

SUPPLEMENT DATED 29 AUGUST 2013 TO THE BASE PROSPECTUS DATED 25 JULY 2013

PALLADIUM SECURITIES 1 S.A.

(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg) with its registered office at 2, boulevard Konrad Adenauer, L-1115 Luxembourg, registered with the Luxembourg trade and companies register under number B.103.036 and subject to the Luxembourg Act dated 22 March 2004, as amended)

Programme for the issuance of Secured Notes

This prospectus supplement (the “**Supplement**”) dated 29 August 2013 to the base prospectus (the “**Base Prospectus**”) dated 25 July 2013 for the issuance of secured notes (which comprises a base prospectus for the purposes of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “**Prospectus Directive**”)) constitutes a prospectus supplement for the purposes of article 13 of Chapter 1 of Part II of the Luxembourg act dated 10 July 2005 on prospectuses for securities.

The Supplement and the Base Prospectus are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with article 13 paragraph 2 Luxembourg act dated 10 July 2005 on prospectuses for securities, as amended, investors who have already agreed to purchase or subscribe for Instruments offered by way of a public offer before this Supplement is published shall have the right, exercisable within a time limit of two working days after the publication of this Supplement, i.e. until 2 September 2013, to withdraw their acceptances. This withdrawal right will only apply to those investors who have agreed to purchase or subscribe for Instruments in accordance with Final Terms issued under the Base Prospectus before the publication of this Supplement and if the new factor, material mistake or inaccuracy has occurred prior to the end of the offer period and the delivery of the Instruments.

Those amendments to the Base Prospectus mentioned under items (ii), (iii), (iv), (v), and (vi) of the section entitled “Purpose of this Supplement” below shall only apply to an admission to trading of Instruments and/or an offer to the public of Instruments commencing after the approval of this Supplement.

The Base Prospectus is revised with effect from and including the date of this Supplement.

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Purpose of this Supplement

The purpose of this Supplement is to:

- (i) amend Element C.5 of the Summary to include the section “Void transfer or other disposition and forced transfer” and amend Element C.9 of the Summary to include: (a) “Redemption at option of the Issuer for Regulatory Event” as an additional circumstance under which Instruments may be cancelled; and (b) consequential amendments;
- (ii) amend paragraphs 7 and 8 of the General Description of the Notes to incorporate consequential amendments as a result of the inclusion of “Redemption at option of the Issuer for Regulatory Event” as an additional circumstance under which Instruments may be cancelled, and insert “Void transfer or other disposition and forced transfer” as a new section 9 of the General Description of the Notes;
- (iii) amend the definitions of “Early Termination Amount”, “Early Termination Interest Period” and “Early Termination Valuation Date” in the General Conditions to include references to General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*);
- (iv) amend General Condition 7.2 (*Early Termination*) and General Condition 8.5 (*Enforceability*) to include references to General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*);
- (v) amend General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*) to combine limbs (a) and (b) of the definition of “Regulatory Event” contained therein; and
- (vi) amend the definitions of “Early Termination Amount”, “Early Termination Interest Period” and “Early Termination Valuation Date” in the Glossary to include references to General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*).

Amendment of Summary

The Summary of the Base Prospectus is deleted in its entirety and replaced with the Summary as set out in Schedule 1 hereto. For the purposes of readability, amendments have been marked with a double underline.

Amendment of General Description of the Programme

The General Description of the Programme as set out in the Base Prospectus is deleted in its entirety and replaced with the General Description of the Programme as set out in Schedule 2 hereto. For the purposes of readability, amendments have been marked with a double underline.

Amendment of General Conditions

- (1) The definition of “**Early Termination Amount**” on page 72 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.
- (2) The definition of “**Early Termination Interest Period**” on page 72 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.
- (3) The definition of “**Early Termination Valuation Date**” on page 72 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.
- (4) General Condition 7.2 on page 89 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.
- (5) General Condition 7.4 on page 91 of the Base Prospectus shall be amended by the replacement of the words “Redemption at option of the Issuer on void transfer or other disposition” with the words “Void transfer or other disposition and forced transfer” in the heading thereof.
- (6) General Condition 7.5 on page 92 of the Base Prospectus shall be amended by the replacement of the words “Regulatory Redemption Event” with the words “Regulatory Event” in the heading thereof.
- (7) General Condition 7.5 on page 92 of the Base Prospectus shall be amended by the replacement of the definition of “**Regulatory Event**” contained therein with:

“**Regulatory Event**” means the occurrence of any of the following (including, without limitation, in connection with the application of the Alternative Investment Fund Managers Directive 2011/61/EU): (a) as a result of an implementation or adoption of, or change in, law, regulation, interpretation, action or response of a regulatory authority or (b) as a result of the promulgation of, or any interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction (a “**Relevant Authority**”) of, any relevant law or regulation or (c) as a result of the public or private statement or action by, or response of, any Relevant Authority or any official or representative of any Relevant Authority acting in an official capacity, such that it is or will be unlawful or there is a reasonable likelihood of it being unlawful for (i) the Issuer to maintain the Instruments or that the maintenance of the existence of the Instruments would make it unlawful to maintain the existence of any other instruments issued by the Issuer or, (ii) for the Issuer or Deutsche Bank AG, London Branch in its capacity as Advisor to perform any duties in respect of the Instruments.”
- (8) General Condition 8.5 on page 97 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.

Amendment of Glossary

- (1) The definition of “**Early Termination Amount**” on page 176 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.
- (2) The definition of “**Early Termination Interest Period**” on page 176 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.
- (3) The definition of “**Early Termination Valuation Date**” on page 177 of the Base Prospectus shall be amended by the insertion of the words “, General Condition 7.5 (*Redemption at option of the Issuer for Regulatory Event*)” immediately after the words “General Condition 7.3 (*Mandatory cancellation*)”.

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Schedule 1 SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary due to the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings

Element	Description of Element	Disclosure requirement
A.1	Warnings	<p>This summary should be read as an introduction to the Base Prospectus.</p> <p>Any decision to invest in the Instruments should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Instruments.</p>
A.2	Consent	<p>The Company consents to the use of the Base Prospectus in Austria, Belgium, Germany, Italy, Spain, Poland, Portugal, and Switzerland and accepts responsibility for the content of the Base Prospectus also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given consent to use the Base Prospectus. This consent is valid for 12 months from the date of publication of the Base Prospectus.</p> <p>Investors should be aware that information on the terms and conditions of the offer by any financial intermediary shall be provided at the time of the offer by the financial intermediary.</p>

Section B – Issuer

Element	Description of Element	Disclosure requirement
B.1	Legal and Commercial Name of the Issuer	Palladium Securities 1 S.A. (the “ Company ”) acting in respect of a specified compartment.

B.2	Domicile /Legal Form /Legislation /Country of Incorporation	The Company is domiciled in Luxembourg and is a public limited liability company (<i>société anonyme</i>) incorporated under the laws of the Grand Duchy of Luxembourg. It was incorporated in Luxembourg on 8 September 2004.
B.16	Control of Issuer	The Company has 181,818 ordinary shares, all of which are fully paid and are held by two companies, The Freesia Charitable Trust and Anson Fund Managers Limited, on trust for charitable purposes. Such holders have no beneficial interest in and derive no benefit (other than any expenses for acting as share trustee) from their holding of the issued shares. They will apply any income derived by them from the Company solely for charitable purposes.
B.17	Credit ratings	<p>The Series of Instruments is [unrated] [rated by [S&P entity] [Moody's entity][DBRS entity][●]][expected to be rated on or about the Issue Date by [S&P entity][Moody's entity][DBRS entity][●]. [The rating of the Instruments (if any) will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website www.it.investmentprodukte.db.com on or about the Issue Date. No assurance is given that the Instruments will have a particular rating, or any rating at all, on or about the Issue Date].</p> <p>[[S&P entity][Moody's entity][DBRS entity] is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies.] [The rating of the Series of Instruments will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the “CRA Regulation”).] [[●] [is]/[are] established in the European Union and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009, although the result of such application has not yet been determined.] [[●] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No 1060/2009.]</p>
B.20	Special Purpose Vehicle	The Company is a special purpose vehicle for the purpose of issuing asset backed securities.
B.21	Principal activities and global overview of parties	<p>The Company's principal activities are to enter into, perform and serve as a vehicle issuing asset backed securities for any securitisation transactions as permitted under the Securitisation Act 2004.</p> <p>Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, will act as trustee in respect of the Series of Instruments (the “Trustee”). Deutsche Bank AG, acting through its London Branch, located at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, will act as Arranger, Principal Agent and Paying Agent in respect of the Series of Instruments. Deutsche Bank Luxembourg S.A. will act as Custodian[, Listing Agent, Servicer and Luxembourg Paying Agent] in respect of the Series of Instruments. Deutsche Trustee Company Limited, Deutsche Bank AG, acting through its London Branch and Deutsche Bank Luxembourg S.A. are each members of the Deutsche Bank Group.</p> <p>[[Deutsche Bank AG, acting through its London Branch][Deutsche Bank AG, acting through its Frankfurt Branch] will act as [Hedging Counterparty,] [Calculation Agent,] [Selling Agent] [and/or] [Dealer].]</p> <p>Deutsche Bank Aktiengesellschaft (“Deutsche Bank AG”) is a banking institution and a stock corporation incorporated under the laws of Germany and</p>

		<p>has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.</p> <p>Deutsche Bank AG is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the “Deutsche Bank Group”).</p>
B.22	Operations	Not applicable. The Company has commenced operations and financial statements are available.
B.23	Key financial information	<p>The summary information below is extracted from the Issuer’s audited accounts as at 31 January 2012 and 31 January 2013:</p> <p>Total Assets:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 1,941,190,137 31 January 2013 – EUR 3,053,453,801</p> <p>Total Liabilities:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 1,941,190,137 31 January 2013 – EUR 3,053,453,801</p> <p>Total Charges:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 92,022,526 31 January 2013 – EUR 253,272,272</p> <p>Total income:</p> <p style="padding-left: 40px;">31 January 2012 – EUR 92,022,526 31 January 2013 – EUR 253,272,272</p>
B.24	Material adverse change	Not applicable. There has been no material adverse change in the financial position or prospects of the Company since the date of the latest audited accounts dated 31 January 2013.
B.25	Description of underlying assets	<p>The Company acting in respect of one of its compartments (the “Issuer”) will use the proceeds from the issue of the Series of Instruments to purchase the Collateral which will form part of the Series Assets [and enter into the Hedging Agreement]. The Series Assets for the Compartment will include the proceeds of the issue of the Series of Instruments, the Collateral, [the hedging agreement (the “Hedging Agreement”) between the Issuer and the hedging counterparty (“Hedging Counterparty”) in respect of the Series of Instruments,] [any hedging collateral] [and any proceeds from any relevant Hedging Agreement]. See item B.28 below.</p> <p>The Series Assets have characteristics whereby, taken together, they demonstrate a capacity to produce funds to service the Issuer’s obligations to make payments due and payable under the Instruments.</p> <p>[Insert if “Option Premium” will be Applicable: On the Issue Date, the nominal amount of Collateral to be delivered to the Issuer under the Hedging Agreement will exceed the Aggregate Nominal Amount of the Instruments. The difference between the nominal amount of the Collateral and the Aggregate Nominal Amount of the Instruments on the Issue Date is equal to [●]. This excess amount shall be payable by the Issuer to the Hedging Counterparty (whether at</p>

