

Appendix 1

EMIR Margin Rules for Uncleared OTC Derivatives Implementation and Proposed Implementation

Date	EMIR Margin Rules for Uncleared OTC Derivatives Implementation and Proposed Implementation
15 December 2016	EMIR regulatory technical standard for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty (“EMIR Uncleared Margin RTS”) published in the Official Journal of the European Union
4 January 2017	EMIR Uncleared Margin RTS came into force
4 February 2017	Phase 1: VM and IM obligations started for parties whose group average aggregate notional amount (“AANA”) exceeds EUR 3 trillion of uncleared OTC derivatives
1 March 2017	Phase 2 VM: VM obligations started for all other in-scope entities trading uncleared OTC derivatives
4 July 2017	IM and VM obligations started for intragroup uncleared OTC derivative transactions
1 September 2017	Phase 2 IM: IM obligations started for parties whose group AANA exceeds EUR 2.25 trillion of uncleared OTC derivatives
3 January 2018	Physically settled FX forwards in scope for VM obligations (temporary exemption expires). This is currently under review at the time of writing (January 2018) and is expected to be revised.
1 September 2018	Phase 3 IM: IM obligations start for parties whose group AANA exceeds EUR 1.5 trillion of uncleared OTC derivatives

1 September 2019	<u>Phase 4 IM:</u> IM obligations start for parties whose group AANA exceeds EUR 0.75 trillion of uncleared OTC derivatives
4 January 2020	Single stock equity options and index options in scope for VM and IM obligations (temporary exemption expires)
1 September 2020	<u>Phase 5 IM:</u> IM obligations start for parties whose group AANA exceeds EUR 8 billion of uncleared OTC derivatives

Appendix 2

**2016 ISDA® Credit Support Annex
For Variation Margin under English
Law**

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International Swaps and Derivatives Association, Inc.

2016 CREDIT SUPPORT ANNEX FOR VARIATION MARGIN (VM)

dated as of

to the Schedule to the

ISDA Master Agreement

dated as of

between

..... and

("Party A")

("Party B")

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

Paragraph 1. Interpretation

- (a) **Definitions and Inconsistency.** Capitalised terms not otherwise defined in this Annex or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 10, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 11 and the other provisions of this Annex, Paragraph 11 will

¹ This document is not intended to create a charge or other security interest over the assets transferred under its terms. Persons intending to establish a collateral arrangement based on the creation of a charge or other security interest should consider using the ISDA Credit Support Deed (English law) or the ISDA Credit Support Annex (New York law), as appropriate.

² This Credit Support Annex has been prepared for use with ISDA Master Agreements subject to English law. Users should consult their legal advisers as to the proper use and effect of this form and the arrangements it contemplates. In particular, users should consult their legal advisers if they wish to have the Credit Support Annex made subject to a governing law other than English law or to have the Credit Support Annex subject to a different governing law than that governing the rest of the ISDA Master Agreement (e.g., English law for the Credit Support Annex and New York law for the rest of the ISDA Master Agreement).

prevail. For the avoidance of doubt, references to "transfer" in this Annex mean, in relation to cash, payment and, in relation to other assets, delivery.

- (b) **Scope of this Annex and the Other CSA.** The only Transactions which will be relevant for the purposes of determining "Exposure" under this Annex will be the Covered Transactions specified in Paragraph 11. Each Other CSA, if any, is hereby amended such that the Transactions that will be relevant for purposes of determining "Exposure" thereunder, if any, will exclude the Covered Transactions and the Transaction constituted by this Annex. Except as provided in Paragraph 9(h), nothing in this Annex will affect the rights and obligations, if any, of either party with respect to "independent amounts" or initial margin under each Other CSA, if any, with respect to Transactions that are Covered Transactions.

Paragraph 2. Credit Support Obligations

- (a) **Delivery Amount (VM).** Subject to Paragraphs 3 and 4, upon a demand made by the Transferee on or promptly following a Valuation Date, if the Delivery Amount (VM) for that Valuation Date equals or exceeds the Transferor's Minimum Transfer Amount, then the Transferor will transfer to the Transferee Eligible Credit Support (VM) having a Value as of the date of transfer at least equal to the applicable Delivery Amount (VM) (rounded pursuant to Paragraph 11(c)(vi)(B)). Unless otherwise specified in Paragraph 11(c), the "**Delivery Amount (VM)**" applicable to the Transferor for any Valuation Date will equal the amount by which:

- (i) the Transferee's Exposure

exceeds

- (ii) the Value as of that Valuation Date of the Transferor's Credit Support Balance (VM) (adjusted to include any prior Delivery Amount (VM) and to exclude any prior Return Amount (VM) , the transfer of which, in either case, has not yet been completed and for which the relevant Regular Settlement Day falls on or after such Valuation Date).

- (b) **Return Amount (VM).** Subject to Paragraphs 3 and 4, upon a demand made by the Transferor on or promptly following a Valuation Date, if the Return Amount (VM) for that Valuation Date equals or exceeds the Transferee's Minimum Transfer Amount, then the Transferee will transfer to the Transferor Equivalent Credit Support (VM) specified by the Transferor in that demand having a Value as of the date of transfer as close as practicable to the applicable Return Amount (VM) (rounded pursuant to Paragraph 11(c)(vi)(B)) and the Credit Support Balance (VM) will, upon such transfer, be reduced accordingly. Unless otherwise specified in Paragraph 11(c)(i)(B), the "**Return Amount (VM)**" applicable to the Transferee for any Valuation Date will equal the amount by which:

- (i) the Value as of that Valuation Date of the Transferor's Credit Support Balance (VM) (adjusted to include any prior Delivery Amount (VM) and to exclude any prior Return Amount (VM), the transfer of which, in either case, has not yet been completed and for which the relevant Regular Settlement Day falls on or after such Valuation Date)

exceeds

- (ii) the Transferee's Exposure.

Paragraph 3. Transfers, Calculations and Exchanges

- (a) **Transfers.** All transfers under this Annex of any Eligible Credit Support (VM), Equivalent Credit Support (VM), Interest Payment (VM) or Equivalent Distributions will be made in accordance with the instructions of the Transferee or Transferor, as applicable, and will be made:
- (i) in the case of cash, by transfer into one or more bank accounts specified by the recipient;
 - (ii) in the case of certificated securities which cannot or which the parties have agreed will not be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of the transferring party's legal and beneficial title to the recipient; and
 - (iii) in the case of securities which the parties have agreed will be delivered by book-entry, by causing the relevant depository institution(s) or other securities intermediaries to make changes to their books and records sufficient to result in a legally effective transfer of the transferring party's legal and beneficial title to the recipient or its agent.

Subject to Paragraph 4, and unless otherwise specified in Paragraph 11, if a demand for the transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM) is received by the Notification Time, then the relevant transfer will be made not later than the close of business on the Regular Settlement Day relating to the date such demand is received; if a demand is received after the Notification Time, then the relevant transfer will be made not later than the close of business on the Regular Settlement Day relating to the day after the date such demand is received.

- (b) **Calculations.** All calculations of Value and Exposure for purposes of Paragraph 2 and Paragraph 4(a) will be made by the relevant Valuation Agent as of the relevant Valuation Time, *provided* that, the Valuation Agent may use, in the case of any calculation of (i) Value, Values most recently reasonably available for close of business in the relevant market for the relevant Eligible Credit Support (VM) as of the Valuation Time and (ii) Exposure, relevant information or data most recently reasonably available for close of business in the relevant market(s) as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or, in the case of Paragraph 4(a), following the date of calculation).
- (c) **Exchanges.**
- (i) Unless otherwise specified in Paragraph 11, the Transferor may on any Local Business Day by notice inform the Transferee that it wishes to transfer to the Transferee Eligible Credit Support (VM) specified in that notice (the "**New Credit Support (VM)**") in exchange for certain Eligible Credit Support (VM) (the "**Original Credit Support (VM)**") specified in that notice comprised in the Transferor's Credit Support Balance (VM).
 - (ii) If the Transferee notifies the Transferor that it has consented to the proposed exchange, (A) the Transferor will be obliged to transfer the New Credit Support (VM) to the Transferee on the first Settlement Day following the date on which it receives notice (which may be oral telephonic notice) from the Transferee of its consent and (B) the Transferee will be obliged to transfer to the Transferor Equivalent Credit Support (VM) in respect of the Original Credit Support (VM) not later than the Settlement Day following the date on which the Transferee receives the New Credit Support (VM), unless otherwise specified in Paragraph 11(e) (the "**Exchange Date**"); *provided* that the Transferee will only be obliged to transfer Equivalent Credit Support (VM) with a Value as of the date of transfer as close as practicable to, but in any event not more than, the Value of the New Credit Support (VM) as of that date.

Paragraph 4. Dispute Resolution

(a) **Disputed Calculations or Valuations.** If a party (a "**Disputing Party**") reasonably disputes (I) the Valuation Agent's calculation of a Delivery Amount (VM) or a Return Amount (VM) or (II) the Value of any transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM), then:

- (1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the date that the transfer is due in respect of such Delivery Amount (VM) or Return Amount (VM) in the case of (I) above, or, in the case of (II) above, the Local Business Day following the date of transfer;
- (2) in the case of (I) above, the appropriate party will transfer the undisputed amount to the other party not later than the close of business on the date that the transfer is due in respect of such Delivery Amount (VM) or Return Amount (VM);
- (3) the parties will consult with each other in an attempt to resolve the dispute; and
- (4) if they fail to resolve the dispute by the Resolution Time, then:
 - (i) in the case of a dispute involving a Delivery Amount (VM) or Return Amount (VM), unless otherwise specified in Paragraph 11, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilising any calculations of that part of the Exposure attributable to the Covered Transactions that the parties have agreed are not in dispute;

(B) (I) if this Agreement is a 1992 ISDA Master Agreement, calculating the Exposure for the Covered Transactions in dispute by seeking four actual quotations at midmarket from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained, or (II) if this Agreement is an ISDA 2002 Master Agreement or a 1992 ISDA Master Agreement in which the definition of Loss and/or Market Quotation has been amended (including where such amendment has occurred pursuant to the terms of a separate agreement or protocol) to reflect the definition of Close-out Amount from the pre-printed form of the ISDA 2002 Master Agreement as published by ISDA, calculating that part of the Exposure attributable to the Covered Transactions in dispute by seeking four actual quotations at mid-market from third parties for purposes of calculating the relevant Close-out Amount, and taking the arithmetic average of those obtained; *provided* that, in either case, if four quotations are not available for a particular Covered Transaction, then fewer than four quotations may be used for that Covered Transaction, and if no quotations are available for a particular Covered Transaction, then the Valuation Agent's original calculations will be used for the Covered Transaction; and

(C) utilising the procedures specified in Paragraph 11(f)(ii) for calculating the Value, if disputed, of the outstanding Credit Support Balance (VM);

- (ii) in the case of a dispute involving the Value of any transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM), the Valuation Agent will recalculate the Value as of the date of transfer pursuant to Paragraph 11(f)(ii).

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) as soon as possible but in any event not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following such notice given by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraph 3(a), make the appropriate transfer.

(b) **No Event of Default.** The failure by a party to make a transfer of any amount which is the subject of a dispute to which Paragraph 4(a) applies will not constitute an Event of Default for as long as

the procedures set out in this Paragraph 4 are being carried out. For the avoidance of doubt, upon completion of those procedures, Section 5(a)(i) of this Agreement will apply to any failure by a party to make a transfer required under the final sentence of Paragraph 4(a) on the relevant due date.

