the latest.

(6) Corrected Price

In the event that the price of the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the **"Corrected Price"**) is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of an index as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (g) of these Conditions applies:

§ 6 (g)**Adjustments in connection with an Index****(1) Consequences of the cessation of the Index**

If the Index used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying"

a "Basket" is specified to be applicable, as the Basket Component is ultimately not maintained by the Index Sponsor and not calculated and published by the Index Sponsor or, if in the applicable Product Terms in the definition of "Underlying" a "Index Calculator" is specified to be applicable, by the Index Calculator any longer, the Issuer shall be entitled to replace the Index Sponsor or, as the case may be, the Index Calculator by a person, company or institution, which is acceptable to the Calculation Agent and the Issuer at their reasonable discretion (the "**Successor Index Sponsor**" or, if in the applicable Product Terms in the definition of "Underlying" a "Index Calculator" is specified to be applicable, the "**Successor Index Calculator**").

In such case, the Successor Index Sponsor or, if in the applicable Product Terms in the definition of "Underlying" a "Index Calculator" is specified to be applicable, the Successor Index Calculator will be deemed to be the Index Sponsor or, as the case may be, the Index Calculator and each reference in these Conditions to the Index Sponsor or, as the case may be, the Index Calculator shall be deemed to refer to the Successor Index Sponsor or, as the case may be, the Successor Index Calculator.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the Index or of the composition or of the weighting of the Index components, on which the calculation of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component is based, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the underlying concept and the calculation (including corrections) of the Underlying or of the Basket Component are no longer comparable to the underlying concept or calculation of the Index applicable prior to such change. This applies especially, if due to any change the Index value changes considerably, although the prices and weightings of the components included in the Index remain unchanged. Adjustments may also be made as a result of the termination of the Index and/or its substitution by another underlying.

For the purpose of making any adjustments, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the Index as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the Index shall apply for the first time. The adjusted value per unit of the Underlying or the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Termination or replacement of the Index

In the event that the authorisation of the Issuer or of the Calculation Agent] to use the Index used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component for the purposes of the Securities is terminated or that the Index is terminated and/or replaced by another index, the Issuer and the Calculation Agent shall determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which index shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent

appropriate, be deemed to refer to the Successor Underlying or, as the case may be, to the Successor Basket Component.

(4) Corrected Price

In the event that the price of the Index used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the respective Index Sponsor is subsequently corrected and the correction (the "**Corrected Price**") is published by the Index Sponsor after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(5) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

Only in case of an exchange traded Fund Unit as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (h) of these Conditions applies:

§ 6 (h)

Adjustments in connection with an exchange traded Fund Unit

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (h) (2)) in respect to the exchange traded Fund Unit used as Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component, the Issuer shall be entitled to make any adjustments to any calculation methods, values or terms in respect of the Securities that they determine at their reasonable discretion to be necessary to account for the Potential Adjustment Event.

(2) Occurrence of a Potential Adjustment Event

"Potential Adjustment Event" means any following measure in relation to the Fund Unit:

- (a) Conversion, subdivision, consolidation or reclassification of the Fund Units;
- (b) Payment of distributions, which contradict the standard distribution policy of the Investment Fund in relation to the Fund Units, or
- (c) any other event that may, in the Issuer's and the Calculation Agent's reasonable discretion, have a diluting or concentrative effect on the Fund Units.

(3) Adjustments made by the Relevant Futures and Options Exchange

The Issuer shall be entitled to in particular effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component, traded on the Relevant Futures and Options Exchange (the **"Option Contracts"**) provided that the Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The **"Record Date"** will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(4) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective

of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Security-holders' economic status prior to the measures in terms of § 6 (h) (2).

(5) Consequences of the occurrence of a Replacement Event

If a Replacement Event (§ 6 (h) (6)) in respect of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component occurs or is likely to occur, the Issuer and the Calculation Agent may, if they determine at their reasonable discretion, that such event is material and adversely affects the Fund Unit,

- (i) select an alternative investment fund, which the Issuer and the Calculation Agent determine at their reasonable discretion to have a similar strategy and liquidity (also the "**Successor Underlying**") and/or
- (ii) make any adjustments to any calculation methods, values or terms in respect of the Securities that they determine at their reasonable discretion to be necessary to account for such Replacement Event.

(6) Occurrence of a Replacement Event

"**Replacement Event**" means any of the following:

- (a) The investment strategy or investment objective of an Investment Fund (the "**Strategy**") differs substantially from the Strategy at the Issue Date or the date on which the Underlying was adjusted in accordance with these Conditions, as the case may be, or from the Strategy outlined in the prospectus or other documents prepared in connection with the marketing of the Investment Fund (together the "**Documents**") or from the rules in relation to the Investment Fund.
- (b) The Investment Fund introduces or increases charges or fees payable out of the assets of the Investment Fund or charges a subscription fee or redemption fee.
- (c) The operation or organisation of the Investment Fund (in particular structure, procedures or policies) or the application of such procedures or policies has changed from that at the Issue Date or the date on which the Underlying was adjusted in accordance with these Conditions, as the case may be.
- (d) The Investment Fund or its investment manager is or becomes subject to liquidation, dissolution, discontinuance or execution, or the investment manager indicates that the Strategy will not be met or proposes, recommends or initiates the liquidation, dissolution or discontinuance of the Investment Fund.
- (e) The Investment Fund or its investment manager or any of their employees are placed under review or investigation by any regulatory or other authority or are subject to any charges or prosecution.
- (f) The Investment Fund or its investment manager becomes party to any litigation or dispute.
- (g) Resignation, termination, loss of registration or any other change in respect of the investment manager of the Investment Fund or any change in the personnel of the investment manager or in the service providers to the Investment Fund.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the

economic effects of these events are comparable and may have an impact on the calculational value of the Fund Unit.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying.

(7) Determination of a Substitute Exchange

If the quotation of or trading in the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the **"Substitute Exchange"**) through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Fund Unit used as the Underlying on the Relevant Exchange.

(8) Corrected Price

In the event that the price of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the **"Corrected Price"**) is published by the Relevant Exchange after the original publication, but until the Maturity Date (exclusive), the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(9) Making of Adjustments and Determinations, Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(10) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of a **not exchange traded Fund Unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (i) of these Conditions applies:

§ 6 (i)

Adjustments in connection with a Fund Unit

(1) Consequences of the occurrence of a Potential Adjustment Event

If a Potential Adjustment Event (§ 6 (i) (2)) in respect of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component occurs or is likely to occur, the Issuer and the Calculation Agent may, if they determine at their reasonable discretion, that such event is material and adversely affects the Underlying or, as the case may be, the Basket Component or the calculation of the NAV of the Fund Unit,

- (a) make any adjustments to any calculation methods, values or terms in respect of the Securities that they determine at their reasonable discretion to be necessary to account for such Potential Adjustment Event, and/or
- (b) select, by using reasonable efforts for a period of no longer than five (5) Business Days, one or more suitable alternative funds with reasonably similar investment mandates – subject to the following suitability criteria – (each a **"Replacement Fund"**) and replace the Fund by such fund(s).