	<p>maturity or otherwise) be way of a final exchange under the Hedging Agreement. This amount represents the premium payable to the Hedging Counterparty by the Issuer in respect of an option on [●] contained in the Hedging Agreement and is of an amount equal to [●]. In the event of an early termination of the Instruments the present value of this excess amount at the time of termination, as determined by the Calculation Agent in its sole and absolute discretion, will comprise part of the Early Termination Unwind Costs.]</p> <p>The Collateral for the Series of Instruments will consist of [a pool of] [debt securities][debt securities consisting of covered bonds][equity securities][●] issued by [ABN Amro Bank NV][Allied Irish Banks Plc][AIB Mortgage Bank][ArcelorMittal][Areva SA][Atlantia SPA][AUTO ROUTES PARIS RHIN-RH][Autostrade SpA][Autostrade per l'Italia SpA][AXA Bank Europe SA][Banco Monte Dei Paschi Siena][Banca Popolare di Milano S.c.a.r.l][Banca Popolare di Vicenza S.C.P.A.][Banco Bilbao Vizcaya Argentaria SA][Banco Comercial Portugues SA][Banco de Sabadell SA][Banco Espanol de Credito SA (Banesto)][Banco Espirito Santo SA][Banco Popolare – Società Cooperativa][Banco Popular Espanol SA][Banco Santander SA][Banco Santander Totta SA][Bankinter SA][Banque Federative du Credit Mutuel SA][Banque Populaire Occitane SAC][Banque PSA Finance SA][Barclays Plc][Belfius Funding NV][BNP Paribas SA][BPCE SA][Brisa Auto-Estradas de Portugal SA][Brisa - Concessao Rodoviaria SA][Brisa Finance BV][Caisse Centrale du Credit Immobilier de France SA][Caisse Federale du Credit Mutuel Nord Europe SAC][Caixa Geral de Depositos SA][Caja de Ahorros y Pensiones de Barcelona, SA (La Caixa)][CIC][Ciments Francais SA][Clariant AG][Collectivites Territoriales][Compagnie de Financement Foncier (“CFF”)][Comunidad Autonoma de Canarias][Comunidad de Madrid][Comunidad Foral De Navarre][Credit Agricole Corporate & Investment Bank SA][Credit Agricole SA][Delhaize Group][DEPFA ACS BANK][Deutsche Bank AG][EDP Finance BV][Enel Finance International NV][Enel SpA][Energias de Portugal SA][E.ON International Finance BV][Erste Europaeische Pfandbriefe und Kommunalkreditbank AG][E.ON AG][European Investment Bank][Federal Republic of Germany][Fiat Finance & Trade SA][Fiat SpA][Finmeccanica Finance S.A][Finmeccanica SpA][Fondo de Amortizacion del Deficit Electrico (FADE)][Fondo de Reestructuracion Ordenada Bancaria][Fortis Bank SA/NV][Franz Haniel & Cie GmbH][French Republic][Galp Energia, SGPS SA][Gazprom OAO][Generalitat De Catalunya][Generalitat De Valencia][HeidelbergCement AG][HSBC Bank Plc][HSBC Holdings Plc][Hypo Pfandbrief Bank International S.A.][Hypothekenbank Frankfurt International S.A][ING Groep NV][Instituto de Credito Oficial][Intesa Sanpaolo][Italian Republic][Junta Comunidades de Castilla-La Mancha][Junta de Andalucia][KBC Bank NV][KBC Groep NV][KBC Internationale Financieringsmaatschappij NV][Kingdom of Belgium][Kingdom of Spain][Lafarge SA][Lloyds Banking Group PLC][Morgan Stanley][Nomura Bank International plc][Nordea Bank AB][Peugeot SA][Portugal Telecom International Finance BV][Portugal Telecom SGPS SA][Portuguese Republic][Provident Financial PLC][PT Comunicacoes SA][RCI Banque SA][Redes Energéticas Nacionais SGPS, S.A][Renault SA][Repsol International Finance BV][Repsol SA][Republic of Austria][Republic of Ireland][Royal Bank of Scotland PLC][Royal Bank of Scotland Group Plc][Santander International Debt, S.A. Unipersonal][Societe</p>
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		<p>Generale S.A.][Stada Arzneimittel AG][Swedbank AB][Telecom Italia S.p.A.][Telefonica Emisiones SAU][Telefonica SA][ThyssenKrupp AG][ThyssenKrupp Finance Nederland BV][TUI AG][UBI Banca SCPA][UniCredit BpC Mortgage S.r.l.][Unicredit SpA][Unione di Banche Italiane S.c.p.a][United Kingdom][Xstrata Finance Dubai Ltd][Xunta De Galicia] as the Collateral Obligor[s] and cash deposits denominated in [●].</p> <p>[The][Each] Collateral Obligor [and [the][each]Collateral Guarantor][and [the][each] Collateral Support Provider] has securities traded on a regulated or equivalent market.</p> <p>Collateral Obligor [1][2][●]: European [corporate with a business of [●]] [bank] [sovereign country][autonomous region][supranational organisation], which issued [senior][unsecured][secured][debt securities][debt securities consisting of covered bonds][equity securities][●] on [●] due on [●] with ISIN: [●] which will form [all of][part of] the Collateral. [The [loan to value ratio][level of collateralisation] of such securities is [●].]</p> <p>[Collateral Guarantor [1][2][●]: [●]]</p> <p>[Collateral Support Provider [1][2][●]: [●]]</p> <p><i>[Repeat information for each Collateral Obligor (where multiple Collateral Obligors are present) and/or items forming part of the Collateral for a Series of Instruments]</i></p> <p>The Collateral will not consist of real property, therefore no valuation report relating to real property is included in the Base Prospectus, nor any description of the valuation of such real property.</p>
B.26	Actively managed pool of assets	Not applicable. The Series Assets of the Series of Instruments will not consist, in whole or in part, of an actively managed pool of assets.
B.27	Further issuances backed by same pool of assets	The Issuer may from time to time issue further Instruments of the Series on the same terms as the existing Instruments and on terms that such further Instruments shall be consolidated and form a single series with the existing Instruments of the Series; provided that, unless otherwise approved by Extraordinary Resolution of holders of Instruments (the “ Instrumentholders ”) of the Series, the Issuer shall provide additional assets to form part of the Series Assets for such further Instruments and existing Instruments.
B.28	Structure of the transaction	<p>The Instruments of the Series issued under the Programme are constituted by the Series Instrument (as amended, supplemented and/or restated from time to time, the “Series Instrument”) dated the Issue Date between, <i>inter alios</i>, the Issuer, the Principal Agent, the Trustee, the Custodian[, the Servicer, and the Hedging Counterparty].</p> <p>The Issuer may offer Instruments in the Series to retail clients, professional clients or other eligible counterparties.</p> <p>The Issuer will use the proceeds from the issue of the Instruments to purchase the Collateral [and to enter into the Hedging Agreement], which will, [along with the Issuer’s rights under any Hedging Agreement, any Hedging Collateral and any proceeds from any relevant Hedging Agreement], form part of the Series Assets. The Series Assets are exclusively allocated to the Compartment established by the board of directors of the Issuer in respect of the Instruments, will be kept separate from the other assets of the Issuer and the Company and</p>

will be secured in favour of the Trustee on behalf of the Instrumentholders.

Collateral

The Issuer will procure that any Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 is delivered to the Custodian on the Issue Date. The Custodian will then hold such Collateral on behalf of the Issuer subject to the security created in favour of the Trustee, the conditions set out in the Securitisation Act 2004 and to the terms of the Series Instrument. [The Servicer shall collect payments made in respect of the Series Assets which it holds in its capacity as Custodian (either directly or via a sub-custodian). For these purposes, references to “collect” or the “collection” of payments shall be construed as meaning the receipt of payments due with respect to such assets held and shall not extend to ensuring performance of such assets whether by management of the recovery of unpaid debts or otherwise. The role of Servicer is restricted to this single duty accordingly.]

Security

Instruments shall be secured by a security interest over the Series Assets in favour of the Trustee for the benefit of the Instrumentholders and the Issuer’s rights against the Agents[, the Servicer] and the Custodian in respect of the Instruments.

[Hedging Agreement

The Issuer will enter into a Hedging Agreement with the Hedging Counterparty, pursuant to which the Issuer will be entitled to receive certain agreed payment amounts.

[Insert if “Option Premium” will be Applicable: The amount of Collateral to be delivered shall exceed the amount payable by the Hedging Counterparty as the excess Collateral includes an amount equal to [●], which represents the premium payable by the Issuer to the Hedging Counterparty in respect of [●] under the Hedging Agreement.]

[Insert if Hedging Agreement will be collateralised: The Hedging Counterparty may be required to provide hedging collateral pursuant to the terms of the Credit Support Document (“**Hedging Collateral**”) in order to support its obligations under the Hedging Agreement.]

[Insert if “2-Way Hedging Collateral Posting” applicable: The Issuer may also be required to deliver collateral comprising the Collateral to the Hedging Counterparty in order to collateralise its obligations to the Hedging Counterparty. The obligation of the Issuer to deliver is limited to the amount of Collateral held by the Issuer.]

[Insert if no “2-Way Hedging Collateral Posting” will be applicable: The Issuer will not be obliged to collateralise its obligation under the Hedging Agreement.]

The Issuer will procure that any Hedging Collateral constituting “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004 will be delivered to the Custodian and subject thereto, such Hedging Collateral will be held by the Custodian on behalf of the Issuer and subject to the security created. The Hedging Collateral is subject to the rights of the Hedging

		Counterparty to request from time to time redelivery of the Hedging Collateral pursuant to the terms of the Hedging Agreement. See item B.29 below. In the event of an early termination of the Series of Instruments, the Issuer [or the Selling Agent] will realise any Collateral and terminate the Hedging Agreement and the Issuer will pay to the Instrumentholders the Early Termination Amount in respect of the Instruments. See Item C.9 below.]
B.29	Description of cashflows and information on the Hedging Counterparty	<p>[Insert, if no Hedging Agreement is entered into: The Issuer for the Series of Instruments may finance any payments to Instrumentholders directly through payments of principal, interest, dividends or other distributions received on the Collateral and other Series Assets.]</p> <p>[Insert, if Hedging Agreement is entered into: The Issuer for each Series of Instruments may finance any payments to Instrumentholders as set out in the below diagram:</p> <pre> graph TD C1([Collateral held with Custodian]) --- Issuer[Issuer] C2([Hedging Collateral held with Custodian]) --- Issuer Issuer -- "Income received on Collateral" --> HC[Hedging Counterparty] HC -.-> Issuer HC -- "Amounts payable on [each Interest Payment Date] [the Maturity Date]" --> Issuer Issuer -- "Amounts payable on [each Interest Payment Date] [the Maturity Date]" --> IH[Instrument-holder] </pre> <p>This means that any income received by the Issuer from any Collateral will be exchanged with the Hedging Counterparty for an income stream that matches, in relation to rate and/or currency, the amounts to be paid under the Instruments.]</p>
B.30	Originators of securitised assets	[Deutsche Bank AG, London Branch. It is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.][●]

Section C – Securities

Element	Description of Element	Disclosure requirement
C.1	Type and class of securities being offered	The Instruments are senior, secured debt obligations of the Issuer with ISIN [●].
C.2	Currency	Subject to compliance with all relevant laws, regulations and directives, the Instruments are denominated in [●].