Paragraph 5. Transfer of Title, No Security Interest, Distributions and Interest Amount (VM)

- (a) **Transfer of Title.** Each party agrees that all right, title and interest in and to any Eligible Credit Support (VM), Equivalent Credit Support (VM), Equivalent Distributions or Interest Payment (VM) which it transfers to the other party under the terms of this Annex will vest in the recipient free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance system).
- (b) **No Security Interest.** Nothing in this Annex is intended to create or does create in favour of either party any mortgage, charge, lien, pledge, encumbrance or other security interest in any cash or other property transferred by one party to the other party under the terms of this Annex.
- (c) **Distributions and Interest Amount.**
- (i) **Distributions.** The Transferee will transfer to the Transferor not later than the Settlement Day following each Distributions Date cash, securities or other property of the same type, nominal value, description and amount as the relevant Distributions ("**Equivalent Distributions**") to the extent that a Delivery Amount (VM) would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).
- (ii) **Interest Payment (VM).** Unless otherwise specified in Paragraph 11(g)(iv):
- (A) if "Interest Transfer" is specified as applicable in Paragraph 11(g)(ii), the Interest Payer (VM) will transfer to the Interest Payee (VM), at the times specified in Paragraph 11(g)(ii) and on any Early Termination Date referred to in Paragraph 6, the relevant Interest Payment (VM), *provided* that if "Interest Payment Netting" is specified as applicable in Paragraph 11(g)(ii):
- (I) if the Interest Payer (VM) is entitled to demand a Delivery Amount (VM) or Return Amount (VM) in respect of the date such Interest Payment (VM) is required to be transferred:
- (a) such Delivery Amount (VM) or Return Amount (VM) will be reduced (but not below zero) by the Interest Payment (VM), *provided* that, in case of such Return Amount (VM), if the amount in the Credit Support Balance (VM) which is comprised of cash in the Base Currency is less than such Interest Payment (VM), such reduction will only be to the extent of the amount of such cash comprised in the Credit Support Balance (VM) (the "**Eligible Return Amount (VM)**"); and
- (b) the Interest Payer (VM) will transfer to the Interest Payee (VM) the amount of the excess, if any, of such Interest Payment (VM) over such Delivery Amount (VM) or Eligible Return Amount (VM), as applicable;
- (II) if under Paragraph 5(c)(ii)(A)(I)(a) a Delivery Amount (VM) is reduced (the amount of such reduction, the "**Delivery Amount Reduction (VM)**") or a Return

Amount (VM) is reduced (the amount of such reduction, the "**Return Amount Reduction (VM)**"), then for purposes of calculating the Credit Support Balance (VM) only, the Transferee will be deemed to have received an amount in cash in the Base Currency equal to any Delivery Amount Reduction (VM) and will be deemed to have transferred an amount in cash in the Base Currency equal to any Return Amount Reduction (VM), as applicable, in each case on the day on which the relevant Interest Payment (VM) was due to be transferred; and

(B) if "Interest Adjustment" is specified as applicable in Paragraph 11(g)(ii), the Credit Support Balance (VM) will be adjusted by the Transferee, at the times specified in Paragraph 11(g)(ii) and on any Early Termination Date referred to in Paragraph 6 as follows:

- (I) if the Interest Amount (VM) for an Interest Period is a positive number, the Interest Amount (VM) will constitute an addition of an amount of cash in the Base Currency comprised in the Credit Support Balance (VM); and
- (II) if the Interest Amount (VM) for an Interest Period is a negative number, the Interest Amount (VM) will constitute a reduction to the amount of cash in the Base Currency comprised in the Credit Support Balance (VM) in an amount (such amount, the "**Interest Adjustment Reduction Amount (VM)**") equal to the absolute value of the Interest Amount (VM); *provided* that if the amount in the Credit Support Balance (VM) which is comprised of cash in the Base Currency is less than the Interest Adjustment Reduction Amount (VM), such reduction will only be to the extent of the amount of such cash comprised in the Credit Support Balance (VM) and the Transferor will be obliged to transfer the remainder of the Interest Adjustment Reduction Amount (VM) to the Transferee on the day that such reduction occurred.

Paragraph 6. Default

If an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to a party, an amount equal to the Value of the Credit Support Balance (VM), determined as though the Early Termination Date were a Valuation Date, will be deemed to be an Unpaid Amount due to the Transferor (which may or may not be the Defaulting Party) for purposes of Section 6(e). For the avoidance of doubt (a) any Market Quotation determined under Section 6(e) in relation to the Transaction constituted by this Annex will be deemed to be zero, (b) any Loss determined under Section 6(e) in relation to the Transaction constituted by this Annex will be limited to the Unpaid Amount representing the Value of the relevant Credit Support Balance (VM) and any unsatisfied obligations with respect to the transfer of an Interest Payment (VM); (c) any Close-out Amount determined under Section 6(e) in relation to the Transaction constituted by this Annex will be deemed to be zero; and (d) no Unpaid Amount will be determined with respect to an unsatisfied obligation under Paragraph 2 and Paragraph 3(c).

Paragraph 7. Representation

Each party represents to the other party (which representation will be deemed to be repeated as of each date on which it transfers Eligible Credit Support (VM), Equivalent Credit Support (VM) or Equivalent Distributions) that it is the sole owner of or otherwise has the right to transfer all Eligible Credit Support (VM), Equivalent Credit Support (VM) or Equivalent Distributions it transfers to the other party under this Annex, free and clear of any security interest, lien, encumbrance or other restriction (other than a lien routinely imposed on all securities in a relevant clearance system).

Paragraph 8. Expenses

Each party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Annex) in connection with performing its obligations under this Annex, and neither party will be liable for any such costs and expenses incurred by the other party.

Paragraph 9. Miscellaneous

- (a) **Default Interest.** Other than in the case of an amount which is the subject of a dispute under Paragraph 4, if a Transferee fails to make, when due, any transfer of Equivalent Credit Support (VM) or Equivalent Distributions, it will be obliged to pay the Transferor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value on the relevant Valuation Date of the items of property that were required to be transferred, from (and including) the date that the Equivalent Credit Support (VM) or Equivalent Distributions were required to be transferred to (but excluding) the date of transfer of the Equivalent Credit Support (VM) or Equivalent Distributions. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed. Other than in the case of an amount which is the subject of a dispute under Paragraph 4, if an Interest Payer (VM) fails to make, when due, any transfer of an Interest Payment (VM), it will be obliged to pay the Interest Payee (VM) (to the extent permitted under applicable law) an amount equal to interest at the Default Rate (and for such purposes, if the Default Rate is less than zero, it will be deemed to be zero) multiplied by that Interest Payment (VM), from (and including) the date that Interest Payment (VM) was required to be transferred to (but excluding) the date of transfer of that Interest Payment (VM). This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.
- (b) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.
- (c) **Demands and Notices.** All demands and notices given by a party under this Annex will be given as specified in Section 12 of this Agreement.
- (d) **Specifications of Certain Matters.** Anything referred to in this Annex as being specified in Paragraph 11 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.
- (e) **Legally Ineligible Credit Support (VM).**

Unless otherwise specified in Paragraph 11, upon delivery of a Legal Ineligibility Notice by a party, each item of Eligible Credit Support (VM) (or a specified amount of such item) identified in such notice (i) will cease to be Eligible Credit Support (VM) for purposes of transfers to such party as the Transferee hereunder as of the applicable Transfer Ineligibility Date, (ii) will cease to be Eligible Credit Support (VM) for the other party as the Transferor for all purposes hereunder (other than for the purposes of the definitions of Credit Support Balance (VM) and Equivalent Credit Support (VM)) as of the Total Ineligibility Date and (iii) will have a Value of zero on and from the Total Ineligibility Date, other than for the purposes of Paragraph 6.

"Legal Ineligibility Notice" means a written notice from the Transferee to the Transferor in which the Transferee (i) represents that the Transferee has determined that one or more items of Eligible Credit Support (VM) (or a specified amount of any such item) either has ceased to satisfy, or as of a specified date will cease to satisfy, collateral eligibility requirements under law applicable to the Transferee requiring the collection of variation margin (the **"Legal Eligibility Requirements"**), (ii) lists the item(s) of Eligible Credit Support (VM) (and, if applicable, the specified amount of such

item) that have ceased to satisfy, or as of a specified date will cease to satisfy, the Legal Eligibility Requirements, (iii) describes the reason(s) why such item(s) of Eligible Credit Support (VM) (or the specified amount thereof) have ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements and (iv) specifies the Total Ineligibility Date and, if different, the Transfer Ineligibility Date.

"Total Ineligibility Date" means the date on which the relevant item of Eligible Credit Support (VM) (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements applicable to the Transferee for all purposes hereunder, *provided* that, unless otherwise specified in Paragraph 11, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Total Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

"Transfer Ineligibility Date" means the date on which the relevant item of Eligible Credit Support (VM) (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements for purposes of transfers to the Transferee hereunder, *provided* that, unless otherwise specified in Paragraph 11, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Transfer Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

- (f) **Return of Equivalent Credit Support (VM).** The Transferee will, promptly upon demand (but in no event later than the time at which a transfer would be due under Paragraph 3(a) with respect to a demand for the transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM)), transfer to the Transferor Equivalent Credit Support (VM) in respect of any item comprised in the Credit Support Balance (VM) (or the specified amount of such item) that as of the date of such demand has a Value of zero; *provided* that the Transferee will only be obligated to transfer any Equivalent Credit Support (VM) in accordance with this Paragraph 9(f), if, as of the date of transfer of such item, the Transferor has satisfied all of its transfer obligations under this Annex, if any.
- (g) **Reinstatement of Credit Support Eligibility .** Upon a reasonable request by the Transferor, the Transferee will determine whether an item (or a specified amount of such item) of Eligible Credit Support (VM) that was the subject of a prior Legal Ineligibility Notice would currently satisfy the Legal Eligibility Requirements applicable to the Transferee. If the Transferee determines that as of such date of determination such item (or specified amount of such item) satisfies the Legal Eligibility Requirements applicable to the Transferee, the Transferee will promptly following such determination rescind the relevant Legal Ineligibility Notice with respect to such item (or specified amount of such item) by written notice to the Transferor. Upon the delivery of such notice, the relevant item (or specified amount of such item) will constitute Eligible Credit Support (VM) hereunder.
- (h) **Credit Support Offsets.** If the parties specify that "Credit Support Offsets" is applicable in Paragraph 11 and on any date:
 - (i) a transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM) is due under this Annex to satisfy a Delivery Amount (VM) or a Return Amount (VM) obligation, and a transfer of credit support (other than any Other CSA Excluded Credit Support) is also due under any Other CSA;
 - (ii) the parties have notified each other of the credit support that they intend to transfer under this Annex and transfer under such Other CSA (other than any Other CSA Excluded Credit Support) to satisfy their respective obligations; and

- (iii) in respect of Paragraph 9(h)(ii), each party intends to transfer one or more types of credit support that is fully fungible with one or more types of credit support the other party intends to transfer (each such credit support, a "**Fungible Credit Support Type**"),

then, on such date and in respect of each such Fungible Credit Support Type, each party's obligation to make a transfer of any such Fungible Credit Support Type hereunder or under such Other CSA will be automatically satisfied and discharged and, if the aggregate amount that would have otherwise been transferred by one party exceeds the aggregate amount that would have otherwise been transferred by the other party, replaced by an obligation hereunder or under such Other CSA, as applicable, upon the party by which the larger aggregate amount would have been transferred to transfer to the other party the excess of the larger aggregate amount over the smaller aggregate amount. If a party's obligation to make a transfer of credit support under this Annex or an Other CSA is automatically satisfied and discharged pursuant to this Paragraph 9(h), then for purposes of this Annex or the Other CSA, as applicable, the other party will be deemed to have received credit support of the applicable Fungible Credit Support Type in the amount that would otherwise have been required to be transferred, in each case on the day on which the relevant transfer was due.

Paragraph 10. Definitions

As used in this Annex:

"Base Currency" means the currency specified as such in Paragraph 11(a)(i).

"Base Currency Equivalent" means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the **"Other Currency"**), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate on such Valuation Date as determined by the Valuation Agent.

"Covered Transaction" has the meaning specified in Paragraph 11(b).