The replacement of the Fund by one or more alternative Replacement Funds is only possible provided that all of the following suitability criteria are met:

- (i) The relevant fund management company/ies and fund manager(s) are willing to allow the Replacement Fund to be referenced in the Securities.
- (ii) the Issuer can trade at net asset value or at bid price in the Replacement Fund with no direct or indirect fee, levy or other charge whatsoever, including subscription or redemption penalties applicable, or potentially applicable, to any such trading or any interest so acquired.
- (iii) The fund is constituted as an open-ended investment company incorporated in an OECD country.
- (iv) The Replacement Fund (or a relevant manager) publishes the Replacement Fund's net asset value or bid price on a daily basis.
- (v) The Replacement Fund shall comply with the European directives relating to undertakings for collective investment in transferable securities (UCITS).
- (vi) The Replacement Fund has similar historical volatility as the Fund, as determined by the Calculation Agent at its reasonable discretion.
- (vii) The Issuer is able to fully hedge its position with respect to the Replacement Fund as at the Replacement Fund(s) Selection Date.

In such context, the day the Calculation Agent selects the Replacement Fund(s) is the **"Replacement Fund(s) Selection Date"**.

(2) Occurrence of a Potential Adjustment Event

"Potential Adjustment Event" means any of the following:

- (a) A violation or change of any material terms of the offer documents or other documents prepared in connection with the marketing of the Fund or each of its constitutional documents, which, in the opinion of the Calculation Agent at its reasonable discretion, is material.
- (b) The main investment objective of the Fund changes.
- (c) The currency denomination in which the NAV of the Fund or of the Fund Unit is published (the **"Currency Denomination"**) is changed and now differs from the Currency Denomination at the Fixing Date.
- (d) The NAV, as calculated by or on behalf of the Fund, not being calculated or announced for any scheduled Fund Business Day within the time period when the Calculation Agent would ordinarily expect such NAV to be available.
- (e) Any restriction or limitation or suspension or deferral of, redemptions of or subscription for Fund Units in the Fund affecting the Issuer's Hedging Activities (lit. (k)) (including, but not limited to, the introduction or increase of any associated fee, cost or expense, the introduction or use of restrictions on redemptions, so-called gatings, or the separation of illiquid investments of the Fund, so-called side pockets, or any restructure, reorganisation or action that has a similar impact to a gating or side pocket), or any mandatory redemption of Fund Units of the Fund.
- (f) The regulatory or tax treatment applicable with respect to the Issuer, the Fund, its manager, investment manager or to any of its investment advisors (each a **"Manager"**) is changed.
- (g) Any review or investigation of the activities of the Fund or its Managers, by a relevant regulator, in connection with suspected or alleged wrongdoing or breach of any rule or regulation, or other similar reason, or any disciplinary action taken by such regulator in consequence thereof.
- (h) The Issuer is the beneficial owner of 25 % or more of the Fund Units of the Fund or a relevant class of the Fund.
- (i) Any winding-up, liquidation of, or any termination or any loss of regulatory approval, license or registration of, a Manager, or any merger, de-merger, winding-up or liquidation of or affecting the Fund.
- (j) Any arrangement between the Issuer and the Fund and/or a Manager, including arrangements relating to subscriptions in and redemptions of Fund Units, being changed or terminated.
- (k) The occurrence of any event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, prevents, hinders or materially impairs the Issuer's ability to conduct its hedging activities in relation to its exposure under the Securities (the **"Issuer's Hedging Activities"**).

The provisions set out above shall apply *mutatis mutandis* to any other event or circumstance, which causes the terms of the Securities to no longer reflect the original commercial terms agreed by the Issuer and the Securityholders or adversely affects the economic basis on which the Issuer issued the Securities.

Any reference in these Conditions to the Fund as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, as the Basket Component shall, to the extent appropriate, be deemed to refer to the Replacement Fund.

(3) Corrected Price

In the event that the price of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component as determined and published by the Administrator otherwise on behalf the Fund is subsequently corrected and the correction (the "**Corrected Price**" is published by the Administrator or otherwise on behalf the Fund after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(4) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

Only in case of a futures contract as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (j) of these Conditions applies:

§ 6 (j)

Adjustments in connection with a Futures Contract

(1) Expiration of the Futures Contract

Upon expiration of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, during the Term of the Securities, the futures contract will be replaced on the Roll Over Date by the futures contract with the next Expiration Date as relevant new Underlying or, as the case may be, Basket Component (the "**Current Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Current Basket Component**"), (the "**Roll Over**"). If, at that time, the Issuer determines that there is no futures contract with the next Expiration Date, the terms or contractual characteristics of which match those of the futures contract used as the Underlying or, as the case may be, as the Basket Component to be replaced, paragraph (4) shall apply accordingly.

The Issuer shall be entitled to effect at its reasonable discretion and considering the prices determined for the purpose of the Roll Over on the basis of the price of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component and of the Current Underlying or, as the case may be, the Current Basket Component on the Roll Over Date, adjustments to these Conditions to account for the Roll Over, to the extent as the Issuer considers such adjustment necessary when replacing the expiring future contract by the Current Underlying or, as the case may be, the Current Basket Component. At this, adjustments will be effected so that the economic value of the Securities is affected as less as possible by the Roll Over. The adjustments in the context of a Roll Over pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion and shall be published on the website of the Issuer at www.ubs.com/keyinvest or a successor address. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.

(2) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(3) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the futures contract, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the futures contract as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the futures contract shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(4) Termination or replacement of the Futures Contract

In the event that the futures contract is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at the reasonable discretion of the Issuer or, as the case may be, of the Calculation Agent, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Reference Market

If the quotation of or trading in the futures contract in the Relevant Reference Market is permanently discontinued while concurrently a quotation or trading is started up or maintained on another reference market, the Issuer shall be entitled to stipulate such other reference market as the new relevant reference market (the "**Substitute Reference Market**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Reference Market thereafter shall be deemed to refer to the Substitute Reference Market. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component in the Relevant Reference Market at the latest.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

Only in case of an interest rate as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (k) of these Conditions applies:

§ 6 (k)

Adjustments in connection with the Interest Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the interest rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the interest rate, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the interest rate as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the interest rate shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Determination of a Substitute Reference Market

If the calculation or publication of the interest rate in the Relevant Reference Market is permanently discontinued while concurrently a calculation and publication is started up or maintained on another reference market, the Issuer shall be entitled to stipulate such other reference market as the new relevant reference market (the "**Substitute Reference Market**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Reference Market thereafter shall be deemed to refer to the Substitute Reference Market. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the calculation and publication of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in the Relevant Reference Market at the latest.