C.5	Restrictions on free transferability	<p>There are restrictions on sales of Instruments into, amongst other jurisdictions, the United States and the European Economic Area (including Austria, Belgium, Germany, Italy, Poland, Portugal, Spain, Switzerland and the United Kingdom). These restrictions are mainly targeting offerings to the public in the specific jurisdiction unless certain exceptions apply.</p> <p><u>Void transfer or other disposition and forced transfer</u></p> <p><u>At any time after becoming aware that any legal or beneficial ownership interest in an Instrument is held by a Non-Permitted Transferee, the Issuer shall give notice to the Trustee, the Custodian and the Calculation Agent and shall have the right to require such Non-Permitted Transferee to sell such interest to (a) an affiliate of the Issuer (to the extent permitted by applicable law) or (b) a person who is not a Non-Permitted Transferee, in each case, at a price equal to the lesser of (x) the purchase price paid for such interest by such Non-Permitted Transferee, (y) the principal amount of such interest and (z) the fair market value of such interest, less any costs or expenses incurred by or on behalf of the Issuer in connection with such sale.</u></p> <p><u>Where:</u></p> <p><u>“Non-Permitted Transferee” means:</u></p> <p><u>(a) a U.S. person as defined in Rule 902(k)(1) of Regulation S of the Securities Act;</u></p> <p><u>(b) a person who comes within any definition of U.S. person for the purposes of the Commodity Exchange Act of 1936, as amended, or any rule, guidance or order proposed or issued by the Commodity Futures Trading Commission (the “CFTC”) thereunder (including but not limited to any person who is not a "Non-United States person" under CFTC Rule 4.7(a)(1)(iv) (excluding for purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not “Non-United States persons”)); or</u></p> <p><u>(c) a “resident of the United States” for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended.</u></p>
C.8	Conditions of the securities	<p>The Instruments have terms and conditions relating to, among other matters:</p> <p>Withholding Tax</p> <p>If, on the occasion of the next payment due in respect of the Instruments, the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, the Issuer will use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal obligor or to change its residence for taxation purposes or, to the extent permitted by law, change its domicile to another jurisdiction. If the Issuer is unable to arrange such substitution or change, or if the Issuer is unable to carry out such substitution or change in a tax efficient manner before the next payment is due in respect of the Instruments, the Issuer shall cancel all of those Instruments.</p> <p>All payments in respect of the Instruments will be subject (i) to all laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever and (ii) any withholding or deduction required</p>

pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Instrumentholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Instruments, including without limitation pursuant to the U.S. "Foreign Account Tax Compliance Act". The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to the Instrumentholder, such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

Events of Default

The Instruments contain the following Events of Default:

- (a) default in the payment of any sum due in respect of the Instruments or any of them is made for a period exceeding the applicable Grace Period; or
- (b) failure by the Issuer to perform or observe any of its other obligations under the Instruments, the Series Instrument, in certain cases continuing for a specified period of time; or
- (c) events relating to the winding-up or dissolution of the Issuer or the Company or the appointment of an administrator.

“**Grace Period**” means a period of 14 days or, if “Collateral Matched Grace Period” is specified as “Applicable” in the relevant Final Terms, the period specified in the relevant Final Terms which shall be equal to the grace period applicable to the payment of any sum due in respect of the Collateral before a default may be declared under the terms thereof.

Governing Law

The Instruments are governed by English law. Articles 86 to 97 of the Companies Act 1915, as amended, are excluded.

Status and Security

The Instruments are limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves.

The Instruments are secured by:

- (a) (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer’s rights in respect of and sums derived from the Collateral and (ii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights in respect of the Collateral against the Custodian. [To the extent that eligible credit support is due from the Issuer to the Hedging Counterparty in accordance with the Credit Support Document, the security over such eligible credit support comprising the Collateral will be deemed to be released and the Issuer shall deliver such Collateral to the Hedging Counterparty];

	<p>(b) [an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights, title and interest under the Hedging Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder];</p> <p>(c) a first fixed charge in favour of the Trustee over [(i)] the Issuer’s right to all sums held by the Principal Agent and/or any Paying Agent and/or the Custodian to meet payments due in respect of the Instruments and under the Series Instrument [and (ii) any sums of money, securities or other property received or receivable by the Issuer under the Hedging Agreement];</p> <p>(d) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer’s rights, title and interest under the Agency Agreement and the Purchase Agreement and all sums derived therefrom in respect of the Instruments;</p> <p>(e) to the extent that at any time the Collateral has not been delivered to the Custodian (or, if so specified in the Purchase Agreement, any sub-custodian) to be held on behalf of the Issuer as provided in the Purchase Agreement, an assignment by way of first fixed charge in favour of the Trustee of the Issuer’s rights, title and interest under the Purchase Agreement and any sums received or receivable by the Issuer thereunder; and</p> <p>(f) [(i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee over the Hedging Collateral and all of the Issuer’s rights in respect of any proceeds of the sale thereof and (ii) an assignment by way of first fixed charge in favour of the Trustee of all the Issuer’s rights in respect of the Hedging Collateral against the Custodian (to the extent of any Hedging Collateral held by the Custodian).]</p> <p>Limited Recourse</p> <p>Claims against the Issuer by Instrumentholders [and the Hedging Counterparty] and each other creditor relating to the Instruments will be limited to the Series Assets applicable to the Instruments. If the net proceeds of the realisation of the Series Assets are not sufficient to make all payments due in respect of the Instruments and due to [the Hedging Counterparty and] each other creditor relating to the Instruments, no other assets of the Company will be available to meet such shortfall, the claims of the holders of the Instruments and any [such Hedging Counterparty or] other creditors relating to the Instruments in respect of any such shortfall shall be extinguished. No party will be able to petition for the winding-up of the Company as a consequence of any such shortfall or launch proceedings against the Company which are based on article 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.</p> <p>Order of Priorities</p> <p>The respective rankings for priority of the interest of the Instrumentholders, [the Hedging Counterparty] and any other party entitled to the benefit of the security interests (each a “Series Party”) of the Instruments shall be according to the relevant priority of each of the payments described below.</p> <p>[Insert if “Hedging Counterparty Priority” shall apply: The Trustee shall apply all moneys received by it in the following order:</p> <p>(a) first, in payment or satisfaction of all fees, costs, charges, expenses,</p>
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	<p>liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument;</p> <p>(b) secondly, <i>pro rata</i> in payment of any amounts owing to: (i) the Hedging Counterparty under the Hedging Agreement (which shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and (ii) the Principal Agent for reimbursement in respect of any payment made to holders of the Instruments or to a Clearing Agent on behalf of such holders;</p> <p>(c) thirdly, <i>pro rata</i> in payment of any amounts owing to the holders of the Instruments; and</p> <p>(d) fourthly, in payment of the balance to the Issuer,</p> <p>such ranking a “Hedging Counterparty Priority Basis”.]</p> <p>[Insert if “Hedging Counterparty Priority Default Flip” and “Instrumentholder Pari Passu Basis” shall apply: The Trustee shall apply all moneys received by it in the following order:</p> <p>(a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument;</p> <p>(b) secondly, in payment of any amounts owing to the Principal Agent for reimbursement in respect of any payment made to Instrumentholders or to a Clearing Agent on behalf of such holders;</p> <p>(c) thirdly, <i>pro rata</i> in payment of any amounts owing to the Hedging Counterparty under the Hedging Agreement (which shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and the Instrumentholders; and</p> <p>(d) fourthly, in payment of the balance to the Issuer,</p> <p>such ranking an “Instrumentholder Pari Passu Basis”]</p> <p>[Insert if “Hedging Counterparty Priority Default Flip” and “Instrumentholder Priority Basis” shall apply: The Trustee shall apply all moneys received by it in the following order:</p> <p>(a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument;</p> <p>(b) secondly, in payment of any amounts owing to the Principal Agent for reimbursement in respect of any payment made to the Instrumentholders or to a Clearing Agent on behalf of such holders;</p> <p>(c) thirdly, <i>pro rata</i> in payment of any amounts owing to the Instrumentholders;</p> <p>(d) fourthly, <i>pro rata</i> in payment of any amounts owing to the Hedging Counterparty under the Hedging Agreement (which shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the</p>
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		<p>Collateral); and</p> <p>(e) fifthly, in payment of the balance to the Issuer, such ranking an “Instrumentholder Priority Basis”]</p> <p>Negative Pledge/Restrictions</p> <p>There is no negative pledge. However, for so long as any of the Instruments remain outstanding, the Issuer will not, without the prior written consent of the Trustee, incur any indebtedness for moneys borrowed or raised other than in respect of secured securities or debt subject to equivalent enforcement and limited recourse provisions to the Instruments, engage in any activity other than certain activities related to the Instruments or such permitted securities or debt, have any subsidiaries or employees, purchase, own or otherwise acquire any real property, or consolidate or merge with any other person or issue any shares.</p>
C.9	Interest/ Redemption	<p>See item C.8 above for information on rights attaching to the Instruments.</p> <p>Interest</p> <p>The Instruments [are zero coupon Instruments] [bear interest at a fixed rate from the [Issue Date] [Primary Market End Date]] [bear interest at a floating rate from the [Issue Date] [Primary Market End Date]] [bear interest at a [fixed rate][floating rate] from the [Issue Date] [Primary Market End Date] to the [first] Interest Rate Switch Date and shall thereafter until [the Scheduled Maturity Date][●] bear interest at a [fixed rate][floating rate] each] at the applicable Interest Rate, such interest being payable in arrear on each specified Interest Payment Date.</p> <p><i>Interest Rate</i></p> <p>[Insert in the case of a Fixed Rate: The Interest Rate for the Instruments [from the [Issue Date] [Primary Market End Date] to the [first]] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] is [●] per cent. per annum [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] is [●] per cent. per annum]. Yield is calculated in accordance with the ICMA Method. The ICMA Method determines the effective interest rate for the securities taking into account accrued interest on a daily basis.]</p> <p>[Insert in the case of Floating Rate, “Screen Rate Determination”: The Interest Rate for each Interest Period [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] shall be determined by reference to [3-month] [6-month] [12-month] [EURIBOR] [GBP-][EUR-][USD-][CHF-][LIBOR] appearing on [●] [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] shall be determined by reference to [3-month] [6-month] [12-month] [EURIBOR] [GBP-][EUR-][USD-][CHF-][LIBOR] appearing on [●]]. If no such rate appears on the applicable page at the relevant time on the Interest Determination Date, the rate shall be determined by the Calculation Agent using certain fallback methods. In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate [using Linear Interpolation][using the applicable Relevant Rate on the Interest Determination Date]. For the avoidance of doubt the Interest Rate may be a sum of or combination of more</p>