"Credit Support Balance (VM)" means, with respect to a Transferor on a Valuation Date, the aggregate of all Eligible Credit Support (VM) that has been transferred to or received by the Transferee under this Annex, together with any Distributions and all proceeds of any such Eligible Credit Support (VM) or Distributions, as reduced pursuant to Paragraph 2(b), 3(c)(ii) or 6 and as adjusted pursuant to Paragraph 5(c)(ii). Any Equivalent Distributions (or portion thereof) not transferred pursuant to Paragraph 5(c)(i) will form part of the Credit Support Balance (VM).

"Credit Support Eligibility Condition (VM)" means, with respect to any item specified for a party as Eligible Credit Support (VM) in Paragraph 11(c)(ii), any condition specified for that item in Paragraph 11(c)(iv).

"Delivery Amount (VM)" has the meaning specified in Paragraph 2(a).

"Delivery Amount Reduction (VM)" has the meaning specified in Paragraph 5(c)(ii)(A)(II).

"Disputing Party" has the meaning specified in Paragraph 4.

"Distributions" means, with respect to any Eligible Credit Support (VM) comprised in the Credit Support Balance (VM) consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support (VM) would be entitled from time to time.

"Distributions Date" means, with respect to any Eligible Credit Support (VM) comprised in the Credit Support Balance (VM) other than cash, each date on which a holder of such Eligible Credit Support (VM) is entitled to receive Distributions or, if that date is not a Local Business Day, the next following Local Business Day.

"Eligible Credit Support (VM)" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 11(c)(ii) including, in relation to any securities, if applicable, the proceeds of any redemption in whole or in part of such securities by the relevant issuer.

"Eligible Currency" means each currency specified as such in Paragraph 11(a)(ii), if such currency is freely available.

"Eligible Return Amount (VM)" has the meaning specified in Paragraph 5(c)(ii)(A)(I)(a).

"Equivalent Credit Support (VM)" means, in relation to any Eligible Credit Support (VM) comprised in the Credit Support Balance (VM), Eligible Credit Support (VM) of the same type, nominal value, description and amount as that Eligible Credit Support (VM).

"Equivalent Distributions" has the meaning specified in Paragraph 5(c)(i).

"Exchange Date" has the meaning specified in Paragraph 11(e).

"Exposure" means , unless otherwise specified in Paragraph 11 for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 4 in the case of a dispute:

(i) if this Agreement is a 1992 ISDA Master Agreement, the amount, if any, that would be payable to that party by the other party (expressed as a positive number) or by that party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) of this Agreement if all Covered Transactions (other than the Transaction constituted by this Annex) were being terminated as of the relevant Valuation Time on the basis that (A) that party is not the Affected Party and (B) the Base Currency is the Termination Currency; *provided* that Market Quotations will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation"); and

(ii) if this Agreement is an ISDA 2002 Master Agreement or a 1992 ISDA Master Agreement in which the definition of Loss and/or Market Quotation has been amended (including where such amendment has occurred pursuant to the terms of a separate agreement or protocol) to reflect the definition of Close-out Amount from the pre-printed form of the ISDA 2002 Master Agreement as published by ISDA, the amount, if any, that would be payable to that party by the other party (expressed as a positive number) or by that party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) (but without reference to clause (3) of Section 6(e)(ii) of this Agreement as if all Covered Transactions (other than the Transactions constituted by this Annex) were being terminated as of the relevant Valuation Time on the basis that (A) that party is not the Affected Party and (B) the Base Currency is the Termination Currency; *provided* that the Close-out Amount will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for transactions providing the economic equivalent of (X) the material terms of the Covered Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of the Covered Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in Section 2(a)(iii) of this Agreement); and (Y) the option rights of the parties in respect of the Covered Transactions.

"Fungible Credit Support Type" has the meaning specified in Paragraph 9(h)(iii).

"FX Haircut Percentage" means, for any item of Eligible Credit Support (VM), the percentage specified as such in Paragraph 11(c)(v).

"Interest Adjustment Reduction Amount (VM)" has the meaning specified in Paragraph 5(c)(ii)(B)(II).

"Interest Amount (VM)" means with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each day in that Interest Period on the portion of the Credit Support Balance (VM) comprised of cash in such currency, determined by the Valuation Agent for each such day as follows:

- (i) the amount of cash in such currency on that day plus, only if "Daily Interest Compounding" is specified as applicable in Paragraph 11(g)(iii), the aggregate of each Interest Amount (VM) determined for each preceding day, if any, in that Interest Period; multiplied by
- (ii) the relevant Interest Rate (VM) in effect for that day; divided by
- (iii) 360 (or, in the case of pounds sterling or any other currency specified as an "A/365 Currency" in Paragraph 11(g)(i), 365),

provided that, unless "Negative Interest" is specified as applicable in Paragraph 11(g)(iii), if the Interest Amount (VM) for an Interest Period would be a negative amount, it will be deemed to be zero.

"Interest Payee (VM)" means, in relation to an Interest Payer (VM), the other party.

"Interest Payer (VM)" means the Transferee, *provided* that if "Negative Interest" is specified as applicable in Paragraph 11(g)(iii) and an Interest Payment (VM) is determined in respect of a negative Interest Amount (VM), the Interest Payer (VM) in respect of such Interest Payment (VM) will be the Transferor.

"Interest Payment (VM)" means, with respect to an Interest Period, the Interest Amount (VM) determined in respect of such Interest Period, *provided* that in respect of any negative Interest Amount (VM), the Interest Payment (VM) will be the absolute value of such negative Interest Amount (VM).

"Interest Period" means the period from (and including) the last day on which (i) a party became obliged to transfer an Interest Payment (VM) or (ii) an Interest Amount (VM) was added to the Credit Support Balance (VM) (or, if no Interest Payment (VM) or Interest Amount (VM) has yet fallen due or been added to the Credit Support Balance (VM), respectively, the day on which Eligible Credit Support (VM) or Equivalent Credit Support (VM) in the form of cash was transferred to or received by the Transferee) to (but excluding) the day on which (i) a party is obliged to transfer the current Interest Payment (VM) or (ii) the current Interest Amount (VM) is added to the Credit Support Balance (VM).

"Interest Rate (VM)" means, with respect to an Eligible Currency, the rate specified in Paragraph 11(g)(i) for that currency.

"Legal Eligibility Requirements" has the meaning specified in Paragraph 9(e).

"Legal Ineligibility Notice" has the meaning specified in Paragraph 9(e).

"Local Business Day", unless otherwise specified in Paragraph 11(k), means:

- (i) in relation to a transfer of cash or other property (other than securities) under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment;

(ii) in relation to a transfer of securities under this Annex, a day on which the clearance system agreed between the parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose;

(iii) in relation to the Resolution Time, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in at least one Valuation Date Location for Party A and at least one Valuation Date Location for Party B; and

(iv) in relation to any notice or other communication under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

"Minimum Transfer Amount" means, with respect to a party, the amount specified as such for that party in Paragraph 11(c)(vi)(A) or if no amount is specified, zero.

"New Credit Support (VM)" has the meaning specified in Paragraph 3(c)(i).

"Notification Time" has the meaning specified in Paragraph 11(d)(iv).

"Original Credit Support (VM)" has the meaning specified in Paragraph 3(c)(i).

"Other CSA" means, unless otherwise specified in Paragraph 11, any other credit support annex or credit support deed that is in relation to, or that is a Credit Support Document in relation to, this Agreement.

"Other CSA Excluded Credit Support" means, with respect to an Other CSA, any amounts and items transferred as credit support under such Other CSA, which, pursuant to the terms of such Other CSA, Party A and Party B have agreed must be segregated in an account maintained by a third-party custodian or for which offsets are prohibited.

"Recalculation Date" means the Valuation Date that gives rise to the dispute under Paragraph 4; *provided, however,* that if a subsequent Valuation Date occurs under Paragraph 2 prior to the resolution of the dispute, then the **"Recalculation Date"** means the most recent Valuation Date under Paragraph 2.

"Regular Settlement Day" means, unless otherwise specified in Paragraph 11, the same Local Business Day on which a demand for the transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM) is made.

"Resolution Time" has the meaning specified in Paragraph 11(f)(i).

"Return Amount (VM)" has the meaning specified in Paragraph 2(b).

"Return Amount Reduction (VM)" has the meaning specified in Paragraph 5(c)(ii)(A)(II).

"Settlement Day" means, in relation to a date, (i) with respect to a transfer of cash or other property (other than securities), the next Local Business Day and (ii) with respect to a transfer of securities, the first Local Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the clearance system agreed between the parties for delivery of such securities or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Local Business Day after such date on which it is reasonably practicable to deliver such securities).

"Total Ineligibility Date" has the meaning specified in Paragraph 9(e), unless otherwise specified in Paragraph 11.

"Transferee" means, in relation to each Valuation Date, the party in respect of which Exposure is a positive number and, in relation to a Credit Support Balance (VM), the party which, subject to this Annex, owes such Credit Support Balance (VM) or, as the case may be, the Value of such Credit Support Balance (VM) to the other party.

"Transferor" means, in relation to a Transferee, the other party.

"Transfer Ineligibility Date" has the meaning specified in Paragraph 9(e), unless otherwise specified in Paragraph 11.

"Valuation Agent" has the meaning specified in Paragraph 11(d)(i).

"Valuation Date" means, unless otherwise specified in Paragraph 11, each day from, and including, the date of this Annex, that is a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in at least one Valuation Date Location for Party A and at least one Valuation Date Location for Party B.

"Valuation Date Location" has the meaning specified in Paragraph 11(d)(ii).

"Valuation Percentage" means, for any item of Eligible Credit Support (VM), the percentage specified as such in Paragraph 11(c)(v).

"Valuation Time" means, unless otherwise specified in Paragraph 11, the time as of which the Valuation Agent computes its end of day valuations of derivatives transactions in the ordinary course of its business (or such other commercially reasonable convenient time on the relevant day as the Valuation Agent may determine).

"Value" means, for any Valuation Date or other date for which Value is calculated, and subject to Paragraph 4 in the case of a dispute, with respect to:

(i) Eligible Credit Support (VM) comprised in a Credit Support Balance (VM) or Equivalent Credit Support (VM) that is:

(A) an amount of cash, the Base Currency Equivalent of such amount multiplied by $(VP - H_{FX})$, *provided* that, in the case of a determination of a Value for the purposes of Paragraph 6, the Value will be the Base Currency Equivalent of such amount; and

(B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent multiplied by $(VP - H_{FX})$, where:

VP equals the applicable Valuation Percentage; and

H_{FX} equals the applicable FX Haircut Percentage,

provided that, in the case of a determination of a Value for the purposes of Paragraph 6, the Value will be the Base Currency Equivalent of the bid price obtained by the Valuation Agent; and

(ii) items that are comprised in a Credit Support Balance (VM) and are not Eligible Credit Support (VM) (including any item or any portion of any item that fails to satisfy any (A) Credit Support Eligibility Conditions (VM) applicable to it or (B) applicable Legal Eligibility Requirements), zero *provided* that any items that are comprised in a Credit Support Balance (VM) that are not Eligible

Credit Support (VM) will, in the case of a determination of a Value for the purposes of Paragraph 6, have a Value determined in accordance with (i) above as if they were Eligible Credit Support (VM).

Paragraph 11. Elections and Variables

(a) **Base Currency and Eligible Currency.**

(i) **"Base Currency"** means [●] unless otherwise specified here:

.....

(ii) **"Eligible Currency"** means the Base Currency and each other currency specified here:

.....
.....

(b) **"Covered Transactions"; "Exposure"**

(i) The term **"Covered Transactions"** as used in this Annex includes any Transaction specified below that is entered into on or after [.....]³, except as otherwise provided in the Confirmation of such Transaction:

For purposes of the foregoing, the term **"Covered Transactions"** includes: [Any Transaction [that is any of the following] [Swap], [Security-Based Swap], [OTC Derivative], [Physically Settled FX Forward] or [Physically Settled FX Swap]] [and is not any of the following: [Swap], [Security-Based Swap], [OTC Derivative], [Physically Settled FX Forward] or [Physically Settled FX Swap]]⁴

As used above:

"OTC Derivative" means an "OTC derivative" or "OTC derivative contract" as defined in Article 2(7) of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") other than one which constitutes (i) a "foreign exchange forward" as defined in Article 7(1)(a) of the final draft regulatory technical standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP under Article 11(15) of EMIR dated March 8, 2016 (the "**EMIR RTS**") for so long as such transactions are subject to the transitional exemption from the variation margin requirements under Article 39(6) of the EMIR RTS or (ii) a single stock equity option or index option transaction as referred to in Article 39(7) of the EMIR RTS for so long as such transactions are subject to the transitional exemption from the variation margin requirements under Article 39(7) of the EMIR RTS.]

