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Supplemental Agreement dated
to the agreements specified in Clause 5 sub-Clause 1

The accompanying English translation is provided for your convenience only. In the event of any divergence between the English and German texts, constructions, meanings or interpretations, those of the German original shall govern.

# Supplemental Agreement Relating to the Contractual Recognition of Resolution Action 2019 – United Kingdom

The following is agreed:  
**between**

Name and address of the Counterparty
(hereinafter referred to as “Counterparty”)

**and**

Name and address of the Bank
(hereinafter referred to as “Bank”)

(Bank and Counterparty jointly hereinafter referred to as “Parties”)

## 1. Purpose and Scope of Agreement

- (1) The Bank or the Counterparty is, or both are, subject to the requirements of the Banking Act and/or the Resolution Legislation. The parties hereto have entered into Financial Contracts, which, pursuant to the agreement of the parties, are governed by the laws of a Third Country. The following provisions are concluded by the parties in order to fulfil the obligations concerning the contractual recognition of the Resolution Power and the Resolution Legislation.
- (2) By entering into this Supplemental Agreement, the agreements referred to in Clause 5 sub-Clause 1 will be amended between the parties, irrespective of whether the parties have entered into one or more agreements relating to the same subject matter.
- (3) If both the Counterparty and the Bank have adhered to the ISDA 2015 Universal Resolution Stay Protocol or another protocol relating to contractual recognition of resolution action or an annex supplementing any such protocol, the respective protocol or annex will – to the extent these relate to the Resolution Legislation – not form part of the agreements referred to in Clause 5 sub-Clause 1, unless the parties hereto have explicitly agreed otherwise.

- “Banking Act” means the United Kingdom Banking Act 2009 as amended by the Financial Services (Banking Reform) Act 2013 and the Bank Recovery and Resolution Order 2014, each as amended or supplemented from time to time.
- “Third Country” means any country outside of the United Kingdom.
- “Financial Contract” means each contract, arrangement and similar agreement covering eligible liabilities referred to in the Resolution Legislation in particular financial derivatives transactions, securities lending transactions and securities repurchase transactions covered under a netting arrangement in accordance with Section 48 (1)(d) (Netting arrangements) of the Banking Act.
- “IFPRU” means the Prudential sourcebook for Investment Firms as of September 2019 of the Financial Conduct Authority Handbook as promulgated by the Financial Conduct Authority, as amended or supplemented from time to time.
- “Non-Resolution Action Entity” means the party not subject to Resolution Action.
- “Regulated Entity” means any BRRD Undertaking as such term is defined under the Prudential Regulation Authority Rulebook promulgated by the United Kingdom Prudential Regulation Authority or to any person falling within 11.6 IFPRU (Contractual recognition of bail-in), both as amended from time to time, which includes certain credit institutions, investment firms, and certain of their parent or holding companies and Affiliates of a Regulated Entity.
- “Affiliate of a Regulated Entity” an entity in the same group as the Regulated Entity.

## 2. Definitions

In this Supplemental Agreement, the following capitalised terms shall have the following meanings:

- “Resolution Authority” means the Bank of England.
- “Resolution Power” means the application of a resolution tool or exercise of a resolution power by the Resolution Authority as referred to in Section 70A (Suspension of obligations) of the Banking Act.
- “Resolution Legislation” means Sections 48B (Special bail-in provision) and 48Z (Termination rights etc.) of the Banking Act and 11.6 IFPRU (Contractual recognition of bail-in), the Prudential Regulation Authority rules on the Contractual Recognition of Bail-in 1 (Application and definitions) and Contractual Recognition of Bail-in 2 (Contractual recognition of bail-in), each as amended or supplemented from time to time.
- “Resolution Action” means any termination, modification, replacement of any Financial Contracts, write-down or conversion power existing from time to time (including any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period) under, and exercised in compliance with the Resolution Legislation pursuant to which the obligations of a Regulated Entity can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of such regulated entity or any other person.