(4) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

Only in case of a currency exchange rate as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (l) of these Conditions applies:

§ 6 (l)

Adjustments in connection with a Currency Exchange Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Exchange Market relevant for the calculation and determination of the price of the currency exchange rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to count for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the currency exchange rate or of the composition or of the weighting of the prices or other reference assets, which form the basis of the calculation of the currency exchange rate, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustments, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the currency exchange rate as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the currency exchange rate shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Replacement or Merger

In the event that a currency used in relation to the currency exchange rate is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such currency, replaced by another currency, or merged with another currency to become a common currency, the currency used in connection with the currency exchange rate used as

the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component is, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, for the purposes of these Conditions replaced, if applicable, after having made appropriate adjustments according to the paragraph above, by such replacing or merged currency ([also] the **"Successor Underlying"** or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, **the "Successor Basket Component"**). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, **to** the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Exchange Market

If the quotation of or trading in the currency used in connection with the currency exchange rate on the Relevant Exchange Market is permanently discontinued while concurrently a quotation or trading is started up or maintained on another international foreign exchange market, the Issuer shall be entitled to stipulate such other international foreign exchange market as the new relevant international foreign exchange market (the **"Substitute Exchange Market"**) through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange Market thereafter shall be deemed to refer to the Substitute Exchange Market. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the currency used in connection with the currency exchange rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component on the Relevant Exchange Market, at the latest.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

Only in case of a **reference rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (m) of these Conditions applies:

§ 6 (m)

Adjustments in connection with a Reference Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the reference rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the reference rate, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the reference rate as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the reference rate shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Determination of a Substitute Reference Market

If the calculation or publication of the reference rate in the Relevant Reference Market or, as the case may be, and as specified in the applicable Product Terms, by the Relevant Reference Agent is permanently discontinued while concurrently a calculation and publication is started up or maintained on another reference market or, as the case may be, by another reference agent, the Issuer shall be entitled to stipulate such other reference market or reference agent as the new relevant reference market (the **"Substitute Reference Market"**) or the new relevant reference agent (the **"Substitute Reference Agent"**), as the case may be, through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Reference Market or, as the case may be, the Relevant Reference Agent thereafter shall be deemed to refer to the Substitute Reference Market or the Substitute Reference Agent, as the case may be. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the calculation and publication of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in the

Relevant Reference Market or, as the case may be, by the Relevant Reference Agent at the latest.

(4) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

§ 7

Adjustments due to the European Economic and Monetary Union

(1) Redenomination

Where a country participates in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, the Issuer and the Calculation Agent at their reasonable discretion, shall be entitled to effect the following adjustments to these Conditions:

- (i) Where the Redemption Currency under these Conditions is the national currency unit other than Euro of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such Redemption Currency shall be deemed to be an amount of Euro converted from the original Redemption Currency into Euro at the statutory applicable exchange rate and subject to such statutory applicable rounding provisions.

After the adjustment, all payments in respect of the Securities will be made solely in Euro as though references in the Securities to the Redemption Currency were to Euro.

- (ii) Where these Conditions contain a currency conversion rate or any of these Conditions are expressed in a currency of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such currency conversion rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of a currency conversion rate, converted for or, as the case may be, into, Euro at the statutory applicable exchange rate.
- (iii) The Issuer and the Calculation Agent are entitled to effect adjustments to these Conditions as they may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (iv) The Issuer and the Calculation Agent at their reasonable discretion shall be entitled to effect such adjustments to these Conditions as they may determine to be appropriate to account for the effect of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community on these Conditions.

(2) No liability of the by the Issuer and the Security Agents

The Issuer and the Security Agents (§ 12) shall not be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to, or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.

(3) Publication

The adjustments and determinations of the Issuer pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion or, as the case may be, by the Calculation Agent and shall be published by the Issuer in accordance with § 14 of these Conditions. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.

§ 8

Extraordinary Termination Right of the Issuer

(1) Termination by the Issuer

The Issuer shall in the case of the occurrence of one of the following Termination Events, be entitled to terminate and redeem all but not some of the Securities by giving notice to the Securityholders in accordance with § 14 of these Conditions. Such termination shall become effective at the time of the notice in accordance with § 14 or at the time indicated in the notice (the **"Termination Date"**).

(2) Occurrence of a Termination Event

A **"Termination Event"** means any of the following events:

- (a) The determination and/or publication of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of a Basket Component is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (b) Adjustments pursuant to § 6 (a) – (m) of these Conditions are not possible or not justifiable with regard to the Issuer and/or the Securityholders.
- (c) In the opinion of the Calculation Agent at its reasonable discretion, another material change in the market conditions occurred in relation to the Relevant Exchange, the Relevant Trading System, the Relevant Exchange Market, the Relevant Reference Market or, as the case may be, in relation to the Relevant Reference Agent, as specified to be applicable in the relevant Product Terms.
- (d) The occurrence of any Additional Termination Event as specified to be applicable in the relevant Security Product.
- (e) The occurrence of a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging.

In this context:

"Change in Law" means that due to

- (i) the coming into effect of changes in laws or regulations (including but not limited to tax laws) or
- (ii) a change in relevant case law or administrative practice (including but not limited to the administrative practice of the tax authorities),

at the reasonable discretion of the Issuer

- (i) the holding, acquisition or sale of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of a Basket Component is or becomes wholly or partially illegal or
- (ii) the costs associated with the obligations under the Securities have increased substantially (including but not limited to an increase in tax obligations, the reduction of tax benefits or negative consequences with regard to tax treatment),

if such changes become effective on or after the Issue Date of the Securities.

"Hedging Disruption" means that the Issuer is not able to

- (i) close, continue or carry out transactions or acquire, exchange, hold or sell assets (respectively) which at the reasonable discretion of the Issuer are needed by the Issuer in order to provide protection against price risk or other risks with regard to obligations under the Securities, or
- (ii) realise, reclaim or pass on proceeds from such transactions or assets (respectively)

under conditions which are economically substantially equal to those on the Issue Date of the Securities.