"Physically Settled FX Forward" means [.....]

"Physically Settled FX Swap" means [.....]

"Security-Based Swap" means a "security-based swap" as defined in Section 3(a)(68) of the U.S. Securities Exchange Act of 1934, as amended ("**SEA**"), and the rules adopted thereunder. For the avoidance of doubt, the term "Security-Based Swap" does not include a security-based swap that has been cleared by a "clearing agency" as such term is defined in Section 3(a)(23) of the SEA and the rules adopted thereunder.]

³ Insert the relevant date.

⁴ Parties may retain, delete or revise any of these definitions or add any additional definitions as applicable.

["**Swap**" means a "swap" as defined in Section 1a(47) of the U.S. Commodity Exchange Act, as amended ("**CEA**"), and the regulations adopted thereunder. For the avoidance of doubt, the term "Swap" does not include a swap that has been cleared by a "derivatives clearing organization" as such term is defined in Section 1a(15) of the CEA and the regulations adopted thereunder.]

[For the purposes of the foregoing, a Transaction will be deemed to be entered into on or after the date specified in this Paragraph 11(b)(i) if an amendment, novation or other lifecycle event with respect to such Transaction would cause such Transaction to be entered into after such date under law applicable to either party requiring the collection or delivery of variation margin.]⁵

(ii) "**Exposure**" has the meaning specified in Paragraph 10, unless otherwise specified here:

(c) **Credit Support Obligations.**

(i) **Delivery Amount (VM) and Return Amount (VM).**

(A) "**Delivery Amount (VM)**" has the meaning specified in Paragraph 2(a), unless otherwise specified here:

(B) "**Return Amount (VM)**" has the meaning specified in Paragraph 2(b), unless otherwise specified here:

(ii) **Eligible Credit Support (VM).** Subject to Paragraph 9(e), if applicable, and each Credit Support Eligibility Condition (VM) applicable to it specified in Paragraph 11, if any, the following items will qualify as "**Eligible Credit Support (VM)**" for the party specified (as the Transferor):

	Party A	Valuation Percentage	Party B	Valuation Percentage
(A) cash in an Eligible Currency	[]	[]%	[]	[]%
(B) other:	[]	[]%	[]	[]%

(iii) **Legally Ineligible Credit Support (VM).** The provisions of Paragraph 9(c) will not apply to the [party/parties] specified here (as the Transferee):⁶

[] Party A

[] Party B

⁵ Parties may retain, delete or revise the bracketed language, as applicable.

⁶ Parties should leave the relevant box below unmarked unless they agree to disapply Paragraph 9(e) with respect to a party as the Transferee.

(A) "**Total Ineligibility Date**" has the meaning specified in Paragraph 9(c), unless otherwise specified here:

.....

(B) "**Transfer Ineligibility Date**" has the meaning specified in Paragraph 9(c), unless otherwise specified here:

.....

(iv) **Credit Support Eligibility Conditions (VM)**. The following conditions will each be a "**Credit Support Eligibility Condition (VM)**" for the party specified. Any item will not qualify as Eligible Credit Support (VM) if such item does not satisfy each Credit Support Eligibility Condition (VM) applicable to it.

[.....]

[.....]

(v) "**Valuation Percentage**"; "**FX Haircut Percentage**"

(A) "**Valuation Percentage**" means, with respect to each party (as the Transferor) and item of Eligible Credit Support (VM), the percentage (expressed as a decimal) specified in Paragraph 11(c)(ii), *provided* that if nothing is specified in Paragraph 11(c)(ii), the Valuation Percentage will be 100% unless otherwise specified below. The Valuation Percentage for either party and any item of Eligible Credit Support (VM) will further be subject to the terms and conditions, if any, specified below as applicable to such party and item:

.....

[If at any time the Valuation Percentage assigned to an item of Eligible Credit Support (VM) with respect to a party (as the Transferor) under this Annex is greater than the maximum permitted valuation percentage (prescribed or implied) for such item of collateral under any law requiring the collection of variation margin applicable to the other party (as the Transferee), then the Valuation Percentage with respect to such item of Eligible Credit Support (VM) and such party will be such maximum permitted valuation percentage.]⁷

(B) "**FX Haircut Percentage**" means, with respect to each party (as the Transferor) and item of Eligible Credit Support (VM), [[8%], unless the Eligible Credit Support (VM) or Equivalent Credit Support (VM) is in the form of cash [in a Major Currency] or is denominated in a currency that matches [an Eligible Currency], in which case the FX Haircut Percentage will be 0%.]

[As used above, "**Major Currency**" means any of: (1) United States Dollar; (2) Canadian Dollar; (3) Euro; (4) United Kingdom Pound; (5) Japanese Yen; (6) Swiss Franc; (7) New Zealand Dollar; (8) Australian Dollar; (9) Swedish Kronor; (10) Danish Kroner; (11) Norwegian Krone or any other currency specified below:

⁷ Parties may retain, delete or revise the bracketed language, as applicable.

[.....]]⁸

(vi) **Thresholds.**

(A) **"Minimum Transfer Amount"** means with respect to Party A:
.....

"Minimum Transfer Amount" means with respect to Party B:
.....

(B) **Rounding.** The Delivery Amount (VM) and the Return Amount (VM) will be rounded up and down respectively to the nearest integral multiple of

(vii) **Transfers. "Regular Settlement Day"** has the meaning specified in Paragraph 10, unless otherwise specified here:

.....

(d) **Valuation and Timing.**

(i) **"Valuation Agent"** means, for purposes of Paragraphs 2 and 4, the party making the demand under Paragraph 2, and, for purposes of Paragraph 5(c), the Transferee, as applicable, unless otherwise specified here:

(ii) **"Valuation Date"** has the meaning specified in Paragraph 10, unless otherwise specified here:

For purposes of determining the Valuation Date and clause (iii) of the definition of "Local Business Day" in Paragraph 10, **"Valuation Date Location"** means, with respect to each party, each city, region or country specified below:

Party A:

Party B:

(iii) **"Valuation Time"** has the meaning specified in Paragraph 10, unless otherwise specified here:

(iv) **"Notification Time"** means 12 noon, London time, on a Local Business Day, unless otherwise specified here:

(e) **Exchange Date. "Exchange Date"** has the meaning specified in Paragraph 3(c)(ii), unless otherwise specified here:

(f) **Dispute Resolution.**

(i) **"Resolution Time"** means 1:00 p.m., London time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4, unless otherwise specified here:

⁸ Parties may revise the bracketed language and the related definitions, as applicable.

⁹ If applicable, a party can specify more than one Valuation Date Location.

.....

(ii) **Value.** For the purpose of Paragraphs 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance (VM) or of any transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM), as the case may be, will be calculated as follows:

.....

(iii) **Alternative.** The provisions of Paragraph 4 will apply, unless an alternative dispute resolution procedure is specified here:

(g) **Distributions and Interest Amount (VM).**

(i) **Interest Rate (VM).** The "**Interest Rate (VM)**" in relation to each Eligible Currency specified below will be:

<i>Eligible Currency</i>	<i>Interest Rate (VM)</i>	<i>A/365 Currency</i>
.....
.....
.....

(ii) **Transfer of Interest Payment (VM) or application of Interest Amount (VM).**

Interest Transfer: [Applicable/Not Applicable]

Interest Payment Netting: [Applicable/Not Applicable]

[The transfer of an Interest Payment (VM) by the Interest Payer (VM) will be made on [the last Local Business Day of each calendar month] [and on any Local Business Day that a Return Amount (VM) consisting wholly or partly of cash is transferred to the Transferor pursuant to Paragraph 2(b)]. The transfer of an Interest Payment (VM) by the Interest Payer (VM) will be made on [the last Local Business Day of each calendar month] [and on any Local Business Day that a Delivery Amount (VM) consisting wholly or partly of cash is transferred to the Transferee pursuant to Paragraph 2(a)].]

Interest Adjustment: [Applicable/Not Applicable]

[The accrued Interest Amount (VM) will be added to the Credit Support Balance (VM) on [the last Local Business Day of each calendar month][each day].]

(iii) **Other Interest Elections.**

Negative Interest: [Applicable/Not Applicable]

Daily Interest Compounding: [Applicable/Not Applicable]

(iv) **Alternative to Interest Amount (VM).** The provisions of Paragraph 5(c)(ii) will apply, unless otherwise specified here:

(h) **Credit Support Offsets.**

If specified here as applicable, then the "Credit Support Offsets" provisions in Paragraph 9(h) of this Annex will apply: [Applicable/Not Applicable].

(i) ***Addresses for Transfers.***

Party

A:

.....

Party

B:

.....

(j) ***Other CSA. "Other CSA"*** has the meaning specified in Paragraph 10, unless otherwise specified here:

.....

...

(k) ***Other Provisions.***

Appendix 3

2016 ISDA® Credit Support Annex For Variation Margin under New York Law

Reproduced with the kind permission of the International Swaps and Derivatives Association, Inc.

(Bilateral Form)

(ISDA Agreements Subject to New York Law Only)



International Swaps and Derivatives Association, Inc.

2016 CREDIT SUPPORT ANNEX FOR VARIATION MARGIN (VM)

dated as of

to the Schedule to the

.....

dated as of

between

and

.....

("Party A")

.....

("Party B")

This Annex supplements, forms part of, and is subject to, the above-referenced Agreement, is part of its Schedule and is a Credit Support Document under this Agreement with respect to each party.

Accordingly, the parties agree as follows:—

Paragraph 1. Interpretation

(a) **Definitions and Inconsistency.** Capitalized terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Annex, Paragraph 13 will prevail.

(b) **Secured Party and Pledgor.** All references in this Annex to the "Secured Party" will be to either party when acting in that capacity and all corresponding references to the "Pledgor" will be to the other party when acting in that capacity; *provided, however*, that if Other Posted Support (VM) is held by a party to this Annex, all references herein to that party as the Secured Party with respect to that Other Posted Support (VM) will be to that party as the beneficiary thereof and will not subject that support or that party as the beneficiary thereof to provisions of law generally relating to security interests and secured parties.

(c) **Scope of this Annex and the Other CSA.** The only Transactions which will be relevant for the purposes of determining "Exposure" under this Annex will be the Covered Transactions specified in Paragraph 13. Each Other CSA, if any, is hereby amended such that the Transactions that will be relevant for purposes of determining "Exposure" thereunder, if any, will exclude the Covered Transactions. Except as provided in Paragraphs 8(a), 8(b) and 11(j), nothing in this Annex will affect the rights and obligations, if any, of either party with respect to "independent amounts" or initial margin under each Other CSA, if any, with respect to Transactions that are Covered Transactions.

Paragraph 2. Security Interest

Each party, as the Pledgor, hereby pledges to the other party, as the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral (VM) Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted Collateral (VM), the security interest and lien granted hereunder on that Posted Collateral (VM) will be released immediately and, to the extent possible, without any further action by either party.

Paragraph 3. Credit Support Obligations

(a) **Delivery Amount (VM).** Subject to Paragraphs 4 and 5, upon a demand made by the Secured Party on or promptly following a Valuation Date, if the Delivery Amount (VM) for that Valuation Date equals or exceeds the Pledgor's Minimum Transfer Amount, then the Pledgor will Transfer to the Secured Party Eligible Credit Support (VM) having a Value as of the date of Transfer at least equal to the applicable Delivery Amount (VM) (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "**Delivery Amount (VM)**" applicable to the Pledgor for any Valuation Date will equal the amount by which:

(i) the Secured Party's Exposure
exceeds

(ii) the Value as of that Valuation Date of all Posted Credit Support (VM) held by the Secured Party.