## 3. Recognition of the Exercise of the Resolution Powers

- (1) If the Resolution Authority exercises any Resolution Powers with respect to the Regulated Entity, the Non-Resolution Action Entity agrees and accepts the limitations of its rights arising out of one or more agreement(s) referred to in Clause 5 sub-Clause 1 as a result of the exercise of such Resolution Powers and agrees to the associated amendment of such agreements. The Non-Resolution Action Entity accepts such limitations to the extent that such limitations would apply to it, as if the agreements referred to in Clause 5 sub-Clause 1 were governed by any of the laws of the United Kingdom. Such acceptance applies in particular to the suspension of contractual obligations, the limitation of the collateral rights, the temporary stay of termination rights, the transfer of agreements and the general limitation on termination rights following a Resolution Action.
- (2) Any Resolution Power or Resolution Action taken by the Resolution Authority with respect to the Regulated Entity does not give rise to any termination rights, in particular it does not constitute a material cause (wichtiger Grund) for termination of a master agreement or – in case of an EMA – a “change of circumstances”, leading to the right to terminate a master agreement.

**4. Recognition of the Application of the Resolution Action**

The Non-Resolution Action Entity hereby accepts that the agreements referred to in Clause 5 sub-Clause 1 fall within the application by the Resolution Authority of the Resolution Action pursuant to the Resolution Legislation and for this reason, in case of a resolution, may be written down in part or in full or converted into ordinary shares or other instruments of ownership. In particular, the Non-Resolution Action Entity accepts that:

- (a) pursuant to the Resolution Legislation the Resolution Authority may terminate, modify or replace any or all agreements referred to in Clause 5 sub-Clause 1,
- (b) following the termination pursuant to lit. (a), the Resolution Authority may pursuant to the Resolution Legislation write down in part or in whole the claim for non-performance or a liquidation value of the Non-Resolution Action Entity,
- (c) following the termination pursuant to lit. (a), the competent Resolution Authority may decide to convert the claim for non-performance or a liquidation value of the Non-Resolution Action Entity in full or in part into ordinary shares or other common equity tier 1 instruments of the Regulated Entity or the bridge institution, to which assets will be transferred,
- (d) pursuant to the Resolution Legislation, the Resolution Authority may modify the terms of any or all agreements referred to in Clause 5 sub-Clause 1 as necessary such that the exercise of the write-down and conversion rights can become effective, and
- (e) the provisions of Clause 4 constitute the full and exclusive agreement of the parties and replace all other arrangements that the parties have entered into relating to the recognition of the resolution tools with respect to the agreements referred to in Clause 5 sub-Clause 1.

**5. Special Provisions**

- (1) This Supplemental Agreement relates to the following agreements:
  - a)  Master Agreement for Financial Derivatives Transactions (2018)
  - b)  Master Agreement for Financial Derivatives Transactions (2001), provided that each reference in Clause 4 lit. (b) and (c) of this Supplemental Agreement to "claim of non-performance" shall be replaced with "single compensation claim".
  - c)  Master Agreement for Securities Repurchase Transactions (Repos) (2005)
  - d)  Master Agreement for Securities Lending Transactions (1999)
  - e)  Rahmenvertrag für Finanzgeschäfte (European Master Agreement – EMA)
  - f)  Clearing-Master Agreement (2013)
  - g)  Clearing-Master Agreement 2019
  - h)  other agreements

(2) Clause 4 shall

- not apply.
- apply only with respect to the following agreements referred to in sub-Clause 1:

- |                             |                             |                             |
|-----------------------------|-----------------------------|-----------------------------|
| a) <input type="checkbox"/> | d) <input type="checkbox"/> | g) <input type="checkbox"/> |
| b) <input type="checkbox"/> | e) <input type="checkbox"/> | h) <input type="checkbox"/> |
| c) <input type="checkbox"/> | f) <input type="checkbox"/> |                             |

**6. Applicable Law**

This Supplemental Agreement, and any amendments made in any of the agreements specified in Clause 5 sub-Clause 1 as a consequence of this Supplemental Agreement, are in each case subject to the governing law of the agreement amended hereby.

**7. Special agreements**

Signature(s) of the Counterparty	
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Signature(s) of the Bank	
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