

*La présente traduction a été réalisée avec le concours gracieux du cabinet d'avocats Gide Loyrette Nouel*

**DEBT INSTRUMENT OPTION  
OR REFERENCE RATE SPREAD  
TECHNICAL SCHEDULE**

Debt Instrument Option or Reference Rate Spread Transactions are governed by the AFB Master Agreement for Foreign Exchange and Derivatives Transactions, the Definitions Common to Several Technical Schedules and by the following provisions.

A Debt Instrument Option or Reference Rate Spread ("Debt Instrument Option" or "Option") is an Option whose Underlying Asset is one or several Debt Instruments, that grants the Buyer the right either to buy or sell on the Exercise Date a given quantity of Debt Instruments for a previously agreed Strike Price, or to receive payment of a Cash Settlement Amount on the Payment Date.

**ARTICLE 1 - DEFINITIONS<sup>1</sup>**

**FORWARD CONTRACT**

A forward contract negotiated on a Related Market whose features are mentioned in the Confirmation, serving as a Replacement Underlying Asset.

**MATERIALITY**

Percentage specified as such in the Option Confirmation, corresponding to the negative or positive difference that should exist, if need be, on the date on which an event corresponding to the definition of a Market Disruption occurs, between (i) the Initial Price or the Initial Reference Rate of the Debt Instrument or of the Debt Instrument Basket, or the initial Reference Rate Spread, and (ii) the market price of the Debt Instrument or of the Debt Instrument Basket or the Reference Rate Spread ascertained on the market, so that the Market Disruption will be deemed as having occurred.

**ROUNDING**

When the method of settlement of the Debt Instrument Option as set forth in Article 3 is Cash Settlement, the amount to be paid adjusted according to the Settlement Price of the Debt Instrument or to the Reference Rate Spread to be paid, shall be rounded upward to the nearest two decimal places, or any other rounding specified in the Confirmation, in the Payment Currency.

**DELIVERY VERSUS PAYMENT COUPON CONVENTION**

For an Option, the delivery versus Payment coupon convention specified in the Confirmation, chosen in compliance with the rules and customs applicable to the Debt Instruments for the transfer of the Debt Instruments by the main Clearance System on the Commencement Date of each Option.

**INITIAL PRICE**

The price of the Debt Instrument or of the Debt Instrument Basket, expressed as an absolute value or a percentage, specified as such in the Confirmation.

**VALUATION DATE**

For an American Option: the Exercise Date or any other date specified as such in the Confirmation.

For a European Option or for an American Option deemed to be exercised under the terms of Article 2.4: the Maturity Date.

**EXERCISE DATE**

The date on which the Exercise of an Option occurs:

- For an American Option, the Exercise Date is the date of reception, or for a Multiple Exercise, each date on which the Seller receives notice of Exercise, when this day

<sup>1</sup> Definitions are not sorted in alpha order but in the order shown in the original French version.

is a Business Day and when the Seller receives notice before the Expiration Time, or the following Business Day in other cases.

- For a European Option, the Exercise Date is the Maturity Date provided that the Seller receives the notice of Exercise before the Expiration Time on the Maturity Date.

#### **DELIVERY DATE**

The day on which the delivery occurs or should have occurred in the absence of any of the Delivery versus Payment System Disruption Event of the Underlying Asset to be Delivered. This day is the settlement of a spot purchase or sale transaction of Debt Instruments in accordance with market practices usually accepted by the main Clearance System, to which the Parties agree on the option Exercise Date, subject to a Delivery versus Payment System Disruption Event affecting the Payment.

#### **CASH SETTLEMENT DATE**

The second Business Day following the Exercise Date or any other date specified as such in the Confirmation.

#### **MARKET DISRUPTION**

When, in the half-hour preceding the Valuation Time, and for a given Debt Instrument, the Agent ascertains a suspension of trading (for a listed Debt Instrument), or a material limitation of purchases and sales (notably because of the price variations exceeding the limits allowed by the regulated market, the central bank or any other relevant market authority) as the case may be, on the Related Markets of the Debt Instrument, or one of the Debt Instruments forming the Debt Instrument Basket, or used for the Reference Rate Spread calculation.