	<p>than one Relevant Rate (plus any applicable Margin) if so specified in the relevant Final Terms.</p> <p>[“[CHF][EUR][GBP][USD]-LIBOR” means the rate for deposits in [CHF][EUR][GBP][USD] which appears on the Reuters Screen LIBOR01 Page (or any Successor Source).]</p> <p>[“EURIBOR” means the rate for deposits in EUR which appears on the Reuters Screen EURIBOR01 Page (or any Successor Source).]</p> <p>[Insert if the Interest Determination Dates are after the start of each Interest Period: The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date.]</p> <p>[Insert if Floating Rate, “CMS Rates Determination” shall apply: The Interest Rate for each Interest Period [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] shall be determined by reference to the [1 year] [2 year] [5 year] [10 year] [30 year] [EUR] [USD] CMS rate on [●] [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] shall be determined by reference to the [1 year] [2 year] [5 year] [10 year] [30 year] [EUR] [USD] CMS rate on [●]]. If no such rate appears on the applicable page at the relevant time on the Interest Determination Date, the rate shall be determined by the Calculation Agent using certain fallback methods. In respect of any short or long Interest Period as specified in the applicable Final Terms, the Calculation Agent will determine the Interest Rate [using Linear Interpolation][using the applicable Relevant Rate on the Interest Determination Date]. For the avoidance of doubt the Interest Rate may be a sum of or combination of more than one Relevant Rate (plus any applicable Margin) if so specified in the relevant Final Terms.</p> <p>[“EUR-CMS” means the annual swap rate for euro swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX2 Page (or any Successor Source) under the heading EURIBOR BASIS - EUR” and above the caption “11:00 AM FRANKFURT”.]</p> <p>[“USD-CMS” means the annual swap rate for USD swap transactions, expressed as a percentage, which appears on the Reuters Screen ISDAFIX1 Page (or any Successor Source) under the heading “USD 11:00 AM” and above the caption “<USDSFIX=>”]</p> <p>[Insert if the Interest Determination Dates are after the start of each Interest Period: The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date.]</p> <p>[Insert if Floating Rate, “Structured Floating Rate (Range Accrual)” shall apply: The Interest Rate for each Interest Period [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] [from the [first] Interest Rate Switch Date to</p>
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	<p>the [Maturity Date] [Scheduled Maturity Date] [●] will be determined by the Calculation Agent as the sum of:</p> <p style="padding-left: 40px;">Specified Rate x (N/D)</p> <p>“D” means the actual number of Business Days in the relevant Interest Period;</p> <p>“N” means the number of Business Days in the relevant Interest Period on which the Relevant Rate (as determined in accordance with the Screen Rate Determination calculations, but instead calculated on each Business Day) is greater than or equal to the Minimum Range Percentage and less than or equal to the Maximum Range Percentage;</p> <p>“Maximum Range Percentage” means [●];</p> <p>“Minimum Range Percentage” means [●]; and</p> <p>“Specified Rate” will be [●].</p> <p>The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date].]</p> <p><i>[Insert if “Structured Floating Rate (Leverage Factor)” is applicable:</i></p> <p><i>Leverage Factor</i></p> <p>The Interest Rate [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] will also be subject to a Leverage Factor of [●] [and]] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] will also be subject to a Leverage Factor of [●]].]</p> <p><i>[Insert if “Structured Floating Rate (SD1 – SD2)” is applicable:</i></p> <p>[The Interest Rate will be [the Margin of [●] [plus][minus]] the Relevant Rate which shall be (i) [insert Benchmark Rate] for a Representative Amount of the Specified Currency for a Specified Duration equal to [insert first Specified Duration], minus (ii) [insert Benchmark Rate] for a Representative Amount of the Specified Currency for a Specified Duration equal to [insert second Specified Duration].]</p> <p><i>[Insert if the Interest Determination Dates are after the start of each Interest Period:</i> The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date].]</p> <p><i>[Insert if “Structured Floating Rate (Aggregate Benchmark Rate)” is applicable:</i></p> <p>[The Interest Rate will be [the Margin of [●] [plus][minus]] the [sum of][difference between] [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS] and [EURIBOR] [CHF-LIBOR] [EUR-LIBOR] [GBP-LIBOR] [USD-LIBOR] [EUR-CMS] [USD-CMS]].]</p>
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	<p><i>[Insert if the Interest Determination Dates are after the start of each Interest Period:</i> [The Interest Rate for the Early Termination Interest Period will be [zero] [determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Relevant Rate that would have been published on or around the next Interest Determination Date].]</p> <p><i>[Insert if “Structured Floating Rate (Inflation Index Linked Rate)” is applicable:</i></p> <p>[The Interest Rate for the Instruments for each Interest Period other than the Early Termination Interest Period shall be equal to the Inflation Rate in respect of such Interest Period [plus the Margin of [●]].</p> <p>The Inflation Rate in respect of an Interest Period shall be equal to (a) the Second Index Level divided by the First Index Level minus (b) 1, subject to a minimum of 0.</p> <p>The Interest Rate for the Early Termination Interest Period will be [zero][determined by the Calculation Agent in its sole and absolute discretion at the time of cancellation by reference to, among other things, the expected Second Index Level that would have been published on or around the next Interest Determination Date].</p> <p>“First Index Level” means, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for [the month falling [●] months prior to the month in which such Interest Period ends] [insert other time period for Index reporting as applicable] as determined by the Calculation Agent, without regard to any subsequently published correction</p> <p>“Second Index Level” means, in respect of an Interest Period and subject to the Index Adjustment Provisions, the level of the Index reported for [the month falling [●] months prior to the month in which such Interest Period ends] [insert other time period for Index reporting as applicable] as determined by the Calculation Agent, without regard to any subsequently published correction</p> <p>“Index” means [BLG – Non-revised Consumer Price Index—Health Index (CPI)] [EUR – Excluding Tobacco-Non-revised Consumer Price Index] [BLG – Non-revised Harmonised Consumer Price Index (HICP)] [ESP – National-Revised Consumer Price Index (CPI)] [FRC – Excluding Tobacco-Non-Revised Consumer Price Index] [GBP – Non-revised Retail Price Index (UKRPI)] [USA – Non-revised Consumer Price Index – Urban (CPI-U)] [ITL – Inflation for Blue Collar Workers and Employees–Excluding Tobacco Consumer Price Index] [SEK – Non-revised Consumer Price Index (CPI)]</p> <p>The Index Adjustment Provisions shall apply to the Instruments in the event that there is a delay in publication of the Index, the Index ceases to be published or announced, the Index is rebased, there is a material modification in the Index or a manifest error in the published level of the Index. These provisions allow, amongst other things, for the Calculation Agent to determine a substitute Index level, designate an appropriate alternative Index and make adjustments to the Index and/or the terms of the Securities. If the Calculation Agent determines that there is no appropriate alternative index [the Instruments will be cancelled early] [the inflation rate for the relevant period will be deemed to be zero].]</p> <p><i>[Insert if Maximum Interest Rate and/or Minimum Interest Rate is</i></p>
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	<p><i>applicable:</i></p> <p>The Interest Rate [from the [Issue Date] [Primary Market End Date] to the [first] [Interest Rate Switch Date][Maturity Date] [Scheduled Maturity Date] will also be subject to a [[Maximum][Minimum] Interest Rate of [●]] [and] a [[Maximum][Minimum] Interest Rate of [●]] [and] [from the [first] Interest Rate Switch Date to the [Maturity Date] [Scheduled Maturity Date] [●] will also be subject to a [[Maximum][Minimum] Interest Rate of [●]] [and] a [[Maximum][Minimum] Interest Rate of [●]].]</p> <p><i>[Insert if Postponed Maturity Date is applicable:</i></p> <p>During the Pass-through Period, interest will be paid in respect of each Instrument in an amount equal to such Instrument’s pro rata share of any amount of interest received by the Issuer in respect of the Affected Collateral from time to time during such Pass-through Period.]</p> <p><i>Day Count Fraction</i></p> <p>The applicable Day Count Fraction for the calculation of the amount of interest due within an Interest Period will be [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual (ICMA)] for the Series of Instruments.</p> <p><i>Interest Periods</i></p> <p>The Interest Periods are the periods commencing on (and including) [the Issue Date] [the Primary Market End Date which is [●]] to (but excluding) the first Interest Accrual Date and each period commencing on (and including) an Interest Accrual Date to (but excluding) the next following Interest Accrual Date.</p> <p><i>Issue Date and Interest Payment Dates</i></p> <p>The Issue Date and the Interest Payment Dates for each Series of Instruments will be [●].</p> <p><i>Interest Determination Date</i></p> <p>[The Interest Determination Date with respect to an Interest Period will be [the first day of each Interest Period] [the second day on which TARGET2 is open prior to the first day of each Interest Period] [the day falling two Banking Days prior to the first day of each Interest Period] [the last day of each Interest Period] [●]]</p> <p><i>Interest Accrual Dates</i></p> <p>The Interest Accrual Dates for each Series of Instruments will be [●].</p> <p><i>[Insert if “Interest Rate Switch” is applicable:</i></p> <p><i>Interest Rate Switch Date[s]</i></p> <p>The Interest Rate Switch Date[s] for each Series of Instruments will be [●].]</p> <p><i>[Insert if “Interest Component Adjustment” is applicable:</i></p> <p>The Calculation Agent in its reasonable discretion may determine an adjustment to the [Interest Rate][, the Margin][, the Minimum Interest Rate][, the</p>
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Maximum Interest Rate] [and/or] [the Leverage Factor] in accordance with its normal pricing methodology on each specified Interest Component Adjustment Date. In such circumstances, the Calculation Agent shall determine any adjustment to the relevant component by reference to such prevailing market conditions as it determines appropriate on the relevant Interest Component Adjustment Date which may, in particular, include the value and volatility of the Collateral, credit spreads on the issuer of the Collateral and the level of interest rates and interest rate swap rates, all as at the relevant Interest Component Adjustment Date.

“*Interest Component Adjustment Date/s*” means [●] or, if such day is not a Business Day, the next following Business Day.

The Calculation Agent has determined that each component of the Interest Rate would have been as described above had it been determined based on the market conditions and other factors as described above on [●]. However there can be no assurance as to the market conditions prevailing on the applicable Interest Component Adjustment Date and consequently as to the actual level of the Interest Rate.]

Redemption

Maturity

Unless previously redeemed or purchased and cancelled, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount on the [Scheduled] Maturity Date which is [●], provided that, in the event that any Collateral becomes Affected Collateral and pursuant to the terms and conditions of such Collateral, the scheduled maturity date of such Collateral is postponed to the Postponed Collateral Maturity Date, the Maturity Date of either (a) all the Instruments (where there is a single item of Collateral) or (b) the principal amount of the Instruments corresponding to the proportion of Collateral with a Postponed Collateral Maturity Date shall be postponed to the Postponed Maturity Date, which will be the earlier of the date that falls three Business Days following either (a) the Postponed Collateral Maturity Date or (b) any date falling after the Scheduled Maturity Date and prior to the Postponed Collateral Maturity Date on which the Collateral is redeemed in full].

Early Termination of the Instruments

The Instruments may be cancelled early in a number of circumstances:

(A) Collateral Default Event: If a default, event of default or other similar event or circumstance occurs with respect to any of the Collateral (howsoever described and including, without limitation, a failure to pay any principal or interest when and where due in accordance with the terms of the Collateral as at the Issue Date and further provided that if any of the Collateral comprises asset-backed securities then any deferral of interest or other payment thereunder in accordance with its terms shall not constitute a “default”) (a “**Collateral Default Event**”), the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount

	<p>equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].</p> <p>(B) <u>Collateral early redemption</u>: If any of the Collateral becomes repayable (otherwise than at the option of the relevant Collateral Obligor in accordance with the terms of the Collateral) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason, the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].</p> <p>(C) <u>Cancellation for tax reasons</u>: If the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, and the Issuer has been unable to arrange substitution or change of itself as Issuer, or is unable to do so in a tax efficient manner, before the next payment is due in respect of the Instruments, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].</p> <p><u>(D) Redemption at option of the Issuer for Regulatory Event</u>: If, in the determination of the Calculation Agent, any of the following occur (including, without limitation, in connection with the application of the Alternative Investment Fund Managers Directive 2011/61/EU): (a) as a result of an implementation or adoption of, or change in, law, regulation, interpretation, action or response of a regulatory authority or (b) as a result of the promulgation of, or any interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction (a “Relevant Authority”) of, any relevant law or regulation or (c) as a result of the public or private statement or action by, or response of, any Relevant Authority or any official or representative of any Relevant Authority acting in an official capacity, such that it is or will be unlawful or there is a reasonable likelihood of it being unlawful for (i) the Issuer to maintain the Instruments or that the maintenance of the existence of the Instruments would make it unlawful to maintain the existence of any other instruments issued by the Issuer or, (ii) for the Issuer or Deutsche Bank AG, London Branch in its capacity as Advisor to perform any duties in respect of the Instruments (a “Regulatory Event”), the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount, which will include an amount equal to any accrued but unpaid interest.</p> <p><u>(E) Cancellation due to the occurrence of a Collateral Put/Call Redemption Event</u>: If any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral the Instruments shall be cancelled in whole or in part and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount] (a “Collateral Put/Call Redemption Event”).]</p>
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	<p>[(E) <u>Termination of the Credit Support Document</u>: If the Credit Support Document (if any) is terminated prior to the Maturity Date for any reason, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].]</p> <p>[(G) <u>Early Termination of the Hedging Agreement</u>: If the Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date, the Instruments shall be cancelled in whole and the Issuer shall pay the Early Termination Amount [which will include an amount equal to any accrued but unpaid interest][which will not include an amount equal to any accrued but unpaid interest and any accrued but unpaid interest shall be paid as an additional separate amount].]</p> <p>[(H) <u>Index Cessation</u>: If the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index and the Calculation Agent determines that there is no appropriate alternative Index.]</p> <p>In any such case of early cancellation described in (A), (B)[,] (C)[,][or] (D)[,] (E), (F), (G), (H) or (I) above the Issuer shall give not more than 30 nor less than 15 days' notice (<u>or not more than 30 nor less than 10 day's notice in respect of paragraph (D)</u>) of the date fixed for cancellation and on expiry of such notice (i) the Issuer shall cancel the outstanding Instruments of the Series in whole or in part, as applicable, (ii) the relevant portion of the Series Assets will be realised in accordance with the Securitisation Act 2004, if applicable, and (iii) the security constituted by or created pursuant to the Series Instrument shall become enforceable in whole or in part.</p> <p>[(H)][(I)] <u>Event of Default</u>: If an Event of Default occurs (as described in C.8 above) then the Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount in respect of each Instrument.</p> <p><i>Early Termination Amount</i></p> <p>The Early Termination Amount (if any) due in respect of each Instrument following the occurrence of an Event of Default, [an early termination of the Hedging Agreement,][a termination of the Credit Support Document,] a cancellation for tax reasons, a Collateral Default Event, a Collateral early redemption, <u>a redemption at the option of the Issuer for a Regulatory Event</u>, [or a Collateral Put/Call Redemption Event] [or the cessation of the Index] shall be an amount equal to such Instrument's <i>pro rata</i> share of an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent in accordance with the following formula:</p> <p>(A – B)</p> <p>Where:</p> <p>“A” is the Market Value Collateral, converted into the Specified Currency (if applicable) at the relevant exchange rate applicable at such time, as determined</p>
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	<p>by the Calculation Agent in its reasonable discretion; and</p> <p>“B” is the Early Termination Unwind Costs.</p> <p>[The Early Termination Unwind Costs shall include amounts payable in respect of the Option Premium.]</p> <p>[The Early Termination Amount will include an amount equal to any accrued but unpaid interest.] [The Early Termination Amount will not include an amount equal to any accrued but unpaid interest and such amount shall be paid separately.]</p> <p>“Collateral Currency” means the currency in which the Collateral is denominated.</p> <p>“Early Termination Unwind Costs” means [the sum (the result of which may be positive, negative or zero) of:</p> <p>(a) an amount, if any, determined by the Calculation Agent equal to (i) the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Hedging Counterparty (expressed as a positive amount) or (ii) the gain realised by the Hedging Counterparty (expressed as a negative amount), in either case in connection with the cancellation of the Instrument and the related termination, settlement or re-establishment of any hedge or related trading position; and (without duplication); and]</p> <p>(b) (expressed as a positive amount) any legal and other ancillary costs (including if applicable, without limitation, any costs in relation to the realisation of the Collateral) incurred by the Issuer[,][or] the Trustee, the Custodian or the Hedging Counterparty as a result of the Instruments becoming subject to mandatory cancellation.</p> <p>“Early Termination Valuation Date” means:</p> <p>(a) for the purposes of a cancellation due to a Collateral Default Event, a Collateral early termination[,][or] a cancellation for tax reasons, <u>a redemption at the option of the Issuer for a Regulatory Event</u>[, a Collateral Put/Call Redemption Event, a termination of the Credit Support Document or an early termination of the Hedging Agreement] [or the cessation of the Index], the Business Day immediately preceding the due date for cancellation; or</p> <p>(b) for the purposes of a cancellation due to the occurrence of an Event of Default, the due date for cancellation.</p> <p>“Market Value Collateral” means, in respect of each item of Collateral, (i) where the Collateral has not been redeemed, an amount in the relevant Collateral Currency calculated by the Calculation Agent equal to the highest firm bid quotation obtained by the Calculation Agent from the Reference Banks for the Collateral (excluding accrued but unpaid interest in respect thereof) on the relevant Early Termination Valuation Date provided that if no firm bid quotation is obtained, the Market Value Collateral shall be calculated by the Calculation Agent in good faith and may in certain circumstances be zero, or (ii) in circumstances where the Collateral has been redeemed, the proceeds of redemption of the Collateral.</p> <p><i>Optional Early Redemption of Instruments</i></p> <p>[Insert if “Issuer Call Option” is applicable:</p>
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		<p>The Issuer may, on giving notice [on a date within the Optional Redemption Period] [at least 5 Business Days prior to an Optional Redemption Date], cancel all of the Instruments and the Issuer shall pay the Optional Redemption Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument.</p> <p><i>Optional Redemption Amount</i></p> <p>The Optional Redemption Amount due in respect of each Instrument pursuant to the exercise of the Issuer Call Option shall be [[●] per cent. per Calculation Amount per Instrument.][the Optional Redemption Amount per Instrument corresponding to the applicable Optional Redemption Date on which the Issuer Call Option is exercised as set out below:</p> <table border="1" data-bbox="528 667 1402 813"> <thead> <tr> <th data-bbox="528 667 874 712">Optional Redemption Date</th> <th data-bbox="874 667 1402 712">Optional Redemption Amount per Instrument</th> </tr> </thead> <tbody> <tr> <td data-bbox="528 712 874 763">[●]</td> <td data-bbox="874 712 1402 763">[●]</td> </tr> <tr> <td data-bbox="528 763 874 813">[●]</td> <td data-bbox="874 763 1402 813">[●]</td> </tr> </tbody> </table> <p>Payments in respect of Global Instruments</p> <p>All payments in respect of Instruments represented by a Global Instrument will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Instruments, surrender of that Global Instrument to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Instrumentholders for such purpose. A record of each payment so made will be endorsed on each Global Instrument, which endorsement will be prima facie evidence that such payment has been made in respect of the Instruments.</p> <p>Payments in respect of Instruments in definitive form</p> <p>Payments of principal and interest in respect of the Instruments in definitive form shall, be made against presentation and surrender of the relevant Instruments at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a bank nominated by such holder presenting such Instrument.</p> <p>Meetings</p> <p>The Instruments contains provisions for convening meetings of Instrumentholders to consider matters affecting their interests generally with respect to the Instruments. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p>	Optional Redemption Date	Optional Redemption Amount per Instrument	[●]	[●]	[●]	[●]
Optional Redemption Date	Optional Redemption Amount per Instrument							
[●]	[●]							
[●]	[●]							
C.10	Derivative component of securities	[Not applicable. The Instruments do not have a derivative component in the interest payment.][if “ Structured Floating Rate (Inflation Index Linked Rate) ” is applicable: Applicable. The interest payment in respect of the Instruments is linked to the performance of an index.] See item C.9 above for information on interest and redemption.						
C.11	Trading of securities	[Application [has been made][is expected to be made] for the Instruments of the Series to be listed on [the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange] [●][with effect from the Issue Date or thereabouts.] [The Instruments are not listed.]						

C.12	Minimum denomination	The minimum denomination of an issue of Instruments is [●].
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Section D – Risks

Element	Description of Element	Disclosure requirement
D.2	Key risks specific to the Issuer	Factors which could materially adversely affect the Company and its ability to make payments due under the Series of Instruments include matters of Luxembourg law (such as the Company being structured to be insolvency-remote, not insolvency-proof, changes to the Issuer’s tax position adversely affecting cash flows in connection with the Instruments, and the provisions of the Securitisation Act 2004 providing that Series Assets of a Compartment are only available for the Series Parties of the Series relating to that Compartment), the Instruments being limited recourse obligations (meaning that an Instrumentholder’s claim may be extinguished if there is a shortfall in funds available to meet payments under the Instruments) and related risks and further issues of Instruments by the Issuer.
D.3	Key risks specific to the securities	There are also certain factors which are material for the purpose of assessing the risks associated with the Series of Instruments. These include the fact that such Instruments may not be a suitable investment for all investors (for example if they do not have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Issuer in context of their financial position or are not capable of bearing the economic risk of an investment in the Issuer for an indefinite period of time), [any Hedging Agreement (for example its possible early termination in various circumstances which would result in the cancellation of the Instruments) and the related credit exposure to the Hedging Counterparty,] credit exposure to the Collateral Obligor [and the Collateral Guarantor] [and the Collateral Support Provider] (as this will affect the value of the Collateral held as security for the Instruments), [exposure to the performance of the Index,] early cancellation of the Instruments which may lead to a loss of investment, fluctuations and decreases in the market value of the Instruments and the market value of the Collateral which will also affect the value of the Instruments and the amounts paid on any cancellation of the Instruments, [amounts payable by the Issuer to the Hedging Counterparty under the Hedging Agreement will include an Option Premium which will significantly reduce the amounts payable to Instrumentholders under the Instruments,] tax risks (for example that if any withholding or deduction for taxes is required, the Issuer may redeem all the Instruments), that no secondary market may exist for the Instruments meaning that investors may not be able to realise their investment prior to maturity and business relationships between the parties to the Instruments, [the rating will not necessarily be the same as any rating assigned to any Instruments already issued,] conflicts of interest which may adversely affect the value of the Instruments and that although Instruments will have the benefit of security interests over all the Series Assets of the Compartment, the Securitisation Act 2004 provides that the Series Assets for the Series of Instruments are available to meet only the claims of the Series Parties for the Series. If the Series Assets are not sufficient to discharge all payments

		obligations of the Issuer in accordance with the applicable priority of payments, Instrumentholders may lose their entire investment.
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Section E – Offer

Element	Description of Element	Disclosure requirement
E.2b	Reasons for the offer and use of proceeds	The net proceeds from each Series of Instruments will be used to acquire the Collateral in respect of the Instruments, [to pay for, or enter into, any Hedging Agreement(s) in connection with such Instruments] and to pay expenses in connection with the administration of the Company or the issue of the Instruments.
E.3	Terms and conditions of the offer	The offer to invest in the Instruments is made from [●] to [●]. The maximum and minimum amount of application is [up to][●] and [●], respectively. Payments by investors in respect of the purchase of the Instruments shall be made by [●]. The results of the offer [will be][are expected to be] published in [●] on [●][and will be filed with the CSSF in accordance with Article 10 of the Prospectus Act 2005 in each case on or around the Issue Date]. The Global Instruments will be delivered to the relevant clearing system no later than on the Issue Date.
E.4	Material interests in the offer	[There are no material interests with respect to the issue and/or offer of Instruments (including any conflicting interests).] [The following constitute material interests with respect to the issue and/or offer of Instruments: [●].]
E.7	Estimated expenses	[Not Applicable - No expenses will be specifically charged to purchasers of Instruments by the Issuer.][A subscription fee of [up to][●] shall be payable by purchasers of Instruments to [●].]

Schedule 2

GENERAL DESCRIPTION OF THE PROGRAMME

This section provides a brief overview of some of the main terms applicable to a Series of Instruments. It outlines a number of features of the Instruments but does not set out in full these features of the Instruments. In addition there are aspects of the Instruments to which this overview does not refer. Investors should therefore not rely on this overview but should rely only on the full terms and conditions of the relevant Series of Instruments as set out in the Base Prospectus as completed by the relevant Final Terms. Prospective investors should read carefully and understand the Base Prospectus (in particular the Conditions and the section “Risk Factors” in this Base Prospectus) before making any decision to invest in the Instruments.