(b) **Return Amount (VM).** Subject to Paragraphs 4 and 5, upon a demand made by the Pledgor on or promptly following a Valuation Date, if the Return Amount (VM) for that Valuation Date equals or exceeds the Secured Party's Minimum Transfer Amount, then the Secured Party will Transfer to the Pledgor Posted Credit Support (VM) specified by the Pledgor in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return Amount (VM) (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "**Return Amount**" applicable to the Secured Party for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of all Posted Credit Support (VM) held by the Secured Party
exceeds

(ii) the Secured Party's Exposure.

Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions

(a) **Conditions Precedent.** Unless otherwise specified in Paragraph 13, each Transfer obligation of the Pledgor under Paragraphs 3, 5 and 6(d) and of the Secured Party under Paragraphs 3, 4(d)(ii), 5, 6(d) and 11(h) is subject to the conditions precedent that:

(i) no Event of Default, Potential Event of Default or Specified Condition has occurred and is continuing with respect to the other party; and

(ii) no Early Termination Date for which any unsatisfied payment obligations exist has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the other party.

(b) **Transfer Timing.** Subject to Paragraphs 4(a) and 5 and unless otherwise specified in Paragraph 13, if a demand for the Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM) is made by the Notification Time, then the relevant Transfer will be made not later than the close of business on the Regular Settlement Day; if a demand is made after the Notification Time, then the relevant Transfer will be made not later than the close of business on the next Local Business Day following the Regular Settlement Day.

(c) **Calculations.** All calculations of Value and Exposure for purposes of Paragraphs 3 and 6(d) will be made by the Valuation Agent as of the Valuation Time; *provided* that the Valuation Agent may use, in the case of any calculation of (i) Value, Values most recently reasonably available for close of business in the relevant market for

the relevant Eligible Credit Support (VM) as of the Valuation Time and (ii) Exposure, relevant information or data most recently reasonably available for close of business in the relevant market(s) as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or in the case of Paragraph 6(d), following the date of calculation).

(d) **Substitutions.**

(i) Unless otherwise specified in Paragraph 13, upon notice to the Secured Party specifying the items of Posted Credit Support (VM) to be exchanged, the Pledgor may, on any Local Business Day, Transfer to the Secured Party substitute Eligible Credit Support (VM) (the “**Substitute Credit Support (VM)**”); and

(ii) subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support (VM) specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support (VM), unless otherwise specified in Paragraph 13 (the “**Substitution Date**”); *provided* that the Secured Party will only be obligated to Transfer Posted Credit Support (VM) with a Value as of the date of Transfer of that Posted Credit Support (VM) equal to the Value as of that date of the Substitute Credit Support (VM).

Paragraph 5. Dispute Resolution

If a party (a “**Disputing Party**”) disputes (I) the Valuation Agent’s calculation of a Delivery Amount (VM) or a Return Amount (VM) or (II) the Value of any Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM), then:

(i) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on (X) the date that the Transfer is due in respect of such Delivery Amount (VM) or Return Amount (VM) in the case of (I) above, or (Y) the Local Business Day following the date of Transfer in the case of (II) above,

(ii) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on (X) the date that the Transfer is due in respect of such Delivery Amount (VM) or Return Amount (VM) in the case of (I) above, or (Y) the Local Business Day following the date of Transfer in the case of (II) above,

(iii) the parties will consult with each other in an attempt to resolve the dispute, and

(iv) if they fail to resolve the dispute by the Resolution Time, then:

(A) In the case of a dispute involving a Delivery Amount (VM) or Return Amount (VM), unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(1) utilizing any calculations of Exposure for the Covered Transactions that the parties have agreed are not in dispute;

(2) (I) if this Agreement is a 1992 ISDA Master Agreement, calculating the Exposure for the Covered Transactions in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained, or (II) if this Agreement is an ISDA 2002 Master Agreement or a 1992 ISDA Master Agreement in which the definition of Loss and/or Market Quotation has been amended (including where such amendment has occurred pursuant to the terms of a separate agreement or protocol) to reflect the definition of Close-out Amount from the pre-printed form of the ISDA 2002 Master Agreement as published by ISDA, calculating the Exposure for the Covered Transactions in dispute by seeking four actual quotations at mid-market from third parties for purposes of calculating the relevant Close-out Amount, and taking the arithmetic average of those obtained; *provided* that, in

either case, if four quotations are not available for a particular Covered Transaction, then fewer than four quotations may be used for that Covered Transaction, and if no quotations are available for a particular Covered Transaction, then the Valuation Agent's original calculations will be used for that Covered Transaction; and

(3) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support (VM).

(B) In the case of a dispute involving the Value of any Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM), the Valuation Agent will recalculate the Value as of the date of Transfer pursuant to Paragraph 13.

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Valuation Agent or a resolution pursuant to (iii) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.

Paragraph 6. Holding and Using Posted Collateral (VM)

(a) **Care of Posted Collateral (VM).** Without limiting the Secured Party's rights under Paragraph 6(c), the Secured Party will exercise reasonable care to assure the safe custody of all Posted Collateral (VM) to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral (VM), including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.

(b) **Eligibility to Hold Posted Collateral (VM); Custodians (VM).**

(i) **General.** Subject to the satisfaction of any conditions specified in Paragraph 13 for holding Posted Collateral (VM), the Secured Party will be entitled to hold Posted Collateral (VM) or to appoint an agent (a "**Custodian (VM)**") to hold Posted Collateral (VM) for the Secured Party. Upon notice by the Secured Party to the Pledgor of the appointment of a Custodian (VM), the Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian (VM). The holding of Posted Collateral (VM) by a Custodian (VM) will be deemed to be the holding of that Posted Collateral (VM) by the Secured Party for which the Custodian (VM) is acting.

(ii) **Failure to Satisfy Conditions.** If the Secured Party or its Custodian (VM) fails to satisfy any conditions for holding Posted Collateral (VM), then upon a demand made by the Pledgor, the Secured Party will, not later than five Local Business Days after the demand, Transfer or cause its Custodian (VM) to Transfer all Posted Collateral (VM) held by it to a Custodian (VM) that satisfies those conditions or to the Secured Party if it satisfies those conditions.

(iii) **Liability.** The Secured Party will be liable for the acts or omissions of its Custodian (VM) to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(c) **Use of Posted Collateral (VM).** Unless otherwise specified in Paragraph 13 and without limiting the rights and obligations of the parties under Paragraphs 3, 4(d)(ii), 5, 6(d) and 8, if the Secured Party is not a Defaulting Party or an Affected Party with respect to a Specified Condition and no Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then the Secured Party will, notwithstanding Section 9-207 of the New York Uniform Commercial Code, have the right to:

(i) sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Posted Collateral (VM) it holds, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor; and

(ii) register any Posted Collateral (VM) in the name of the Secured Party, its Custodian (VM) or a nominee for either.

For purposes of the obligation to Transfer Eligible Credit Support (VM) or Posted Credit Support (VM) pursuant to Paragraphs 3 and 5 and any rights or remedies authorized under this Agreement, the Secured Party will be deemed to continue to hold all Posted Collateral (VM) and to receive Distributions made thereon, regardless of whether the Secured Party has exercised any rights with respect to any Posted Collateral (VM) pursuant to (i) or (ii) above.

(d) **Distributions, Interest Amount (VM) and Interest Payment (VM).**

(i) **Distributions.** Subject to Paragraph 4(a), if the Secured Party receives or is deemed to receive Distributions on a Local Business Day, it will Transfer to the Pledgor not later than the following Local Business Day any Distributions it receives or is deemed to receive to the extent that a Delivery Amount (VM) would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose).

(ii) **Interest Amount (VM) and Interest Payment (VM).** Unless otherwise specified in Paragraph 13 and subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Posted Collateral (VM) in the form of Cash (all of which may be retained by the Secured Party),

(A) if “Interest Transfer” is specified as applicable in Paragraph 13, the Interest Payer (VM) will Transfer to the Interest Payee (VM), at the times specified in Paragraph 13, the relevant Interest Payment (VM); *provided* that if “Interest Payment Netting” is specified as applicable in Paragraph 13:

(I) if the Interest Payer (VM) is entitled to demand a Delivery Amount (VM) or Return Amount (VM), in respect of the date such Interest Payment (VM) is required to be Transferred:

(a) such Delivery Amount (VM) or Return Amount (VM) will be reduced (but not below zero) by such Interest Payment (VM); *provided* that, in case of such Return Amount (VM), if the amount of Posted Collateral (VM) which is comprised of Cash in the Base Currency is less than such Interest Payment (VM), such reduction will only be to the extent of the amount of such Cash which is Posted Collateral (VM) (the “**Eligible Return Amount (VM)**”); and

(b) the Interest Payer (VM) will Transfer to the Interest Payee (VM) the amount of the excess, if any, of such Interest Payment (VM) over such Delivery Amount (VM) or Eligible Return Amount (VM), as applicable; and

(II) if under Paragraph 6(d)(ii)(A)(I)(a) a Delivery Amount (VM) is reduced (the amount of such reduction, the “**Delivery Amount Reduction (VM)**”) or a Return Amount (VM) is reduced (the amount of such reduction, the “**Return Amount Reduction (VM)**”), then for purposes of determining Posted Collateral (VM), the Secured Party (a) will be deemed to have received an amount in Cash in the Base Currency equal to any Delivery Amount Reduction (VM), and such amount will constitute Posted Collateral (VM) in such Cash and will be subject to the security interest granted under Paragraph 2 or (b) will be deemed to have Transferred an amount in Cash in the Base Currency equal to any Return Amount Reduction (VM), as applicable, in each case on the day on which the relevant Interest Payment (VM) was due to be Transferred, as applicable; and

(B) if “Interest Adjustment” is specified as applicable in Paragraph 13, the Posted Collateral (VM) will be adjusted by the Secured Party, at the times specified in Paragraph 13, as follows:

(I) if the Interest Amount (VM) for an Interest Period is a positive number, the Interest Amount (VM) will constitute Posted Collateral (VM) in the form of Cash in the Base Currency and will be subject to the security interest granted under Paragraph 2; and

(II) if the Interest Amount (VM) for an Interest Period is a negative number and any Posted Collateral (VM) is in the form of Cash in the Base Currency, the Interest Amount (VM) will constitute a reduction of Posted Collateral (VM) in the form of such Cash in an amount (such amount, the “*Interest Adjustment Reduction Amount (VM)*”) equal to the absolute value of the Interest Amount (VM); *provided* that if the amount of Posted Collateral (VM) which is comprised of such Cash is less than the Interest Adjustment Reduction Amount (VM), such reduction will only be to the extent of the amount of such Cash which is Posted Collateral (VM) and the Pledgor will be obligated to Transfer the remainder of the Interest Adjustment Reduction Amount (VM) to the Secured Party on the day that such reduction occurred.

Paragraph 7. Events of Default

For purposes of Section 5(a)(iii)(1) of this Agreement, an Event of Default will exist with respect to a party if:

- (i) that party fails (or fails to cause its Custodian (VM)) to make, when due, any Transfer of Eligible Collateral (VM), Posted Collateral (VM) or the Interest Payment (VM), as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;
- (ii) that party fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to that party; or
- (iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

Paragraph 8. Certain Rights and Remedies

(a) ***Secured Party’s Rights and Remedies.*** If at any time (1) an Event of Default or Specified Condition with respect to the Pledgor has occurred and is continuing or (2) an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Pledgor, then, unless the Pledgor has paid in full all of its Obligations that are then due, the Secured Party may exercise one or more of the following rights and remedies:

- (i) all rights and remedies available to a secured party under applicable law with respect to Posted Collateral (VM) held by the Secured Party;
- (ii) any other rights and remedies available to the Secured Party under the terms of Other Posted Support (VM), if any;
- (iii) the right to Set-off (A) any amounts payable by the Pledgor with respect to any Obligations and (B) any Cash amounts and the Cash equivalent of any non-Cash items posted to the Pledgor by the Secured Party as margin under any Other CSA (other than any Other CSA Excluded Credit Support) the return of which is due to the Secured Party against any Posted Collateral (VM) or the Cash equivalent of any Posted Collateral (VM) held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral (VM)); and
- (iv) the right to liquidate any Posted Collateral (VM) held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Posted Collateral (VM) to be sold) and to apply the proceeds (or the Cash equivalent thereof) from the liquidation of the Posted Collateral (VM) to (A) any amounts payable by the Pledgor with respect to any Obligations and (B) any Cash amounts and the Cash equivalent of any non-Cash items posted to the Pledgor by the Secured Party as margin under any Other CSA (other than any Other CSA Excluded Credit Support) the return of which is due to the Secured Party in that order as the Secured Party may elect.