"Increased Cost of Hedging" means that the Issuer has to pay a substantially higher amount of taxes, duties, expenditures and fees (with the exception of broker fees) compared to the Issue Date in order to

- (i) close, continue or carry out transactions or acquire, exchange, hold or sell assets (respectively) which at the reasonable discretion of the Issuer are needed in order to provide protection against price risk or other risks with regard to obligations under the Securities, or
- (ii) realise, reclaim or pass on proceeds from such transactions or assets, respectively,

with increased costs due to a deterioration of the creditworthiness of the Issuer not to be considered Increased Cost of Hedging.

(3) Payment of the Termination Amount

In the case of termination by the Issuer the Issuer shall pay to each Securityholder with respect to each Security it holds, the Termination Amount as specified to be applicable in the relevant Product Terms.

Only in the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Securityholder's Termination Right**" is specified to be applicable, the following § 9 of these Conditions applies:

§ 9

Termination Right of the Securityholder

If any of the following events (each an "**Event of Default**") occurs, any Securityholder may by written notice to the Issuer at the specified office of the Principal Paying Agent declare the Securities held by it to be forthwith due and payable, whereupon the Securityholder Termination Amount as specified in the relevant Product Terms together with accrued interest to the date of payment, if any, shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer:

- (a) there is a default for more than 30 days in the payment of any principal or interest due in respect of the Security; or
- (b) there is a default in the performance by the Issuer of any other obligation under the Securities which is incapable of remedy or which, being a default capable of remedy, continues for 60 days after written notice of such default has been given by any Securityholder to the Issuer; or
- (c) any order shall be made by any competent court or other authority in any jurisdiction or any resolution passed by the Issuer for (a) the dissolution or winding-up of the Issuer, or (b) for the appointment of a liquidator, receiver or administrator of the Issuer or of all or a substantial part of the Issuer's assets, or (c) with analogous effect for the Issuer, it is understood that anything in connection with a solvent reorganisation, reconstruction, amalgamation or merger shall not constitute an event of default; or
- (d) the Issuer shall stop payment or shall be unable to, or shall admit to creditors generally its inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangements with its creditors generally.

§ 10
Taxes

Payments or, if in §§ 1 – 3 of these Conditions a **"Physical Delivery"** applies, delivery of the Physical Underlying in respect of the Securities shall in all cases only be made after deduction and withholding of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected (the **"Taxes"**) under any applicable system of law or in any country which claims fiscal jurisdiction by or for the account of any political subdivision thereof or government agency therein authorised to levy Taxes, to the extent that such deduction or withholding is required by law or administrative practice. The Issuer shall account for the deducted or withheld Taxes with the competent government agencies.

Only in the case that the Securities are linked to an Underlying, the following § 11 of these Conditions applies:

§ 11 Market Disruptions

(1) Consequences of a Market Disruption

- (a) Provided that **the Underlying or a Basket Component, as the case may be, is not an index comprising commodities or precious metals as Components**, where a **"Consideration of Components"** is specified to be applicable, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the following applies:

If, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, a Market Disruption (§ 11) prevails on the Fixing Date or any day in respect of which the Issuer or the Calculation Agent, as the case may be, is in accordance with these Conditions required to determine the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the Basket Component (such date is referred to as the **"Scheduled Determination Date"**), the Scheduled Determination Date,

if in the applicable Product Terms in the definition of "Securities" a **"Individual Determination"** is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component only or, if in the applicable Product Terms in the definition of "Securities" a **"Consideration of Components"** is specified to be applicable, to the affected Component only,

if in the applicable Product Terms in the definition of "Securities" a **"Collective Determination"** is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to all Basket Components or, if in the applicable Product Terms in the definition of "Securities" a **"Consideration of Components"** is specified to be applicable, to all Components,

shall be postponed to the next succeeding Underlying Calculation Date or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the next succeeding Basket Component Calculation Date, on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 14 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.

- (b) **Only in case of an index comprising commodities or precious metals as Components**, where a **"Consideration of Components"** is specified to be applicable, **as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the following applies:

If, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, a Market Disruption (§ 11) prevails on the Fixing Date or any day in respect of which the Issuer or the Calculation Agent, as the case may be, is in accordance with these Conditions required to determine the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the Basket Component (such date is referred to as

the “Scheduled Determination Date”), the Scheduled Determination Date,

if in the applicable Product Terms in the definition of “Securities” a “**Individual Determination**” is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, to the affected Basket Component only,

if in the applicable Product Terms in the definition of “Securities” a “**Collective Determination**” is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, to all Basket Components,

shall be postponed to the next succeeding Underlying Calculation Date or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, to the next succeeding Basket Component Calculation Date, on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 14 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.

With respect to the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, to the Basket Component or, as the case may be, the affected Component such prevailing Market Disruption causes that the Price of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, the Price of the Basket Component shall not be determined by reference to the official closing price of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, to the official closing price of the Basket Component, if any, on the relevant Scheduled Determination Date but shall instead be determined by the Calculation Agent as follows:

- (i) with respect to each Component which is not affected by the Market Disruption, the Price of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, the Price of the Basket Component will be based on the settlement price of such Component on the relevant Scheduled Determination Date;
- (ii) with respect to each Component which is affected by the Market Disruption the Price of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, the Price of the Basket Component will be based on the settlement price of each such Component on the first succeeding Underlying Calculation Date or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, to the next succeeding Basket Component Calculation Date on which no Market Disruption prevails.

(2) Continuance of a Market Disruption

- (a) Provided that **the Underlying or a Basket Component, as the case may be, is not an index comprising commodities or precious metals as Components**, where a “**Consideration of Components**” is specified to be applicable, as specified in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms, the following applies:

If the Scheduled Determination Date has been postponed, due to the provisions of § 11 (1), by eight Underlying Calculation Dates or, if in the applicable Product Terms in the definition of “Underlying” a

"Basket" is specified to be applicable, by eight Basket Component Calculation Dates, and if the Market Disruption continues to prevail on this day, this day shall be the relevant day in respect of which the Issuer or the Calculation Agent, as the case may be, shall make its determination in accordance with these Conditions

if in the applicable Product Terms in the definition of "Securities" a **"Individual Determination"** is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to the affected Component.

if in the applicable Product Terms in the definition of "Securities" a **"Collective Determination"** is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of "Securities" a "Basket" is specified to be applicable, to all Basket Components or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to all Components.

No further postponement shall take place.

The Calculation Agent will then, at its reasonable discretion and taking into account (i) the market conditions then prevailing and (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, estimate the relevant Price of the Underlying or, if in the applicable Product Terms in the definition of "Securities" a "Basket" is specified to be applicable, the relevant Price of the (affected) Basket Component or, if in the applicable Product Terms in the definition of "Underlying" a "Consideration of Components" is specified to be applicable, the relevant price of the affected Component in relation to the postponed Scheduled Determination Date (which for the avoidance of doubt could be zero (0)) on the basis of the latest Prices of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, Prices of the Basket Component or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, prices of the affected Component available to the Issuer or the Calculation Agent, taking into account the economic position of the Securityholders.