1 Nature of the Instruments

The Instruments are designed to enable Instrumentholders: (i) to participate, through the Interest Amounts, in a potentially variable level of the underlying interest rate equal to or above the level of the Minimum Interest Rate and equal to or below the level of the Maximum Interest Rate (to the extent applicable) and (ii) to be repaid at the Final Redemption Amount at maturity of the Instruments, unless the Maturity Date is postponed to the Postponed Maturity Date (where applicable), in which case during the Pass-through Period, amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time shall be paid to the Instrumentholders three Business days following each Collateral Payment Date by way of repayment of principal of the Instruments, such amount to be paid to each Instrumentholder pro rata to the principal amount of Instruments held by each Instrumentholder (see section 3 below). The payments of interest and principal under the Instruments are subject to the Issuer having received corresponding payments from the Collateral and/or the Hedging Agreement (see section 6 and 7 below).

The Instruments are debt obligations of Palladium Securities 1 S.A. (the “**Company**”) acting in respect of a particular Compartment (the “**Issuer**”). The Instruments will provide exposure, amongst other things, to each of the credit risk of the Issuer, the Hedging Counterparty (if any) and the Collateral. In particular, Instrumentholders are able to participate in the performance of the Collateral with certain interest rate risks and/or foreign exchanges risks being hedged via the Hedging Agreements. This overview provides a brief overview of how each of these risks operate, as each will affect whether and how much interest (except in relation to zero coupon Instruments) and principal is paid to investors, and of the structure of the Instruments. Having reviewed this section, investors should refer again to the “Risk Factors” sections above.

2 Nature of the Issuer

The Company is a special purpose vehicle established for the purpose of issuing asset backed securities for any securitisation transactions as permitted under the Securitisation Act 2004, including the Instruments.

3 Economic Terms of the Instruments

The section “General Conditions” sets out the legal and economic terms of the Instruments as completed by the Final Terms for each specific Series. These Conditions of a Series specify among other things:

- The right of the holder of an Instrument to receive periodic interest payments (referred to as Interest Amounts) and how the Interest Amounts will be determined;
- how and when the level of the underlying interest rate is determined for the purposes of calculating an Interest Amount;
- the amount payable on redemption of the Instruments; and
- how and when the Issuer may redeem the Instruments early.

(a) Rights under the Instruments

The Instruments represent the right to receive:

- (i) periodic interest payments (referred to as Interest Amounts) from the Issue Date or the Primary Market End Date (as specified in the relevant Final Terms) (in the case of Instruments in respect of which the Scheduled Maturity Date may be postponed, only prior to any applicable Pass-through Period) at either
 - (1) a fixed interest rate; or
 - (2) a floating interest rate; or

(3) a structured floating rate which may be one of

- (a) a floating interest rate multiplied by a Leverage Factor (**Structured Floating Rate (Leverage Factor)**); or
 - (b) a Specified Rate which will only apply for a specific Business Day in the relevant Interest Period on which the Relevant Rate is greater than or equal to the Minimum Range Percentage and less than or equal to the Maximum Range Percentage (**Structured Floating Rate (Range Accrual)**); or
 - (c) a floating interest rate on the basis of (i) the applicable Benchmark Rate for a Representative Amount of the Specified Currency for one Specified Duration, minus (ii) the Benchmark Rate for a Representative Amount of the Specified Currency for a second Specified Duration (**Structured Floating Rate (SD1 – SD2)**); or
 - (d) the sum of or difference between two different Benchmark Rates (**Structured Floating Rate (Aggregate Benchmark Rate)**);
 - (e) a rate linked to the performance of a specified inflation Index (Structured Floating Rate (Inflation Index Linked Rate)); or
- (ii) no periodic interest payment during the term of the Instrument (zero coupon Instrument);
 - (iii) during any applicable Pass-through Period in relation to Instruments in respect of which the Scheduled Maturity Date may be postponed, interest payments (referred to as Interest Amounts) equal to Interest Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time; and
 - (iv) a Final Redemption Amount of 100 per cent. of the Calculation Amount per Instrument, where the Calculation Amount is specified in the relevant Final Terms on the Maturity Date of the Instrument, provided in the case of Instruments in respect of which the Maturity Date has been postponed (where applicable) from the Scheduled Maturity Date to the Postponed Maturity Date, amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time during the Pass-through Period.

In the case of Instruments in respect of which the relevant Final Terms specify that “Interest Component Adjustment” is Applicable, the Calculation Agent in its reasonable discretion may determine an adjustment to any one or more of the initial Interest Rate, the Margin, any applicable Minimum Interest Rate, any applicable Maximum Interest Rate or the Leverage Factor, as specified in the applicable Final Terms, in accordance with its normal pricing methodology on the specified Interest Component Adjustment Date. In such circumstances, the Calculation Agent shall determine any adjustment to any such component(s) by reference to such prevailing market conditions as it determines appropriate on the relevant Interest Component Adjustment Date which may, in particular, include the value and volatility of the Collateral, credit spreads on the issuer of the Collateral and the level of interest rates and interest rate swap rates, all as at the relevant Interest Component Adjustment Date. In such circumstances, the Calculation Agent will determine an illustrative Interest Rate, Margin, Minimum Interest Rate (if applicable), Maximum Interest Rate (if applicable) and/or Leverage Factor based on the market conditions and other factors as described above as at the first date of the Offering Period specified in the relevant Final Terms. However, in such cases, there can be no assurance as to the market conditions prevailing on the applicable Interest Component Adjustment Date and consequently as to the actual level of each relevant component and the Interest Rate.

(b) Interest Payments

Each Interest Amount payable (if any) prior to any applicable Pass-through Period will reflect the specified Calculation Amount per Instruments, the Interest Rate and the day count fraction for the relevant Interest Period. An Interest Amount will be payable on the specified interest payment dates.

In respect of fixed rate Instruments, the Yield is calculated using the ICMA Method prior to any applicable Pass-through Period. The ICMA Method determines the effective interest rate for the securities taking into account accrued interest on a daily basis.

In respect of floating rate Instruments, including structured floating rate Instruments, the Interest Rate will be determined by the Calculation Agent in respect of each interest period prior to any applicable Pass-through Period by reference to the specified screen page, subject to certain fallback provisions. To the extent a Minimum Interest Rate and/or Maximum Interest Rate applies, the Calculation Agent determines whether the level of the underlying interest rate is equal to or lower than the Minimum Interest Rate or equal to or greater than the Maximum Interest Rate and will adjust the applicable Interest Rate accordingly.

Instruments may be zero coupon Instruments where the Instruments shall not bear any interest prior to the Maturity Date.

During any applicable Pass-through Period, each Interest Amount will reflect the Interest Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time. An Interest Amount will be payable three Business days following any date on which an Interest Distribution Amount is received by the Issuer.

Payments of interest, where relevant, and principal are contingent on the performance of the Collateral and will also be dependent on any Hedging Agreement, should one apply.

(c) Redemption at Maturity

Unless previously redeemed or purchased and cancelled and except in the case of Instruments in respect of which the Maturity Date may be postponed, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount, such redemption to occur, subject as provided below, on the Maturity Date. The Issuer will either repay the Instruments from the proceeds that it has received from the redemption of the Collateral or from the payments by the Hedging Counterparty under any Hedging Agreement. Hence the redemption of the Instruments is dependent on the payment under the Collateral and/or the Hedging Agreement (if any).

In the case of Instruments in respect of which the Maturity Date may be postponed, unless previously redeemed or purchased and cancelled, each Instrument will be redeemed by the Issuer by payment of the Final Redemption Amount, such redemption to occur, subject as provided below, on the Scheduled Maturity Date. The Issuer will either repay the Instruments from the proceeds that it has received from the redemption of the Collateral or from the payments by the Hedging Counterparty under any Hedging Agreement. Hence the redemption of the Instruments is dependent on the payment under the Collateral and/or the Hedging Agreement (if any). In the event that the Maturity Date has been postponed to the Postponed Maturity Date, during the Pass-through Period, amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time shall be paid to the Instrumentholders three Business days following each Collateral Payment Date by way of repayment of principal of the Instruments, such amount to be paid to each Instrumentholder pro rata to the principal amount of Instruments held by each Instrumentholder.

(d) Early Redemption

If the Collateral (or any part of it) (as described below) becomes due and repayable or becomes capable of being declared due and repayable prior to its maturity or scheduled termination date or there is a payment default in respect of the Collateral (or any part of it) or the Hedging Agreement is terminated prior to the Maturity Date or there is a cessation in the publication of any applicable Index (see section 7 below for more details), the Instruments shall be mandatorily redeemed in whole or in part, as applicable, and the Series Assets shall be subject to realisation by the Selling Agent, in whole or in part (as applicable). The redemption amount (referred to as the Early Termination Amount – see section 8 below) payable to Instrumentholders in these circumstances will be their *pro rata* share of the proceeds of realisation of the relevant Series Assets after deduction of prior ranking amounts such as the costs and fees of the Trustee, and (unless the Series Assets are realised due to an event of default in relation to the Hedging Counterparty) any outstanding claims of the Hedging Counterparty (including any amounts payable by the Issuer to the Hedging Counterparty in respect of the Option Premium). Furthermore, potential investors should note that the Selling Agent will be able to deduct any of its commissions and/or expenses in connection with the realisation of the Series Assets from the proceeds of realisation of the Series Assets prior to the distribution of such proceeds to the other Series Parties.

(e) Deductions due to taxes, duties, expenses

Any amounts payable in respect of the Instruments are subject to the deduction of certain taxes, duties and/or expenses.

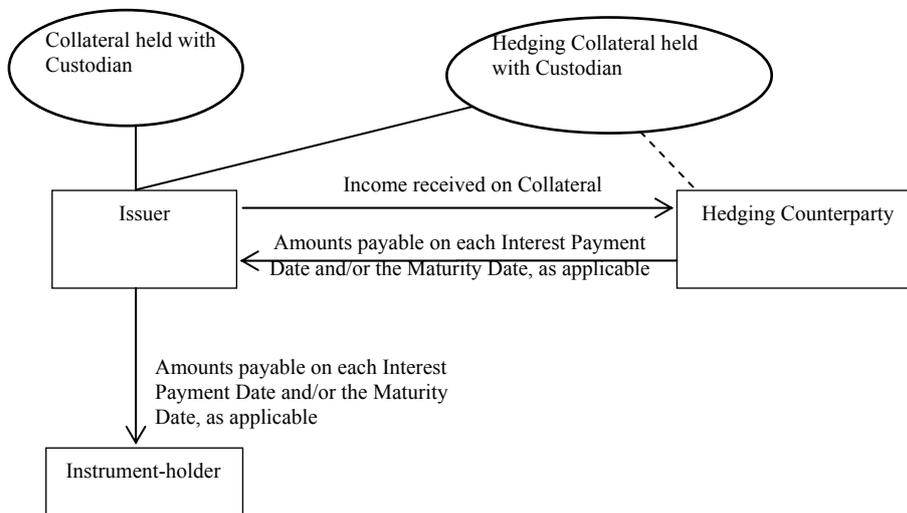
4 Transaction Structure

The money raised by the Issuer from the initial sale of the Instruments for a Series shall be used by the Issuer to purchase the Collateral (see section 5 below), after deduction of the costs of the issue and the Issuer's general administrative costs, for such Series. Such purchase or purchases (as the case may be) may directly be made from the issuer of such Collateral, the dealers in the primary market or from any other holders of the Collateral in the secondary market. Each item of Collateral, together with the Issuer's rights under any Hedging Agreement, any Hedging Collateral and any proceeds from any relevant Hedging Agreement (as described in section 6 below) shall form the Series Assets for such Compartment. The Series Assets are exclusively allocated to the relevant Compartment established by the board of directors of the Issuer in respect of the relevant Instruments and will be kept separate from the other assets of the Issuer. The Series Assets for each Compartment are held by the Trustee in favour of the Instrumentholders as security for the obligations of the Issuer under the Instruments.