Each party acknowledges and agrees that Posted Collateral (VM) in the form of securities may decline speedily in value and is of a type customarily sold on a recognized market, and, accordingly, the Pledgor is not entitled to prior notice of any sale of that Posted Collateral (VM) by the Secured Party, except any notice that is required under applicable law and cannot be waived.

(b) **Pledgor's Rights and Remedies.** If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then (except in the case of an Early Termination Date relating to fewer than all Transactions where the Secured Party has paid in full all of its obligations that are then due under Section 6(e) of this Agreement):

(i) the Pledgor may exercise all rights and remedies available to a pledgor under applicable law with respect to Posted Collateral (VM) held by the Secured Party;

(ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support (VM), if any;

(iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral (VM) and, if the Secured Party is an Interest Payer (VM), the Interest Payment (VM) to the Pledgor; and

(iv) to the extent that Posted Collateral (VM) or the Interest Payment (VM) is not so Transferred pursuant to (iii) above, the Pledgor may:

(A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral (VM) or the Cash equivalent of any Posted Collateral (VM) held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral (VM));

(B) Set-off, net, or apply credit support received under any Other CSA or the proceeds thereof against any Posted Collateral (VM) or the Cash equivalent of any Posted Collateral (VM) held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral (VM)); and

(C) to the extent that the Pledgor does not Set-off under (iv)(A) or (iv)(B) above, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral (VM) held by the Secured Party, until that Posted Collateral (VM) is Transferred to the Pledgor.

(c) **Deficiencies and Excess Proceeds.** The Secured Party will Transfer to the Pledgor any proceeds and Posted Credit Support (VM) remaining after liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b) after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations; and the Pledgor in all events will remain liable for any amounts remaining unpaid after any liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b).

(d) **Final Returns.** When no amounts are or thereafter may become payable by the Pledgor with respect to any Obligations (except for any potential liability under Section 2(d) of this Agreement, any obligation to Transfer any Interest Payment (VM) under this Paragraph 8(d) or any obligation to transfer any interest payment under any Other CSA), (i) the Secured Party will Transfer to the Pledgor all Posted Credit Support (VM), and (ii) the Interest Payer (VM) will Transfer to the Interest Payee (VM) any Interest Payment (VM).

Paragraph 9. Representations

Each party represents to the other party (which representations will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral (VM)) that:

(i) it has the power to grant a security interest in and lien on any Eligible Collateral (VM) it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien;

(ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral (VM) it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2;

(iii) upon the Transfer of any Eligible Collateral (VM) to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of the Pledgor involved in the Transfer of that Eligible Collateral (VM) gives the notices and takes the action required of it under applicable law for perfection of that interest); and

(iv) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral (VM) other than the security interest and lien granted under Paragraph 2.

Paragraph 10. Expenses

(a) **General.** Except as otherwise provided in Paragraphs 10(b) and 10(c), each party will pay its own costs and expenses in connection with performing its obligations under this Annex and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.

(b) **Posted Credit Support (VM).** The Pledgor will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Credit Support (VM) held by the Secured Party upon becoming aware of the same, regardless of whether any portion of that Posted Credit Support (VM) is subsequently disposed of under Paragraph 6(c), except for those taxes, assessments and charges that result from the exercise of the Secured Party's rights under Paragraph 6(c).

(c) **Liquidation/Application of Posted Credit Support (VM).** All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledgor in connection with the liquidation and/or application of any Posted Credit Support (VM) under Paragraph 8 will be payable, on demand and pursuant to the Expenses Section of this Agreement, by the Defaulting Party or, if there is no Defaulting Party, equally by the parties.

Paragraph 11. Miscellaneous

(a) **Default Interest.** A Secured Party that fails to make, when due, any Transfer of Posted Collateral (VM) will be obligated to pay the Pledgor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that Posted Collateral (VM) was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral (VM). This interest will be calculated on the basis of daily compounding and the actual number of days elapsed. An Interest Payer (VM) that fails to make, when due, any Transfer of an Interest Payment (VM) will be obligated to pay the Interest Payee (VM) (to the extent permitted under applicable law) an amount equal to interest at the Default Rate (and for such purposes, if the Default Rate is less than zero, it will be deemed to be zero) multiplied by that Interest Payment (VM), from (and including) the date that Interest Payment (VM) was required to be Transferred to (but excluding) the date of Transfer of that Interest Payment (VM). This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) **Further Assurances.** Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Annex with respect to Posted Credit Support (VM) or an Interest Payment (VM) or to effect or document a release of a security interest on Posted Collateral (VM) or an Interest Payment (VM).

(c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves Posted Credit Support (VM) Transferred by the Pledgor or that could

adversely affect the security interest and lien granted by it under Paragraph 2, unless that suit, action, proceeding or lien results from the exercise of the Secured Party's rights under Paragraph 6(c).

(d) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(e) **Demands and Notices.** All demands and notices made by a party under this Annex will be made as specified in the Notices Section of this Agreement, except as otherwise provided in Paragraph 13.

(f) **Specifications of Certain Matters.** Anything referred to in this Annex as being specified in Paragraph 13 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

(g) **Legally Ineligible Credit Support (VM).** Unless otherwise specified in Paragraph 13, upon delivery of a Legal Ineligibility Notice by a party, each item of Eligible Credit Support (VM) (or a specified amount of such item) identified in such notice (i) will cease to be Eligible Credit Support (VM) for purposes of Transfers to such party as the Secured Party hereunder as of the applicable Transfer Ineligibility Date, (ii) will cease to be Eligible Credit Support (VM) for the other party as the Pledgor for all purposes hereunder as of the Total Ineligibility Date and (iii) will have a Value of zero on and from the Total Ineligibility Date.

"Legal Ineligibility Notice" means a written notice from the Secured Party to the Pledgor in which the Secured Party (i) represents that the Secured Party has determined that one or more items of Eligible Credit Support (VM) (or a specified amount of any such item) either has ceased to satisfy, or as of a specified date will cease to satisfy, collateral eligibility requirements under law applicable to the Secured Party requiring the collection of variation margin (the **"Legal Eligibility Requirements"**), (ii) lists the item(s) of Eligible Credit Support (VM) (and, if applicable, the specified amount) that have ceased to satisfy, or as of a specified date will cease to satisfy, the Legal Eligibility Requirements, (iii) describes the reason(s) why such item(s) of Eligible Credit Support (VM) (or the specified amount thereof) have ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements and (iv) specifies the Total Ineligibility Date and, if different, the Transfer Ineligibility Date.

"Total Ineligibility Date" means the date on which the relevant item of Eligible Credit Support (VM) (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements applicable to the Secured Party for all purposes hereunder; *provided* that, unless otherwise specified in Paragraph 13, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Total Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

"Transfer Ineligibility Date" means the date on which the relevant item of Eligible Credit Support (VM) (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements for purposes of Transfers to the Secured Party hereunder; *provided* that, unless otherwise specified in Paragraph 13, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Transfer Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

(h) **Return of Posted Credit Support (VM) with a Value of Zero.** Subject to Paragraph 4(a), the Secured Party will, promptly upon demand (but in no event later than the time at which a Transfer would be due under Paragraph 4(b) with respect to a demand for the Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM)), Transfer to the Pledgor any item of Posted Credit Support (VM) (or the specified amount of such item) that as of the date of such demand has a Value of zero; *provided* that the Secured Party will only be obligated to Transfer any Posted Credit Support (VM) in accordance with this Paragraph 11(h), if, as of the date of Transfer of such item, the Pledgor has satisfied all of its Transfer obligations under this Annex, if any.

(i) **Reinstatement of Credit Support Eligibility.** Upon a reasonable request by the Pledgor, the Secured Party will determine whether an item (or a specified amount of such item) of Eligible Credit Support (VM) that was the subject of a prior Legal Ineligibility Notice would currently satisfy the Legal Eligibility Requirements applicable to the Secured Party. If the Secured Party determines that as of such date of determination such item (or specified amount of such item) satisfies the Legal Eligibility Requirements applicable to the Secured Party, the Secured Party

will promptly following such determination rescind the relevant Legal Ineligibility Notice with respect to such item (or specified amount of such item) by written notice to the Pledgor. Upon the delivery of such notice, the relevant item (or specified amount of such item) will constitute Eligible Credit Support (VM) hereunder.

(j) **Credit Support Offsets.** If the parties specify that “Credit Support Offsets” is applicable in Paragraph 13, and on any date:

(i) a Transfer of Eligible Credit Support (VM) is due under this Annex to satisfy a Delivery Amount (VM) or a Return Amount (VM) obligation, and a transfer of credit support (other than any Other CSA Excluded Credit Support) is also due under any Other CSA;

(ii) the parties have notified each other of the credit support that they intend to Transfer under this Annex and transfer under such Other CSA (other than any Other CSA Excluded Credit Support) to satisfy their respective obligations; and

(iii) in respect of Paragraph 11(j)(ii), each party intends to transfer one or more types of credit support that is fully fungible with one or more types of credit support the other party intends to transfer (each such credit support, a “**Fungible Credit Support Type**”),

then, on such date and in respect of each such Fungible Credit Support Type, each party’s obligation to make a transfer of any such Fungible Credit Support Type hereunder or under such Other CSA will be automatically satisfied and discharged and, if the aggregate amount that would have otherwise been transferred by one party exceeds the aggregate amount that would have otherwise been transferred by the other party, replaced by an obligation hereunder or under such Other CSA, as applicable, upon the party by which the larger aggregate amount would have been transferred to transfer to the other party the excess of the larger aggregate amount over the smaller aggregate amount. If a party’s obligation to make a transfer of credit support under this Annex or an Other CSA is automatically satisfied and discharged pursuant to this Paragraph 11(j), then, for purposes of this Annex or the Other CSA, as applicable, the other party will be deemed to have received credit support of the applicable Fungible Credit Support Type in the amount that would otherwise have been required to be transferred, in each case on the day on which the relevant transfer was due.

Paragraph 12. Definitions

As used in this Annex:—

“**Base Currency**” means the currency specified as such in Paragraph 13.

“**Base Currency Equivalent**” means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the “**Other Currency**”), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate on such Valuation Date as determined by the Valuation Agent.

“**Cash**” means, respectively, the Base Currency and each other Eligible Currency.

“**Covered Transaction**” has the meaning specified in Paragraph 13.

“**Credit Support Eligibility Condition (VM)**” means, with respect to any item specified for a party as Eligible Collateral (VM) in Paragraph 13, any condition specified for that item in Paragraph 13.

“**Custodian (VM)**” has the meaning specified in Paragraphs 6(b)(i) and 13.

“**Delivery Amount (VM)**” has the meaning specified in Paragraph 3(a).

“**Delivery Amount Reduction (VM)**” has the meaning specified in Paragraph 6(d)(ii)(A)(II).

“**Disputing Party**” has the meaning specified in Paragraph 5.

“**Distributions**” means with respect to Posted Collateral (VM) other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto, regardless of whether the Secured Party has disposed of that Posted Collateral (VM) under Paragraph 6(c). Distributions will not include any item of property acquired by the Secured Party upon any disposition or liquidation of Posted Collateral (VM) or, with respect to any Posted Collateral (VM) in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

“**Eligible Collateral (VM)**” has the meaning specified in Paragraph 13.