If, in the opinion of the Calculation Agent at its reasonable discretion, an estimate in accordance with the preceding sub-paragraph is, for whatsoever reason, not possible, the Issuer and the Calculation Agent will, at their reasonable discretion and taking into account (i) the market conditions then prevailing, (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, (iii) the expenses of the Issuer, if any, caused by the Market Disruption and (iv) taking into account the economic position of the Securityholders, determine whether and in which amount, if applicable, the Issuer will make payment of a redemption amount in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a **"Physical Delivery"** applies, whether and in which number, if any, the Issuer will deliver the Physical Underlying. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

(b) **Only in case of an index comprising commodities or precious metals as Components, where a "Consideration of Components" is specified to be applicable, as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the following applies:**

If the Scheduled Determination Date has been postponed, due to the provisions of § 11 (1), by eight Underlying Calculation Dates or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, by eight Basket Component Calculation Dates, and if the Market Disruption continues to prevail on this day, this day shall be the relevant day in respect of which the Issuer or the Calculation Agent, as the case may be, shall make its determination in accordance with these Conditions

if in the applicable Product Terms in the definition of "Securities" a **"Individual Determination"** is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, to the affected Basket Component.

if in the applicable Product Terms in the definition of "Securities" a **"Collective Determination"** is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of "Underlying" a **"Basket"** is specified to be applicable, to all Basket Components.

No further postponement shall take place.

With respect to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component the Calculation Agent will then, at its reasonable discretion, determine the price of the relevant Component (which for the avoidance of doubt could be zero (0)).

The Calculation Agent will determine the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the (affected) Basket Component with respect to the relevant Scheduled Determination Date by using the prices of the Components determined pursuant to the aforementioned provisions relating to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the (affected) Basket Component in accordance with the formula for and method of calculating the Index applied by the Index Sponsor prior to the occurrence of the Market Disruption.

(3) Occurrence of Market Disruption

A **"Market Disruption"** shall mean

(A) in case of a **share as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the share

- (a) a suspension or a failure of the announcement of the price of the share on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,

- (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the share provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange),
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the share are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the share for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the share.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(B) in case of a **Certificate representing shares as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the certificate representing shares:

- (a) a suspension or a failure of the announcement of the price of the certificate representing shares on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the certificate representing shares provided that a major number

or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange),

- (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the certificate representing shares are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "**Currency Conversion**" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the certificate representing shares for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the certificate representing shares.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(C) in case of a **non-equity security as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the non-equity security

- (a) a suspension or a failure of the announcement of the price of the non-equity security on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the non-equity security, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted

by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or

- (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the non-equity security are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the non-equity security for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the non-equity security.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(D) in case of a **commodity as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the commodity

- (a) a suspension or a failure of the announcement of the price of the commodity on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as

specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or

- (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the commodity, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the commodity are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the commodity for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the commodity.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(E) in case of a **precious metal as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the precious metal

- (a) a suspension or a failure of the announcement of the price of the precious metal on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the precious metal, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the precious metal are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the precious metal for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the precious metal.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(F) in case of an **index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to each of its Components

- (a) a suspension or a failure of the announcement of the price of the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, of the price a Component on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, in the market(s) on/in which the Components are quoted or traded, provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, or by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Index or, as the case may be, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the Components are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, of the stock exchange(s) or of the market(s) on/in which the Components are quoted or traded, (e.g. due to movements in price exceeding limits permitted

by the Relevant Exchange or the Relevant Trading System, as the case may be, or by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.

- (c) The relevant price is a "limit price", which means that the price for the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, the affected Component for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, all Components.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(G) in case of an **index comprising commodities or precious metals as Components**, where a **"Consideration of Components"** is specified to be applicable, **as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the Index comprising commodities or precious metals as Components or to each of its Components:

- (a) a suspension or a failure of the announcement of the price of the Index or, as the case may be, of the price a Component on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or

- (ii) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index, provided that a major number or a major part is concerned, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Index or on the Components are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (whether by movements in price exceeding limits permitted by the Relevant Exchange or otherwise) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for a Component has, at any point during the last fifteen minutes of trading on the Relevant Exchange, increased or decreased from the previous day's closing price by the maximum amount permitted under the applicable rules of the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, the affected Component.
- (4) Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(H) in case of an **exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the **exchange traded** Fund Unit

- (a) a suspension or a failure of the announcement of the price of the Fund Unit on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or

- (ii) on the Relevant Exchange in the Funds Unit, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Trading System), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Fund Unit are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the Fund Unit for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Fund Unit.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(I) in case of a **not exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the **not exchange traded** Fund Unit

- (a) a suspension or a failure of the announcement of the price of the Fund Unit on any day relevant for determining any amounts under these Conditions or
- (b) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
- (c) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Fund Unit.

(J) in case of a **futures contract as the Underlying or a Basket Component, as the case may be**,

as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the futures contract:

- (a) a suspension or a failure of the announcement of the price of the futures contract on any day relevant for determining any amounts under these conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (ii) on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the futures contract, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (iv) due to a directive of an authority or of the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, is located, or due to any other reasons whatsoever.
- (c) a significant change in the method of price determination or in the trading conditions relating to the futures contract on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, (e.g. in terms of the composition, the quantity or the dealing currency).
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the futures contract.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading on the Relevant Reference Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or (ii) the submission deadline for orders entered into the Relevant Reference Market for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(K) in case of an interest rate as the Underlying or a Basket Component, as the case may be, as

specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the interest rate:

- (a) a suspension or a failure of the announcement of the price of the interest rate on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (ii) on the Relevant Reference Market in relation to the interest rate, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (iii) on a futures and options exchange, if option and futures contracts on the interest rate are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Reference Market (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market is located, or due to any other reasons whatsoever.
- (c) a significant change in the trading conditions relating to the interest rate on the Relevant Reference Market (e.g. in terms of the composition, the quantity or the dealing currency).
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the interest rate.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading on the Relevant Reference Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or (ii) the submission deadline for orders entered into the Relevant Reference Market for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(L) in case of a **currency exchange rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the currency exchange rate:

- (a) a suspension or a failure of the announcement of the price of the currency exchange rate on any day relevant for determining any amounts under these Conditions or
- (b) a Relevant Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer's and/or any of its affiliates' ability to acquire, hold, transfer or realise the currency used in connection with the currency exchange rate or otherwise to effect transactions in relation to such currency, or
- (c) the occurrence at any time of an event, which the Issuer and the Calculation Agent determine at their reasonable discretion would have the effect of preventing, restricting or delaying the Issuer and/or any of its affiliates from:
 - (i) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency through customary legal channels or transferring within or from any Relevant Country any of these currencies, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency at a rate at least as favourable as the rate for domestic financial institutions located in any Relevant Country;
 - (iii) delivering the currency used in connection with the currency exchange rate from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the currency used in connection with the currency exchange rate used between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country.
- (d) a limitation, suspension or disruption or a restriction imposed on trading, the latter of which is in the Issuer's and Calculation Agent's opinion significant,
 - (i) in the currency used in connection with the currency exchange rate on the Relevant Exchange Market in general, or
 - (ii) on the Relevant Futures and Options Exchange, if Option Contracts on the currency used in connection with the currency exchange rate are traded there, or
 - (iii) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (iv) due to a directive of an authority or of the Relevant Exchange Market or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange Market is located, or due to any other reasons whatsoever.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Exchange

Market or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(M) in case of a **reference rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the reference rate:

- (a) a suspension or a failure of the announcement of the price of the reference rate on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms), or
 - (ii) on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, in relation to the reference rate, provided that a major number or a major part is concerned (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on a futures and options exchange, if option and futures contracts on the reference rate are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, is located, or due to any other reasons whatsoever.
- (c) a significant change in the method of price determination or in the trading conditions relating to the reference rate on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the reference rate.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days

during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

§ 12
Security Agents

(1) General

The Calculation Agent, the Security Agent, the Paying Agent and, if applicable, the Warrant Agent, each as specified in the applicable Product Terms, (the "**Security Agents**") shall assume the role as Security Agent in accordance with these Conditions.

(2) Vicarious Agent

Each of the Security Agents acts exclusively as vicarious agent of the Issuer and has no obligations to the Securityholder.

Each of the Security Agents is exempt from the restrictions under § 181 of the BGB.

(3) Replacement, Appointment and Revocation

The Issuer is entitled at any time to replace any or all of the Security Agents by another company, to appoint one or several additional Security Agents, and to revoke their appointments. Such replacement, appointment and revocation shall be notified in accordance with § 14 of these Conditions.

(4) Resignation of Security Agents

Each of the Security Agents is entitled to resign at any time from its function upon prior written notice to the Issuer. Such resignation shall only become effective if another company is appointed by the Issuer as Calculation Agent, the Security Agent or as Paying Agent, as the case may be. Resignation and appointment are notified in accordance with § 14 of these Conditions.

§ 13

Substitution of the Issuer

(1) Substitution of the Issuer

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "**Substitute Issuer**") with respect to all obligations under or in connection with the Securities, if

- (i) the Substitute Issuer assumes all obligations of the Issuer under or in connection with the Securities,
- (ii) (A) the Issuer and the Substitute Issuer have obtained all necessary authorisations as well as consents

In case the Securities constitute, as specified in the applicable Product Terms in the definition "Securities", **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**,

in particular, where necessary, of the Clearing System,

and (B) may transfer to the Principal Paying Agent in the Redemption Currency and without being obligated to deduct or withhold taxes or other duties of whatever nature levied by the country, in which the Substitute Issuer or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Securities;

- (iii) the Substitute Issuer has agreed to indemnify and hold harmless each Securityholder against any tax, duty or other governmental charge imposed on such Securityholder in respect of such substitution
- (iv) the Issuer unconditionally and irrevocably guarantees the obligations of the Substitute Issuer.

(2) References

In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Issuer. Furthermore, any reference to the country, in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Issuer.

(3) Publication

The substitution of the Issuer shall be final, binding and conclusive on the Securityholders and will be published to the Securityholders without undue delay in accordance with § 14 of these Conditions.

§ 14 Publications

(1) General

To the extent these Conditions provide for a notice pursuant to this § 14 of these Conditions, these will be published on the website of the Issuer at www.ubs.com/keyinvest and/or the website specified for the purposes in the applicable Final Terms under the heading "Part D – Country Specific Information" and become effective vis-à-vis the Securityholders through such publication unless the notice provides for a later effective date.

If and to the extent that binding provisions of effective law or stock exchange provisions provide for other forms of publication, such publications must be made in addition and as provided for.

Any such notice shall be effective as of the publishing date (or, in the case of several publications as of the date of the first such publication).

(2) Notification to the Clearing System

The Issuer shall, to the extent legally possible, be entitled to effect publications by way of notification to the Clearing System for the purpose of notifying the Securityholders (as set forth in the applicable rules and regulations of the Clearing System), provided that in cases, in which the Securities are listed on a Security Exchange, the regulations of such Security Exchange permit this type of notice. Any such notice shall be deemed as having been effect as of the seventh day after the date of the notification to the Clearing System.

If and so long the Securities are **listed at the SIX**, as specified in the applicable Final Terms under the heading "Listing and Trading",

and so long as the applicable rules so require, all notices concerning the Securities which are subject to reporting obligations of the Issuer towards SIX pursuant to the applicable rules, directives and regulations of SIX shall be submitted to SIX for their further distribution by SIX in accordance with its applicable rules, directives and regulations. The Issuer may publish information which shall be published either in print medias or through Internet Based Listing ("IBL") pursuant to the relevant rules, directives and circulars of SIX in connection with reporting obligations regarding the maintenance of a listing at SIX through IBL on SIX's websites.

§ 15**Issue of further Securities; Purchase of Securities, Cancellation****(1) Issue of further Securities**

The Issuer is entitled at any time to issue, without the consent of the Securityholders, further securities having the same terms and conditions as the Securities so that the same shall be consolidated and form a single series with such Securities, and references to "Security" shall be construed accordingly.

(2) Purchase of Securities

The Issuer and any of its subsidiaries is entitled at any time to purchase, without the consent of the Securityholders, Securities at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Securityholders alike. Such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.

(3) Cancellation of Securities

All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 16

Governing Law; Jurisdiction

(1) Governing Law

The form and content of the Securities as well as all rights and duties arising from the matters provided for in these Conditions shall, subject to § 16 (2) of these Conditions in every respect be governed by, and shall be construed in accordance with, the laws of the Federal Republic of Germany.

In case the Securities are issued as **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**, as specified in the applicable Product Terms under the heading "**Form of the Securities**", the following applies

The legal effects of the registration of the Securities with the Clearing System will be governed by applicable CA Rules and the laws of the jurisdiction, where the Clearing System has its registered seat.