The Issuer will acquire the Series Assets in an amount sufficient to ensure that it is in a position to meet its obligation under the Instruments, in particular payment of interest (except in the case of a zero coupon Instruments; see section 7 below), the Final Redemption Amount (see section 8 below), the Early Termination Amount (see section 10 and 11 below) and any obligations under the Hedging Agreements (see section 6).

The Issuer for each Series of Instruments may finance any payments to Instrumentholders:

1. if no Hedging Agreement is entered into, directly through payments of principal, interest, dividends or other distributions received on the Collateral and other Series Assets; and/or
2. if a Hedging Agreement is entered into substantially in the manner as set out in the below diagram:



On or prior to the Maturity Date of the Instruments, and subject to any postponement of the Maturity Date to the Postponed Maturity Date (where applicable), the Collateral is either scheduled to be redeemed by the relevant Collateral Obligor or sold to a Hedging Counterparty and the Hedging Agreement will terminate. The Issuer intends to use the proceeds from the redemption and/or realisation of the Collateral and any amounts received under the Hedging Agreement to pay the Final Redemption Amount, and any outstanding Interest Amount, to the Instrumentholders.

In the event of an early termination of the Instruments in accordance with the Conditions of the Instruments, the Issuer, the Trustee or the Selling Agent will be required to sell or otherwise realise the Collateral and terminate the Hedging Agreement. In such a case, the Issuer will pay to the Instrumentholders, subject to the priority of payments specified in Condition 8.8 (*Application of Proceeds of Series Assets*), the Early Termination Amount in respect of each of the Instrument. The Early Termination Amount payable to the Instrumentholders will be their *pro rata* share of the proceeds of realisation of the relevant Series Assets minus prior ranking payments and any commissions or expenses due to the Selling Agent in connection with the realisation of the relevant Series Assets (see section 11 below). The Early Termination Amount may be lower than the nominal amount of the Instruments that are being redeemed and may be zero.

The Series Assets will be the only assets of the Issuer available to meet the claims of the holders of the Instruments. Instrumentholders bear the risk of a default of the Collateral as well as any decline in the value of the Collateral. If the value of any Collateral has declined since the date of purchase, the amounts received by Instrumentholders on any early cancellation of the Instruments may be less than the original nominal amount of their Instruments and may be zero. Instrumentholders are exposed to the credit risk of Deutsche Bank Luxembourg S.A. as Custodian and, if applicable, Servicer of the Collateral which may result in the Collateral not being available for any payments under the Instruments and/or any Hedging Agreements. Furthermore Instrumentholders bear the credit risk of the Hedging Counterparty to the extent any default by the Hedging Counterparty under the Hedging Agreement is not covered by the Hedging Collateral provided thereunder.

5 General Description of the Collateral

On or about the Issue Date, the Issuer will use the proceeds of the issue to purchase the Collateral which may comprise any debt instrument(s) issued by a Collateral Obligor listed in Annex 1 (*Collateral Annex*) to this Base Prospectus. The Collateral may form a pool of debt instruments issued by different Collateral Obligors or include only one debt instrument issued by a Collateral Obligor or multiple debt instruments issued by the same Collateral Obligor, as specified in the Final Terms. Subject (where applicable) to any postponement of the Maturity Date to the Postponed Maturity date, the Collateral will pay a fixed and/or floating interest rate and/or may be zero coupon debt instruments. Subject (where applicable) to any postponement of the Maturity Date, the Collateral Obligor undertakes under the relevant Collateral to repay the Collateral on the maturity date of such Collateral at the nominal amount of the Collateral. In the event that the Maturity Date has been postponed to the Postponed Maturity Date, during the Pass-

through Period, amounts equal to the Principal Distribution Amounts (if any) received by the Issuer in respect of the Collateral from time to time shall be paid to the Instrumentholders three Business days following each Collateral Payment Date by way of repayment of principal of the Instruments.

The Collateral may be denominated in a currency other than the currency in which the Instruments are issued and the Issuer will rely on the currency swap transaction under the Hedging Agreement to convert such sums to the Specified Currency. The Calculation Agent will be responsible for determining the exchange rate applicable when calculating the correct amount of Collateral corresponding to the Instruments on the Issue Date and any Early Termination Amount payable on an early termination of the Instruments.

The Collateral may include senior unsecured and secured debt instruments. The Collateral may also include high yield bonds which are typically secured debt instruments of a Collateral Obligor with a lower credit rating than investment grade rated bonds.

The relevant Collateral will be purchased in a principal amount equal to the Aggregate Nominal Amount of the Instruments issued on the Issue Date or in a ratio as specified in the Final Terms.

The Collateral Obligor, the Collateral Guarantor (if any) and the Collateral Support Provider (if any) will have securities admitted to trading on a regulated market in the European Union where more information on the Collateral Obligor, the Collateral Guarantor (if any) and the Collateral Support Provider (if any) can be found (as specified in the Final Terms). A general description of the Collateral Obligor and any Collateral Guarantor or Collateral Support Provider is set out in Annex 1 (*Collateral Annex*) to this Base Prospectus.

If “Collateral Support Provider” is specified as “Applicable” in the relevant Final Terms, the Collateral will benefit from a Keepwell Agreement or Alternative Collateral Support Arrangement. In the case of a Keepwell Agreement, it is typical for the Collateral Support Provider to undertake that it will make available funds sufficient to meet the payment obligations, as they fall due, of the Collateral Obligor. The Collateral Obligor is commonly first obliged to notify the Collateral Support Provider of any shortfall. The Collateral Support Provider will, in such cases, often be an entity that directly or indirectly controls all the outstanding shares of the Collateral Obligor and will also undertake in the Keepwell Agreement not to encumber or otherwise dispose of such shares.

Other Alternative Collateral Support Arrangements will likewise involve a Collateral Support Provider giving certain undertakings to the Collateral holders or the Collateral Obligor which will seek to increase the likelihood that the Collateral Obligor will not default on its payment obligations and will be able to repay the Instruments in full on redemption.

6 Hedging Agreement

On or prior to the Issue Date for a Series of Instruments the Issuer may enter into an interest and/or currency swap agreement (the “**Hedging Agreement**”) with the Hedging Counterparty on the basis of a 1992 or 2002 Master Agreement (Multicurrency-Cross Border) and schedule under English law, as published by the International Swaps and Derivatives Association, Inc. (ISDA), as supplemented by a confirmation in respect of the interest rate and/or currency swap. Deutsche Bank AG will act as Hedging Counterparty and further information on Deutsche Bank AG can be found in the section “ADDITIONAL INFORMATION IN RELATION TO THE PARTIES TO THE STRUCTURE” below.

The Hedging Agreement is an interest rate and/or currency swap transaction related to the Instruments and the Collateral and for the purposes of which both the Issuer and the Hedging Counterparty undertake to make periodic payments. The payments which the Hedging Counterparty undertakes to make under the Hedging Agreement equal the Issuer's interest payments in respect of the Instruments. In return, the Issuer will pay to the Hedging Counterparty the interest payments that it receives under the Collateral.

The principal purpose of any Hedging Agreement is to ensure that, prior to any early cancellation of the Instruments, the income received by the Issuer from any Collateral (which may pay a rate of interest that differs from the rate that the Issuer must pay under the Instruments, or may pay amounts in a different currency to the currency in which the Instruments are denominated) is exchanged for an income stream that matches the amounts to be paid under the Instruments.

If “Collateral Put/Call Redemption” is not specified as “Applicable” in the relevant Final Terms, if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral, the Collateral will redeem and the proceeds of redemption shall be paid to the Hedging Counterparty pursuant to the Hedging Agreement. In such circumstances the remaining amounts to be paid under the Instruments will depend in full upon the performance of the Hedging Counterparty under the Hedging Agreement.

In order to secure the performance of any Hedging Counterparty's obligations under each Hedging Agreement, as part of the corresponding Hedging Agreement, a Credit Support Document may be entered into by the Issuer and the

Hedging Counterparty on or after the Issue Date of the Instruments pursuant to which the Hedging Collateral may, from time to time, be delivered by such Hedging Counterparty to the Custodian in order to collateralise the Hedging Counterparty's exposure to the Issuer. The Issuer may, if "2-Way Hedging Collateral Posting" is specified in the relevant Final Terms, also be required to deliver collateral comprising the Collateral to the Hedging Counterparty in order to collateralise its obligations to the Hedging Counterparty under the Hedging Agreement. Any Hedging Collateral and/or eligible credit support comprising the Collateral delivered is subject to the right of such Hedging Counterparty and/or the Issuer (as applicable) to request redelivery of such collateral in accordance with the corresponding Hedging Agreement. The amount of the Hedging Collateral posted by the Hedging Counterparty and/or eligible credit support comprising the Collateral posted by the Issuer may be adjusted from time to time pursuant to the terms of such Hedging Agreement. The obligation of the Issuer to deliver eligible credit support comprising the Collateral to the Hedging Counterparty under the Credit Support Document is limited to the amount of Collateral held by the Issuer from time to time.

The Hedging Agreement will be terminated on or about the Maturity Date of the Instruments (or on or about the Scheduled Maturity Date of the Instruments, where the Maturity Date of the Instruments may be postponed to the Postponed Maturity Date) unless terminated earlier in accordance with its terms, including due to an event of default or termination event under the Hedging Agreement. An event of default under the Hedging Agreement includes, inter alia, (subject to applicable grace period) a failure by a party to pay any amount due under the Hedging Agreement, (subject to applicable grace period) a failure by either party to perform any obligation under the Hedging Agreement, or the bankruptcy of a party. A termination event under the Hedging Agreement includes, inter alia, illegality, a tax event or regulatory changes affecting either party to the Hedging Agreement.

The Hedging Agreement will terminate in full if all Instruments are cancelled prior to the Maturity Date (or prior to the Scheduled Maturity Date, where the Maturity Date of the Instruments may be postponed to the Postponed Maturity Date) or if an Event of Default occurs in respect of the Instruments. Events of Default in respect of the Instruments include the following events:

- (i) if default is made in the payment of any sum due in respect of the Instruments or any of them is made for a period exceeding the Grace Period; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Instruments, the Series Instrument and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- (iii) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution (including, without limitation, any bankruptcy (*faillite*), insolvency, voluntary, forced or judicial liquidation (*liquidation volontaire ou judiciaire ou forcée*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) of the Issuer or the Company (as appropriate) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or formal notice is given of an intention to appoint an administrator (including, without limitation, any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert-vérificateur*), *juge délégué* or *juge commissaire*), provisional administrator (*administration provisoire*) or any application is made or petition is lodged or documents are filed with the court or administrator in relation to the Issuer or the Company (as appropriate).

The Hedging Agreement will terminate in part (on a pro rata basis in a proportion of its nominal amount equal to the proportion that the nominal amount of the Instruments being cancelled bears to the Aggregate Nominal Amount of all Instruments immediately prior to such cancellation) if some of the Instruments are cancelled prior to the Maturity Date (or prior to the Scheduled Maturity Date, where the Maturity Date of the Instruments may be postponed to the Postponed Maturity Date) pursuant to the Conditions. Furthermore, the Hedging Agreement may be terminated early in case of an early redemption of the Instruments.