“**Eligible Credit Support (VM)**” means Eligible Collateral (VM) and Other Eligible Support (VM).

“**Eligible Currency**” means each currency specified as such in Paragraph 13, if such currency is freely available.

“**Eligible Return Amount (VM)**” has the meaning specified in Paragraph 6(d)(ii)(A)(I)(a).

“**Exposure**” means, unless otherwise specified in Paragraph 13, for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 5 in the case of a dispute:

(i) if this Agreement is a 1992 ISDA Master Agreement, the amount, if any, that would be payable to a party that is the Secured Party by the other party (expressed as a positive number) or by a party that is the Secured Party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(2)(A) of this Agreement as if all Covered Transactions were being terminated as of the relevant Valuation Time on the basis that the Base Currency is the Termination Currency; *provided* that Market Quotation will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of “Market Quotation”); and

(ii) if this Agreement is an ISDA 2002 Master Agreement or a 1992 ISDA Master Agreement in which the definition of Loss and/or Market Quotation has been amended (including where such amendment has occurred pursuant to the terms of a separate agreement or protocol) to reflect the definition of Close-out Amount from the pre-printed form of the ISDA 2002 Master Agreement as published by ISDA, the amount, if any, that would be payable to a party that is the Secured Party by the other party (expressed as a positive number) or by a party that is the Secured Party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) (but without reference to clause (3) of Section 6(e)(ii)) of this Agreement as if all Covered Transactions were being terminated as of the relevant Valuation Time on the basis that the Base Currency is the Termination Currency; *provided* that the Close-out Amount will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for transactions providing the economic equivalent of (X) the material terms of the Covered Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of the Covered Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in Section 2(a)(iii)), and (Y) the option rights of the parties in respect of the Covered Transactions.

“**Fungible Credit Support Type**” has the meaning specified in Paragraph 11(j)(iii).

“**FX Haircut Percentage**” means, for any item of Eligible Collateral (VM), the percentage specified as such in Paragraph 13.

“**Interest Adjustment Reduction Amount (VM)**” has the meaning specified in Paragraph 6(d)(ii)(B)(II).

“**Interest Amount (VM)**” means, with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each day in that Interest Period on any Posted Collateral (VM) in the form of Cash in such currency held by the Secured Party on that day, determined by the Secured Party for each such day as follows:

(i) the amount of Cash in such currency on that day plus, only if “Daily Interest Compounding” is specified as applicable in Paragraph 13, the aggregate of each Interest Amount (VM) in respect of such currency determined for each preceding day, if any, in that Interest Period; multiplied by

(ii) the Interest Rate (VM) in effect for that day; divided by

(iii) 360 (or, in the case of pounds sterling or any other currency specified as an “A/365 Currency” in Paragraph 13, 365);

provided that, unless “Negative Interest” is specified as applicable in Paragraph 13, if the Interest Amount (VM) for an Interest Period would be a negative amount, it will be deemed to be zero.

“**Interest Payee (VM)**” means, in relation to an Interest Payer (VM), the other party.

“**Interest Payer (VM)**” means the Secured Party; *provided* that if “Negative Interest” is specified as applicable in Paragraph 13 and an Interest Payment (VM) is determined in respect of a negative Interest Amount (VM), the Interest Payer (VM) in respect of such Interest Payment (VM) will be the Pledgor.

“**Interest Payment (VM)**” means, with respect to an Interest Period, the Interest Amount (VM) determined in respect of such Interest Period; *provided* that in respect of any negative Interest Amount (VM), the Interest Payment (VM) will be the absolute value of such negative Interest Amount (VM).

“**Interest Period**” means the period from (and including) the last day on which (i) a party became obligated to Transfer an Interest Payment (VM) or (ii) an Interest Amount (VM) was included or otherwise became constituted as part of Posted Collateral (VM) (or, if no Interest Payment (VM) or Interest Amount (VM) has yet fallen due or been included or otherwise became constituted as a part of Posted Collateral (VM), respectively, the day on which Eligible Credit Support (VM) in the form of Cash was Transferred to or received by the Secured Party) to (but excluding) the day on which (i) a party is obligated to Transfer the current Interest Payment (VM) or (ii) the current Interest Amount (VM) is included or otherwise becomes constituted as a part of Posted Collateral (VM).

“**Interest Rate (VM)**” means, with respect to an Eligible Currency, the rate specified in Paragraph 13 for that currency.

“**Legal Eligibility Requirements**” has the meaning specified in Paragraph 11(g).

“**Legal Ineligibility Notice**” has the meaning specified in Paragraph 11(g).

“**Local Business Day**”, unless otherwise specified in Paragraph 13, means:

(i) in relation to a Transfer of cash or other property (other than securities) under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant account is located and, if different, in the principal financial center, if any, of the currency of such payment;

(ii) in relation to a Transfer of securities under this Annex, a day on which the clearance system agreed between the parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose;

(iii) in relation to the Resolution Time, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in at least one Valuation Date Location for Party A and at least one Valuation Date Location for Party B; and

(iv) in relation to any notice or other communication under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

“**Minimum Transfer Amount**” means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

“**Notification Time**” has the meaning specified in Paragraph 13.

“**Obligations**” means, with respect to a party, all present and future obligations of that party under this Agreement and any additional obligations specified for that party in Paragraph 13.

“**Other CSA**” means, unless otherwise specified in Paragraph 13, any other credit support annex or credit support deed that is in relation to, or that is a Credit Support Document in relation to, this Agreement.

“**Other CSA Excluded Credit Support**” means, with respect to an Other CSA, any amounts and items posted as margin under such Other CSA, which, pursuant to the terms of such Other CSA, Party A and Party B have agreed must be segregated in an account maintained by a third-party custodian or for which offsets are prohibited.

“**Other Eligible Support (VM)**” means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

“**Other Posted Support (VM)**” means all Other Eligible Support (VM) Transferred to the Secured Party that remains in effect for the benefit of that Secured Party.

“**Pledgor**” means either party, when that party (i) receives a demand for or is required to Transfer Eligible Credit Support (VM) under Paragraph 3(a) or (ii) has Transferred Eligible Credit Support (VM) under Paragraph 3(a).

“**Posted Collateral (VM)**” means all Eligible Collateral (VM), other property, Distributions, and all proceeds thereof that have been Transferred to or received by the Secured Party under this Annex and not Transferred to the Pledgor pursuant to Paragraph 3(b), 4(d)(ii), 6(d)(i) or 11(h) or released by the Secured Party under Paragraph 8. With respect to any Interest Amount (VM) in respect of any Interest Payment (VM) or relevant part thereof not Transferred pursuant to Paragraph 6(d)(ii)(A) or Paragraph 6(d)(ii)(B), as applicable, if such Interest Amount (VM) is a positive number, such Interest Amount (VM) will constitute Posted Collateral (VM) in the form of Cash in the Base Currency.

“**Posted Credit Support (VM)**” means Posted Collateral (VM) and Other Posted Support (VM).

“**Recalculation Date**” means the Valuation Date that gives rise to the dispute under Paragraph 5; *provided, however*, that if a subsequent Valuation Date occurs under Paragraph 3 prior to the resolution of the dispute, then the “Recalculation Date” means the most recent Valuation Date under Paragraph 3.

“**Regular Settlement Day**,” means, unless otherwise specified in Paragraph 13, the same Local Business Day on which a demand for the Transfer of Eligible Credit Support (VM) or Posted Credit Support (VM) is made.

“**Resolution Time**” has the meaning specified in Paragraph 13.

“**Return Amount (VM)**” has the meaning specified in Paragraph 3(b).

“**Return Amount Reduction (VM)**” has the meaning specified in Paragraph 6(d)(ii)(A)(II).

“**Secured Party**” means either party, when that party (i) makes a demand for or is entitled to receive Eligible Credit Support (VM) under Paragraph 3(a) or (ii) holds or is deemed to hold Posted Credit Support (VM).

“**Set-off**” means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement (whether arising under this Agreement, another contract, applicable law or otherwise) and, when used as a verb, the exercise of any such right or the imposition of any such requirement.

“**Specified Condition**” means, with respect to a party, any event specified as such for that party in Paragraph 13.

“**Substitute Credit Support (VM)**” has the meaning specified in Paragraph 4(d)(i).

“**Substitution Date**” has the meaning specified in Paragraph 4(d)(ii).

“**Total Ineligibility Date**” has the meaning specified in Paragraph 11(g) unless otherwise specified in Paragraph 13.

“**Transfer**” means, with respect to any Eligible Credit Support (VM), Posted Credit Support (VM) or Interest Payment (VM), and in accordance with the instructions of the Secured Party, Pledgor or Custodian (VM), as applicable:

- (i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;
- (ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;
- (iii) in the case of securities that can be paid or delivered by book-entry, causing the relevant depository institution(s) or other securities intermediaries to make changes to their books and records sufficient to result in a legally effective transfer of the relevant interest to the recipient or its agent; and
- (iv) in the case of Other Eligible Support (VM) or Other Posted Support (VM), as specified in Paragraph 13.

“**Transfer Ineligibility Date**” has the meaning specified in Paragraph 11(g) unless otherwise specified in Paragraph 13.

“**Valuation Agent**” has the meaning specified in Paragraph 13.

“**Valuation Date**” means, unless otherwise specified in Paragraph 13, each day from, and including, the date of this Annex, that is a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in at least one Valuation Date Location for Party A and at least one Valuation Date Location for Party B.

“**Valuation Date Location**” has the meaning specified in Paragraph 13.

“**Valuation Percentage**” means, for any item of Eligible Collateral (VM), the percentage specified as such in Paragraph 13.

“**Valuation Time**” means, unless otherwise specified in Paragraph 13, the time as of which the Valuation Agent computes its end of day valuations of derivatives transactions in the ordinary course of its business (or such other commercially reasonable convenient time on the relevant day as the Valuation Agent may determine).

“**Value**” means for any Valuation Date or other date for which Value is calculated and subject to Paragraph 5 in the case of a dispute, with respect to:

- (i) Eligible Collateral (VM) or Posted Collateral (VM) that is:
 - (A) an amount of Cash, the Base Currency Equivalent of such amount multiplied by $(VP - H_{FX})$; and
 - (B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent multiplied by $(VP - H_{FX})$, where:
 - VP equals the applicable Valuation Percentage; and
 - H_{FX} equals the applicable FX Haircut Percentage;
- (ii) Posted Collateral (VM) that consists of items that are not Eligible Collateral (VM) (including any item or any portion of any item that fails to satisfy any (A) Credit Support Eligibility Condition (VM) applicable to it or (B) applicable Legal Eligibility Requirements), zero; and
- (iii) Other Eligible Support (VM) and Other Posted Support (VM), as specified in Paragraph 13.

Paragraph 13. Elections and Variables

(a) **Base Currency and Eligible Currency.**

(i) “**Base Currency**” means United States Dollars, unless otherwise specified here:

(ii) “**Eligible Currency**” means the Base Currency and each other currency specified here:.....

(b) **Covered Transactions; Security Interest for Obligations; Exposure.**

(i) The term “**Covered Transactions**” as used in this Annex includes any Transaction specified below that is entered into on or after [.....]*, except as otherwise provided in the Confirmation of such Transaction:

(A) For purposes of the foregoing, the term “Covered Transactions” includes: [Any Transaction [that is any of the following] [Swap], [Security-Based Swap], [OTC Derivative], [Physically Settled FX Forward] or [Physically Settled FX Swap]] [and is not any of the following: [Swap], [Security-Based Swap], [OTC Derivative], [Physically Settled FX Forward], or [Physically Settled FX Swap].....]**

As used above:

[“**OTC Derivative**” means an “OTC derivative” or “OTC derivative contract” as defined in Article 2(7) of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (“**EMIR**”) other than one which constitutes (i) a “foreign exchange forward” as defined in Article 7(1)(a) of the final draft regulatory technical standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP under Article 11(15) of EMIR dated March 8, 2016 (the “**EMIR RTS**”) for so long as such transactions are subject to the transitional exemption from the variation margin requirements under Article 39(6) of the EMIR RTS and (ii) a single stock equity option or index option transaction as referred to in Article 39(7) of the EMIR RTS for so long as such transactions are subject to the transitional exemption from the variation margin requirements under Article 39(7) of the EMIR RTS.]