(2) Jurisdiction

The District Court (*Landgericht*) of Frankfurt am Main shall have jurisdiction to settle any proceedings that may arise out of or in connection with any Securities and accordingly any proceedings may be brought in such court. The Issuer irrevocably submits to the jurisdiction of the District Court (*Landgericht*) of Frankfurt am Main and waives any objection to proceedings in such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of Securityholder and shall not affect the right of any Securityholders to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

The Issuer hereby appoints UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany, as its agent in the Federal Republic of Germany to receive service of process in any proceedings under or in connection with the Securities in the Federal Republic of Germany (the "**Agent of Process**"). If, for any reason, such Agent of Process ceases to act as such or no longer has an address in the Federal Republic of Germany, the issuer agrees to appoint a substitute agent of process in the Federal Republic of Germany. Nothing herein shall affect the right to serve the process in any other manner permitted by law.

§ 17

Corrections; Severability

(1) Issuer's right for a Rescission

Obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, including those where the information provided clearly cannot be reconciled with the Issue Price or value-determining factors of the Security, entitle the Issuer for a rescission. Immediate notice of such rescission shall be given in accordance with § 14 of these Conditions as soon as the Issuer has become aware of the relevant error. The publication shall make reference to § 17 of these Conditions and indicate the information in the Conditions affected by the error. The term of the Securities ends with immediate effect as a result of the rescission.

(2) Corrections; Securityholder's Right for Termination

If the Issuer does not make use of its right of rescission, it may correct obvious spelling and calculation errors as well as similar obvious inaccuracies by correcting the Conditions. A correction of the Conditions is to be notified immediately in accordance with § 14 of these Conditions and with reference to this § 17 of these Conditions as soon as the Issuer becomes aware of the error concerned.

In this case, however, each Securityholder is entitled to terminate the Securities held by it prior to the correction of these Conditions taking effect. Such a termination must be made by notifying the Principal Paying Agent in writing within four weeks of the publication of the correction. The termination shall take effect upon receipt by the Issuer of the notice of redemption.

The Issuer determines the content of the correction on the basis of the information that would have been provided if the error had not occurred. The correction must be reasonable for the Securityholders taking into account the economic purpose of the Securities. This is only the case if, as a result of the correction, the economic value of the Securities is adjusted to their Issue Price at the time of issue. The correction takes effect four weeks after the day of notification and the publication must make reference to this four-week deadline and the Securityholders' redemption right.

(3) Compensation

In the event of a challenge by the Issuer in accordance with § 17 (1) of these Conditions or a termination by Securityholders in accordance with § 17 (2) of these Conditions, the affected Securityholders will receive an amount in the Redemption Currency equal to the market price of the Securities on the day, when the rescission or redemption becomes effective; the resulting payment is due on the fifth Business Day after this date.

If a Securityholder proves that the market price is lower than the amount he/she paid to acquire the Securities, less any payments already made by the Issuer, he/she will be entitled to the corresponding amount.

This does not affect the Securityholder's right to claim damages for any loss incurred as a result of negative interest (*Vertrauensschaden*) in accordance with § 122 (1) BGB.

For Securities listed in the regulated market or unregulated market segment at a stock exchange (referred to in the following as "**Listing**") the market price shall be the closing price published by the stock exchange on the relevant date. In the case of multiple stock exchanges this shall be the closing price at the stock exchange where the largest turnover of the Securities took place at last. If a closing price was not published on this date or if a Market Disruption occurred, the provisions of § 11 (2) of these Conditions

shall apply *mutatis mutandis*.

In the case of Securities without a Listing, the market price shall be determined by the Calculation Agent in its reasonable discretion (in accordance with § 317 BGB) and in consultation with an independent expert named by the Calculation Agent.

(4) Abuse of Rights

If the obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, and its correct content, are clearly apparent to an expert investor for the relevant Security, and if the difference between the erroneous and correct content gives rise to a market price of the Security, based on the erroneous content, which is more than 30 % higher at the time of the initial issue of the Securities, the correct content shall apply in place of the erroneous content.

The Issuer may also invoke the unlawful application of an erroneous term against individual Securityholders where this is appropriate to the circumstances of individual cases.

(5) Invalidity in whole or in part

If any of the provisions of these Conditions is or becomes invalid in whole or in part, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision, which, to the extent legally possible, serves the economic purposes of the invalid provision. The same applies to gaps, if any, in these Conditions.

DESCRIPTION OF THE ORIGINAL COLLATERAL OBLIGOR

UBS AG

The following has been taken from the base prospectus of UBS AG dated 17 April 2015 as amended from time to time and is subject to and qualified by such base prospectus.

UBS AG (the “**Original Collateral Obligor**”) with its subsidiaries (together, “**UBS AG Group**” and together with UBS Group AG, the holding company of UBS AG, “**UBS Group**”, or “**Group**” or “**UBS**”) is provides private, institutional and corporate clients worldwide, as well as retail clients in Switzerland with financial advice and solutions while generating returns for shareholders.

UBS Group's strategy centres on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by its Global Asset Management business and its Investment Bank. The operational structure of the UBS Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Global Asset Management and the Investment Bank.

On 31 December 2014 UBS AG (consolidated) common equity tier 1 capital ratio was 14.2% on a fully applied basis and 19.9% on a phase-in basis, invested assets stood at CHF 2,734 billion, equity attributable to UBS AG shareholders was CHF 52,108 million and market capitalization was CHF 63,243 million. On the same date, UBS AG Group employed 60,155 people.

UBS AG has long-term counterparty credit rating of A (negative outlook) from S&P, long-term senior debt rating of A2 (under review for possible downgrade) from Moody's and long-term issuer default rating of A (stable outlook) from Fitch Ratings.

UBS AG was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. The company in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a stock corporation.

According to article 2 of the Articles of Association, the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorised to acquire, mortgage and sell real estate and building rights in Switzerland and abroad.

UBS AG shares are listed on the SIX Swiss Exchange and UBS AG has securities listed on the regulated market of the Stockholm Stock Exchange, amongst other exchanges.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

Information as to the past and future performance of UBS AG may be obtained on Bloomberg page UBSN:SW.

DESCRIPTION OF THE REFERENCE ENTITY

The Bank of China Limited

The following has been taken from the Offering Circular of The Bank of China Limited dated 6 December 2013 and supplemented on 7 May 2014 as amended from time to time and is subject to and qualified by such Offering Circular.

The Bank of China Limited (the “**Bank**”) is one of the four largest commercial banks in the People’s Republic of China (“**PRC**”) in terms of total assets with the most extensive international branch network among PRC commercial banks. The Bank has also been listed by the Financial Stability Board as one of the global systemically important financial institutions since 2011.

The Bank provides a comprehensive range of financial services to customers across mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Bank’s scope of business encompasses three main areas, namely commercial banking, investment banking and insurance. Commercial banking is the Bank’s traditional core business. It includes corporate banking, personal banking and financial market business (mainly treasury operations). The combination of commercial banking, investment banking and insurance businesses has created a universal banking platform that allows the Bank to provide integrated services to its customers.