7 Early Termination of the Instruments

The Instruments may be cancelled early if:

- (a) a default, event of default or other similar event or circumstance occurs with respect to the Collateral (howsoever described and including, without limitation, a failure to pay any principal or interest when and where due in accordance with the terms of the Collateral as at the Issue Date and further provided that if any of the Collateral comprises asset-backed securities then any deferral of interest or other payment thereunder in accordance with its terms shall not constitute a “default”);
- (b) any of the Collateral becomes repayable (otherwise than at the option of the relevant Collateral Obligor in accordance with the terms of the Collateral) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason;
- (c) in the determination of the Calculation Agent, a Regulatory Event occurs;
- (d) if “Collateral Put/Call Redemption Event” is specified as “Applicable” in the relevant Final Terms, if any of the Collateral becomes repayable at the option of the Collateral Obligor in accordance with the terms of such Collateral;
- (e) the Issuer would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, and the Issuer has been unable to arrange substitution or change of itself as Issuer, or is unable to do so in a tax efficient manner;
- (f) any Credit Support Document entered into in connection with any Hedging Agreement is terminated prior to the Maturity Date for any reason;
- (g) any Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date;
- (h) “Early Redemption on Cessation of Publication ” is specified as “Applicable” in the relevant Final Terms and there is a cessation in the publication of any applicable Index; or
- (i) there is a breach by the Issuer of its obligations under the Instruments or the winding-up or dissolution of the Issuer.

In any such case of early cancellation described in (a), (b), (c), (d), (e), (f), (g) or (h) above the Issuer shall give not more than 30 nor less than 15 days’ notice (or not more than 30 nor less than 10 day’s notice in respect of paragraph (c)) of the date fixed for cancellation and on expiry of such notice (i) the Issuer shall cancel the outstanding Instruments of such Series in whole or in part, as applicable, (ii) the relevant portion of the Series Assets will be realised in accordance with the Securitisation Act 2004, if applicable, and (iii) the security constituted by or created pursuant to the Series Instrument shall become enforceable in whole or in part, as applicable.

8 Early Termination Amount

The Early Termination Amount (if any) due in respect of each Instrument following the occurrence of an Event of Default, a cancellation for tax reasons, a termination of the Credit Support Document, an early termination of the Hedging Agreement, a Collateral early redemption, a redemption at the option of the Issuer for a Regulatory Event, a Collateral Put/Call Redemption Event or a Collateral Default Event or the cessation of the Index, shall be an amount equal to such Instrument’s *pro rata* share of an amount in the Specified Currency (which may never be less than zero) determined by the Calculation Agent in accordance with the following formula:

$$(A - B)$$

Where:

“A” is the Market Value Collateral, converted into the Specified Currency (if applicable) at the relevant exchange rate applicable at such time, as determined by the Calculation Agent in its reasonable discretion; and

“B” is the Early Termination Unwind Costs.

“Collateral Currency” means the currency in which the Collateral is denominated.

“Early Termination Unwind Costs” means the sum (the result of which may be positive, negative or zero) of:

(a) an amount, if any, determined by the Calculation Agent equal to (i) the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Hedging Counterparty (expressed as a positive amount) or (ii) the gain realised by the Hedging Counterparty (expressed as a negative amount), in either case in connection with the cancellation of the Instrument and the related termination, settlement or re-establishment of any hedge or related trading position; and (without duplication); and

(b) (expressed as a positive amount) any legal and other ancillary costs (including if applicable, without limitation, any costs in relation to the realisation of the Collateral) incurred by the Issuer, the Trustee or the Hedging Counterparty as a result of the Instruments becoming subject to mandatory cancellation.

Where “Option Premium” is specified as “Applicable” in the Final Terms, the Early Termination Unwind costs shall include amounts payable by the Issuer to the Hedging Counterparty in respect of the Option Premium.

“**Early Termination Valuation Date**” means:

(a) for the purposes of a cancellation due to a Collateral Default Event, a Collateral early termination, a redemption at the option of the Issuer for a Regulatory Event, a Collateral Put/Call Redemption Event, a cancellation for tax reasons, a termination of the Credit Support Document or an early termination of the Hedging Agreement or the cessation of the Index, the Business Day immediately preceding the due date for cancellation; or

(b) for the purposes of a cancellation due to the occurrence of an Event of Default, the due date for cancellation.

“**Market Value Collateral**” means, in respect of each item of Collateral, (i) where the Collateral has not been redeemed, an amount in the relevant Collateral Currency calculated by the Calculation Agent equal to the highest firm bid quotation obtained by the Calculation Agent from the Reference Banks for the Collateral (excluding accrued but unpaid interest in respect thereof), on the relevant Early Termination Valuation Date provided that if no firm bid quotation is obtained, the Market Value Collateral shall be calculated by the Calculation Agent in good faith and may in certain circumstances be zero or (ii) in circumstances where the Collateral has been redeemed, the proceeds of redemption of the Collateral.

9 Void transfer or other disposition and forced transfer

At any time after becoming aware that any legal or beneficial ownership interest in an Instrument is held by a Non-Permitted Transferee, the Issuer shall give notice to the Trustee, the Custodian and the Calculation Agent and shall have the right to require such Non-Permitted Transferee to sell such interest to (a) an Affiliate of the Issuer (to the extent permitted by applicable law) or (b) a person who is not a Non-Permitted Transferee, in each case, at a price equal to the lesser of (x) the purchase price paid for such interest by such Non-Permitted Transferee, (y) the principal amount of such interest and (z) the fair market value of such interest, less any costs or expenses incurred by or on behalf of the Issuer in connection with such sale.

10 Optional Redemption at the option of the Issuer

If “Issuer Call Option” is specified to be applicable in the relevant Final Terms, the Issuer may, on giving notice (a) on a date within the Optional Redemption Period specified in such Final Terms, or (b) at least 5 Business Days prior to an Optional Redemption Date specified in such Final Terms, cancel all of the Instruments and the Issuer shall pay the Optional Redemption Amount together with interest accrued to the date fixed for cancellation in respect of each Instrument.

The Optional Redemption Amount due in respect of each Instrument pursuant to the exercise of the Issuer Call Option shall be either (a) the percentage per Calculation Amount per Instrument, or (b) the Optional Redemption Amount the Optional Redemption Amount per Instrument corresponding to the applicable Optional Redemption Date on which the Issuer Call Option is exercised, each as set out in the relevant Final Terms.

11 Description of the Security Structure

The Issuer will enter on the Issue Date with Deutsche Trustee Company Limited as Trustee into a Series Instrument under English law pursuant to which the Instruments will be constituted and secured. In accordance with such Series Instrument the Trustee is granted security for itself and as trustee over, inter alia, the Collateral and the rights of the Issuer under the Hedging Agreement as continuing security for, inter alia, the payment of all sums due under the Instruments.

Under the Series Instrument, the Trustee undertakes to hold on trust the security granted to it for, inter alia, the benefit of the Instrumentholders and has the right to enforce the security upon the occurrence of an Event of Default, e.g. in the event of a non-payment of an interest or any other amount due under the Instruments within fourteen days from the relevant due date.

The Trustee is obliged to pay to the Series Parties (as defined in the Conditions of the Instruments) the proceeds from the realisation of the Series Assets with the priority set out in Condition 8.8 (*Application of Proceeds of Series Assets*). This means that the realisation proceeds will be used to satisfy any claims of the relevant Series Party in the respective order and the claims in the same rank will be satisfied on a *pro rata* basis.

In certain circumstances, the principal amount of Collateral purchased on the Issue Date will be greater than the principal amount of Notes issued on such date. The Instruments will not, however, be over-collateralised by such amount. In no circumstances will the amount of Collateral comprising security for the Instruments exceed the Aggregate Nominal Amount of the Instruments. On the Issue Date, the nominal amount of Collateral to be delivered to the Issuer under the Hedging Agreement will exceed the Aggregate Nominal Amount of the Instruments. This excess amount shall be payable by the Issuer to the Hedging Counterparty (whether at maturity or otherwise) by way of a final exchange under the Hedging Agreement. This amount represents the premium payable to the Hedging Counterparty by the Issuer in respect of an option contained in the Hedging Agreement. In the event of an early termination of the Instruments the present value of this excess amount at the time of termination, as determined by the Calculation Agent in its sole and absolute discretion, will comprise part of the Early Termination Unwind Costs.

According to Condition 19 and the Series Instrument the Trustee may be replaced by the Issuer subject to the prior approval by an Extraordinary Resolution of the Instrumentholders and the consent of the Hedging Counterparty.

12 Role of the Trustee

Pursuant to the relevant Series Instrument, the Trustee will be appointed, *inter alia*, to hold the Series Assets for the benefit of the Instrumentholder. In the case of the security created under the relevant Series Instrument becoming enforceable, the Trustee shall enforce such security and distribute the enforcement proceed in accordance with the relevant priority of payments as set out in General Condition 8.8 (*Application of Proceeds of Series Assets*).

13 Role of Agents under the Programme

The Issuer may engage various agents in respect of the Programme and any Series of Instruments. These Agents act solely as agents of the Issuer and do not assume any obligation or duty to, or any relationship of agency or trust for or with, any Instrumentholder.

The Principal Agent or Paying Agent will have the role according to the Agency Agreement of paying, or causing to be paid, all amounts due to the Instrumentholders. The Issuer will generally procure transfer of any payments to be made to Instrumentholders to the Principal Agent or Paying Agent prior to payment to the Instrumentholders. If, however, a payment by the Issuer to the Principal Agent or Paying Agent is made late but otherwise in accordance with the terms of the Agency Agreement, the Principal Agent or Paying Agent will nevertheless make payments in respect of the relevant Series. If, however the Principal Agent or Paying Agent has reason to believe that the amounts to be received by it from the Issuer will be insufficient to satisfy all claims in respect of payments falling due in respect of any Series, the Principal Agent or Paying Agent will not be obliged to pay any such claims until it has received the full amount of such payments.

Pursuant to the Agency Agreement, the Issuer appoints the Custodian as the initial custodian of the Collateral in respect of each Series (to the extent such Collateral constitutes “liquid assets and securities” for the purposes of Article 22 of the Securitisation Act 2004) and the Custodian acknowledges that all such Collateral for that Series credited to its account or delivered to it shall be held in safe custody for and on behalf of the Issuer, subject to the security in favour of the Trustee as set out in the relevant Series Instrument. The Custodian (acting on behalf of the Issuer and the Trustee, respectively), or if applicable, any Servicer, shall receive all moneys in relation to the Series Assets and apply all moneys received by it under the provisions of the Series Instrument in connection with such Series Assets, in all cases in accordance with proper instructions received. The Issuer shall not at any time own or agree to own any assets which would cause any applicable Servicer to be subject to any express or implied duty or obligation under any applicable Italian or Luxembourg law (including any reporting duties towards the competent supervision authorities of the Issuer (if any)) other than the duty to collect payments made in respect of assets which it holds in its capacity as Custodian (either directly or via a sub-custodian). For these purposes, references to “collect” or the “collection” of payments shall be construed as meaning the receipt of payments due with respect to such assets held and shall not extend to ensuring performance of such assets whether by management of the recovery of unpaid debts or otherwise. The role of Servicer (if applicable) is restricted to this single duty accordingly.

Any Calculation Agent, if specified in the Final Terms, shall perform the duties expressed to be performed by it in the relevant Series of Instruments, the Final Terms and Agency Agreement. The Calculation Agent shall make the relevant determinations and/or calculations accordingly.

Pursuant to the Agency Agreement, the Selling Agent’s role is, if instructed by the Trustee in accordance with General Condition 8.10.2, to use all reasonable endeavours, as the agent of the Trustee, to sell or otherwise realise the Collateral

as soon as reasonably practicable on or after the date on which it receives such instruction at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Series Instrument.