[“**Physically Settled FX Forward**” means [.....]]

[“**Physically Settled FX Swap**” means [.....]]

[“**Security-Based Swap**” means a “security-based swap” as defined in Section 3(a)(68) of the U.S. Securities Exchange Act of 1934, as amended (“**SEA**”), and the rules adopted thereunder. For the avoidance of doubt, the term “Security-Based Swap” does not include a security-based swap that has been cleared by a “clearing agency,” as such term is defined in Section 3(a)(23) of the SEA and the rules adopted thereunder.]

[“**Swap**” means a “swap” as defined in Section 1a(47) of the U.S. Commodity Exchange Act, as amended (“**CEA**”), and the regulations adopted thereunder. For the avoidance of doubt, the term “Swap” does not include a swap that has been cleared by a “derivatives clearing organization,” as such term is defined in Section 1a(15) of the CEA and the regulations adopted thereunder.]

[For the purposes of the foregoing, a Transaction will be deemed to be entered into on or after the date specified in this Paragraph 13(b)(i) if an amendment, novation or other lifecycle event with respect to such

* Insert the relevant date.

** Parties may retain, delete, or revise any of these definitions or add any additional definitions, as applicable.

Transaction would cause such Transaction to be entered into after such date under law applicable to either party requiring the collection or delivery of variation margin.]*

(ii) The term “**Obligations**” as used in this Annex includes the following additional obligations:

With respect to Party A:

With respect to Party B:

(iii) “**Exposure**” has the meaning specified in Paragraph 12, unless otherwise specified here:

(c) **Credit Support Obligations.**

(i) **Delivery Amount (VM) and Return Amount (VM).**

(A) “**Delivery Amount (VM)**” has the meaning specified in Paragraph 3(a), unless otherwise specified here:

(B) “**Return Amount (VM)**” has the meaning specified in Paragraph 3(b), unless otherwise specified here:

(ii) **Eligible Collateral (VM).** Subject to Paragraph 11(g), if applicable, and each Credit Support Eligibility Condition (VM) applicable to it specified in Paragraph 13, if any, the following items will qualify as “**Eligible Collateral (VM)**” for the party specified (as the Pledgor):

	Party A	Valuation Percentage	Party B	Valuation Percentage
(A) cash in an Eligible Currency	[]	[]%	[]	[]%
(B) other:	[]	[]%	[]	[]%

(iii) **Legally Ineligible Credit Support (VM).** The provisions of Paragraph 11(g) will not apply to the [party/parties] specified here (as the Secured Party):**

[] Party A

[] Party B

(A) “**Total Ineligibility Date**” has the meaning specified in Paragraph 11(g), unless otherwise specified here

(B) “**Transfer Ineligibility Date**” has the meaning specified in Paragraph 11(g), unless otherwise specified here:

(iv) **Credit Support Eligibility Conditions (VM).** The following conditions will each be a “Credit Support Eligibility Condition (VM)” for the party specified. Any item will not qualify as Eligible Collateral (VM) for a party (as the Pledgor) if such item does not satisfy each Credit Support Eligibility Condition (VM) applicable to it.

[.....]

[.....]

(v) “**Valuation Percentage**”; “**FX Haircut Percentage**”

(A) “**Valuation Percentage**” means, with respect to each party (as the Pledgor) and item of Eligible Collateral (VM), the percentage (expressed as a decimal) specified in Paragraph 13(c)(ii); *provided* that if

* Parties may retain, delete or revise the bracketed language, as applicable.

** Parties should leave the relevant box below unmarked unless they agree to disapply Paragraph 11(g) with respect to a party as the Secured Party.

nothing is specified in Paragraph 13(c)(ii), the Valuation Percentage will be 100% unless otherwise specified below. The Valuation Percentage for either party and any item of Eligible Collateral (VM) will further be subject to the terms and conditions, if any, specified below as applicable to such party and item:

[If at any time the Valuation Percentage assigned to an item of Eligible Collateral (VM) with respect to a party (as the Pledgor) under this Annex is greater than the maximum permitted valuation percentage (prescribed or implied) for such item of collateral under any law requiring the collection of variation margin applicable to the other party (as the Secured Party), then the Valuation Percentage with respect to such item of Eligible Collateral (VM) and such party will be such maximum permitted valuation percentage.]*

(B) “**FX Haircut Percentage**” means, with respect to each party (as the Pledgor) and item of Eligible Collateral (VM), [[8]%, unless the Eligible Collateral (VM) or Posted Collateral (VM) is in the form of cash [in a Major Currency] or is denominated in a currency that matches [an Eligible Currency], in which case the FX Haircut Percentage will be 0%.]

[As used above, “**Major Currency**” means any of: (1) United States Dollar; (2) Canadian Dollar; (3) Euro; (4) United Kingdom Pound; (5) Japanese Yen; (6) Swiss Franc; (7) New Zealand Dollar; (8) Australian Dollar; (9) Swedish Kronor; (10) Danish Kroner; (11) Norwegian Krone or any other currency specified below:

[.....]]**

(vi) **Other Eligible Support (VM)**. The following items will qualify as “**Other Eligible Support (VM)**” for the party specified (as the Pledgor):

	Party A	Party B
(A)	[]	[]
(B)	[]	[]

(vii) **Minimum Transfer Amount**.

(A) “**Minimum Transfer Amount**” means with respect to Party A: \$

“**Minimum Transfer Amount**” means with respect to Party B: \$

(B) **Rounding**. The Delivery Amount (VM) and the Return Amount (VM) will be rounded up and down respectively to the nearest integral multiple of \$

(viii) **Transfer Timing**. “**Regular Settlement Day**” has the meaning specified in Paragraph 12, unless otherwise specified here:

(d) **Valuation and Timing**.

(i) “**Valuation Agent**” means, for purposes of Paragraphs 3 and 5, the party making the demand under Paragraph 3, and, for purposes of Paragraph 6(d), the Secured Party, as applicable, unless otherwise specified here:

(ii) “**Valuation Date**” has the meaning specified in Paragraph 12, unless otherwise specified here:

* Parties may retain, delete or revise the bracketed language, as applicable.

** Parties may revise the bracketed language and the related definitions, as applicable.

For purposes of determining the Valuation Date and clause (iii) of the definition of “Local Business Day” in Paragraph 12, “**Valuation Date Location**”^{*} means, with respect to each party, each city, region, or country specified below:

Party A:

Party B:

(iii) “**Valuation Time**” has the meaning specified in Paragraph 12, unless otherwise specified here:

.....

(iv) “**Notification Time**” means 10:00 a.m., New York time, on a Local Business Day, unless otherwise specified here:

.....

(e) **Conditions Precedent and Secured Party’s Rights and Remedies.**

(i) The provisions of Paragraph 4(a) will apply, unless otherwise specified here:

.....

(ii) If the provisions of Paragraph 4(a) are applicable, the following Termination Event(s) will be a “**Specified Condition**” for the party specified (that party being the Affected Party if the Termination Event occurs with respect to that party):

	Party A	Party B
Illegality	[]	[]
Force Majeure Event**	[]	[]
Tax Event	[]	[]
Tax Event Upon Merger	[]	[]
Credit Event Upon Merger	[]	[]
Additional Termination Event(s):	[]	[]

(f) **Substitution.**

(i) “**Substitution Date**” has the meaning specified in Paragraph 4(d)(ii), unless otherwise specified here:

(ii) **Consent.** If specified here as applicable, then the Pledgor must obtain the Secured Party’s consent for any substitution pursuant to Paragraph 4(d): [applicable/inapplicable]***

(g) **Dispute Resolution.**

(i) “**Resolution Time**” means 1:00 p.m., New York time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 5, unless otherwise specified here:

(ii) **Value.** For the purpose of Paragraphs 5(iv)(A)(3) and 5(iv)(B), the Value of Posted Credit Support (VM) will be calculated as follows:

(iii) **Alternative.** The provisions of Paragraph 5 will apply, unless an alternative dispute resolution procedure is specified here:

* If applicable, a party can specify more than one Valuation Date Location.

** Include if the relevant ISDA Master Agreement is an ISDA 2002 Master Agreement.

*** Parties should consider selecting “applicable” where substitution without consent could give rise to a registration requirement to perfect properly the security interest in Posted Collateral (e.g., where a party to the Annex is the New York branch of an English bank).

(h) **Holding and Using Posted Collateral (VM).**

(i) **Eligibility to Hold Posted Collateral (VM); Custodians (VM).** Party A and its Custodian (VM) will be entitled to hold Posted Collateral (VM) pursuant to Paragraph 6(b); *provided* that the following conditions applicable to it are satisfied:

(1) Party A is not a Defaulting Party.

(2)

Initially, the **Custodian (VM)** for Party A is

.....

Party B and its Custodian (VM) will be entitled to hold Posted Collateral (VM) pursuant to Paragraph 6(b); *provided* that the following conditions applicable to it are satisfied:

(1) Party B is not a Defaulting Party.

(2)

Initially, the **Custodian (VM)** for Party B is

.....

(ii) **Use of Posted Collateral (VM).** The provisions of Paragraph 6(c) will not apply to the [party/parties*] specified here:

[] Party A

[] Party B

and [that party/those parties*] will not be permitted to:

(i) **Distributions and Interest Payment (VM).**

(i) **Interest Rate (VM).** The “**Interest Rate (VM)**” in relation to each Eligible Currency specified below will be:

<i>Eligible Currency</i>	<i>Interest Rate (VM)</i>	<i>A/365 Currency</i>
.....
.....
.....

(ii) **Transfer of Interest Payment (VM) or application of Interest Amount (VM).**

Interest Transfer: [Applicable/Not Applicable]

Interest Payment Netting: [Applicable/Not Applicable]

[The Transfer of an Interest Payment (VM) by the Interest Payer (VM) will be made on [the last Local Business Day of each calendar month] [and on any Local Business Day that a Return Amount (VM) consisting wholly or partly of cash is Transferred to the Pledgor pursuant to Paragraph 3(b)]. The Transfer of an Interest Payment (VM) by the Interest Payer (VM) will be made on [the last Local Business Day of each calendar month] [and on any Local Business Day that a Delivery Amount (VM) consisting wholly or partly of cash is Transferred to the Secured Party pursuant to Paragraph 3(a).]

Interest Adjustment: [Applicable/Not Applicable]

* Delete as applicable.

[The Posted Collateral (VM) will be adjusted by the Secured Party on [the last Local Business Day of each calendar month][each day].]

(iii) **Other Interest Elections.**

Negative Interest: [Applicable/Not Applicable]

Daily Interest Compounding: [Applicable/Not Applicable]

(iv) **Alternative to Interest Amount (VM) and Interest Payment (VM).** The provisions of Paragraph 6(d)(ii) will apply, unless otherwise specified here:

.....

(j) **Credit Support Offsets.**

If specified here as applicable, then the “**Credit Support Offsets**” provisions in Paragraph 11(j) of this Annex will apply: [applicable/inapplicable].

(k) **Additional Representation(s).**

[Party A/Party B] represents to the other party (which representation(s) will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral (VM)) that:

(i)

(ii)

(l) **Other Eligible Support (VM) and Other Posted Support (VM).**

(i) “**Value**” with respect to Other Eligible Support (VM) and Other Posted Support (VM) means:

.....

(ii) “**Transfer**” with respect to Other Eligible Support (VM) and Other Posted Support (VM) means:

.....

(m) **Demands and Notices.**

All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:

Party A:

.....

Party B:

.....

(n) **Addresses for Transfers.**

Party A:

.....

Party B:

.....

(o) “**Other CSA**” has the meaning specified in Paragraph 12, unless otherwise specified here:

.....

(p) **Other Provisions.**