The Bank was incorporated as a joint stock company in the PRC on 26 August 2004. The Bank is headquartered in Beijing with operations in mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Group’s operating profits were RMB168,128 million, RMB186,767 million and RMB211,685 million for the years ended 31 December 2011, 2012 and 2013, respectively. For the year ended 31 December 2013, the Group’s corporate banking, personal banking, treasury operations and investment banking and insurance lines of business before inter-segment elimination accounted for 48.25 per cent., 29.16 per cent., 16.59 per cent. and 4.17 per cent. of its operating income respectively.

The address of the Bank’s registered office is No. 1 Fuxingmen Nei Dajie, Beijing 100818, People’s Republic of China.

At the date of this Prospectus and as stated on Bloomberg page 3988 HK, the Bank Limited has securities listed on the Shanghai Stock Exchange, Hong Kong Stock Exchange and on the regulated market of the Dusseldorf Stock Exchange, amongst other exchanges. Information as to the past and future performance of the Bank may be obtained on Bloomberg page 3988 HK.

DESCRIPTION OF THE REFERENCE OBLIGATION

The Reference Obligation with respect to the Credit Default Swap Transaction shall be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA. Where there is no such Standard Reference Obligation, the Reference Obligation shall be USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by The Bank of China Limited (ISIN: XS1016655349) to but excluding the first date of publication of such Standard Reference Obligation, subject to the terms of the Credit Default Swap Transaction.

LUXEMBOURG TAXATION

The following summary is of a general nature only. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Taxation of the Issuer

The Company will be considered a fiscal resident of Luxembourg from a Luxembourg tax law perspective and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Company will be liable for Luxembourg corporation taxes. The standard applicable rate in Luxembourg city, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is currently 29.22 per cent. Liability for such corporation taxes extends to the Company's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Company is computed by application of all rules of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities.

Under certain conditions, dividends received by the Company from qualifying participations and capital gains realised by the Company on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption. The Company may further deduct from its taxable profits interest payments made to Noteholders.

A fixed registration duty (*droit fixe spécifique d'enregistrement*) of EUR75 is payable at the moment of the amendment of the Articles. The transfer or sale of securities of the Issuer or the Company (as appropriate) will not be subject to Luxembourg registration or stamp duty.

The Company will be exempt from wealth tax (*impôt sur la fortune*).

Taxation of the Noteholders

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders or so-called residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders or so-called residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") with effect as from 1 January 2015. Payments of interest or repayments of principal by Luxembourg paying agents to non resident individual Noteholders or to certain entities are thus no longer subject to any Luxembourg withholding tax.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 10 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

Income Taxation

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

A Noteholder who is a resident of Luxembourg for tax purposes or a foreign Noteholder who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on, or any other income derived from, the Notes. An individual Luxembourg resident Noteholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest or any other income received, except if withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realised by an individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Notes. An individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid interest in respect of the Notes in his taxable income, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual Noteholder has opted for the application of a 10 per cent. tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a member state of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Savings Directive.

The withholding tax or self-applied tax are the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth.

Gains realised by a corporate Noteholder or by an individual Noteholder, who acts in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal, in any form whatsoever, of Notes are subject to Luxembourg income tax.

A Luxembourg Noteholder that is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, will not be subject to any Luxembourg income tax in respect of interest received or accrued on the Notes, or on gains realised on the sale or disposal, in any form whatsoever, of Notes.

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Gains realised by a non-resident Noteholder, who does not have a permanent establishment or fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal of Notes are not subject to Luxembourg income tax.

Wealth tax

A corporate Noteholder, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the Noteholder is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on Notes.

Other Taxes

Under present Luxembourg tax law, in the case where a Noteholder is a resident for inheritance tax purposes of Luxembourg at the time of his death, the Notes are included in his taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of Notes, if the gift is recorded in a Luxembourg deed.

SWEDISH TAXATION

The following summary outlines certain Swedish tax consequences relating to holders of Notes that are considered to be Swedish residents for Swedish tax purposes. The summary is based on the laws of Sweden as effect as at the date of this Prospectus. The summary does not constitute tax or legal advice but is intended to provide general information only. The summary does for example not address situations where Notes are held in an investment savings account (Sw. investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.

Swedish tax residents

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. life insurance companies. Further, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes.

If amounts that are considered to be interest for Swedish tax purposes are paid by Euroclear Sweden AB or by another legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by Euroclear Sweden AB or the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on securities and receivables (but not capital gains), if the return is paid out together with such a payment of interest referred to above. Swedish preliminary taxes are withheld at 30 per cent. less any foreign withholding tax.

IRISH TAXATION

The following is a summary based on the laws and practices currently in force in Ireland of Irish withholding tax on interest and addresses the tax position of investors who are the absolute beneficial owners of the Notes. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes may be treated as having an Irish source if:

- (a) the Issuer is resident in Ireland for tax purposes; or
- (b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- (c) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; and (iii) bearer Notes will not be physically located in Ireland and the Issuer will not maintain a register of any registered Notes in Ireland.

Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) on any interest, dividends or annual payments paid on the Notes issued by a company not resident in Ireland, where such interest, dividends or annual payments are collected or realised by a bank or encashment agent in Ireland for payment to any holder of the Notes who is Irish resident.

Encashment tax does not apply where the holder of the Notes is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

European Union Directive on Taxation of Savings Income

Ireland has implemented the EC Council Directive 2003/48/EC (the “**Savings Directive**”) on the taxation of savings income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Noteholder (including the Noteholder’s name and address) to the Irish Revenue Commissioners who in turn are obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

Prospective holders of Notes should note that an amended version of the Savings Directive was adopted by the European Council on 24 March 2014, which is intended to close loopholes identified in the current Savings Directive. The amendments, which must be transposed by Member States prior to 1 January 2016 and which will apply from 1 January 2017, will extend the scope of the Savings Directive to (i) payments

made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) and in the Dealer Agreement, the Dealer will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the Kingdom of Sweden from the time the Prospectus has been approved by the Central Bank of Ireland, being the competent authority in Ireland, and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden until 22 June 2015, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

Ireland

Each of Credit Suisse International as Dealer and Garantum Fondkommission AB as Distributor has represented and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 1963 – 2013 (as amended) of Ireland (as amended), the Central Bank Acts 1942 - 2012 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

Sweden

Each of the Issuer, Credit Suisse International as Dealer and Garantum Fondkommission AB as Distributor and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (Sw. lag (1991:980) om handel med finansiella instrument), as amended from time to time.

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