#### **DELIVERY VERSUS PAYMENT SYSTEM DISRUPTION EVENT**

An event beyond the control of the Parties as a result of which the relevant Clearance System cannot clear the transfer of the Underlying Asset to be Delivered between the Exercise Date and the Delivery Date. Between these two dates, the Agent shall notify the Buyer of the disruption of the delivery versus payment system, as well as of the terms of the Cash Settlement.

#### **SETTLEMENT CURRENCY**

A Currency specified in the Confirmation, or if no such currency is specified in the Confirmation, a Currency in which the Total Premium is expressed.

#### **CASH SETTLEMENT AMOUNT**

For a given Option, the difference in the Settlement Currency between the Settlement Price and the Strike Price, expressed as an absolute value.

#### **REFERENCE RATE SPREAD**

The spread, between the Reference Rate of two Debt Instruments or a Debt Instrument Basket and a Debt Instrument, or any other combination where the Underlying Asset is one or several Debt Instruments or Debt Instrument Baskets expressed as a percentage and rounded according to the Rounding.

#### **INITIAL REFERENCE RATE SPREAD**

The spread, between the Reference Rate ascertained on the Option Commencement Date and the yield of two Debt Instruments, a Debt Instrument Basket and a Debt Instrument, or any other combination where the Underlying Asset is one or several Debt Instruments expressed as a percentage and rounded in accordance with the Rounding.

#### **FINAL REFERENCE RATE SPREAD**

The spread, expressed as a percentage ascertained on the Exercise Date, or on the Option Valuation Date, between the Settlement Price of two Debt Instruments or, a Debt Instrument Basket and a Debt Instrument, or any other combination where the Underlying Asset is one or several Debt Instruments.

#### **ISSUER**

For a given Debt Instrument, the entity having issued the Debt Instrument.

#### **MULTIPLE EXERCISE**

For an American Option, a repeated Exercise during the Exercise Period, according to the terms of Article 2.4.

#### **VALUATION TIME**

The time specified as such in the Confirmation.

**EXPIRATION TIME**

The time specified as such with respect to the relevant Financial Center on the Maturity Date.

**BUSINESS DAY**

Each calendar day on which the TARGET (Trans-European Automated Real Time Gross Settlement Express Transfer) System receiving the payment instructions in Euro and settling the corresponding transfers on the relevant Financial Center is operating.

**RELATED MARKET**

Main quotation market of the Reference Option or of the Forward Contract specified in the Confirmation, serving as a Replacement Underlying Asset, or any market that would substitute for it as specified in the Confirmation, or any other substituting market.

**TOTAL PREMIUM**

Premium by Option multiplied by the Number of Options.

**MULTIPLE**

An integral number or percentage specified in the Confirmation or, if no such integral number or percentage is specified, the Number of Options.

**NUMBER OF UNDERLYING ASSETS TO BE DELIVERED**

On a given Exercise Date, for a Delivery-settled Option, the number of Debt Instruments or Debt Instrument Baskets established by application of the Option Entitlement to the Number of Options Exercised. If, as a result of this application, the number of Underlying Assets to be Delivered does not correspond to an integral number, it shall be deemed to be equal to the closest smaller integral number. The decimal part may be subjected to a balancing cash adjustment settlement.

**NUMBER OF OPTIONS**

Number specified in the Confirmation or, if no such number is specified in the Confirmation, one.

**MAXIMUM NUMBER OF EXERCISABLE OPTIONS**

Number specified in the Confirmation or, if no such number is specified in the Confirmation, the Number of Options.

**MINIMUM NUMBER OF EXERCISABLE OPTIONS**

Number specified in the Confirmation or, if no such number is specified in the Confirmation, the Number of Options.

**NUMBER OF OPTIONS EXERCISED**

A number specified in the notice of Multiple Exercise, which shall not be lower than the Minimum Number of Exercisable Options, or if applicable, than a multiple of the Multiple of the Minimum Number of Exercisable Options, and shall not be higher than the Maximum Number of Exercisable Options.

**REFERENCE OPTION**

An Option negotiated on the Related Market whose characteristics are set forth in the Confirmation, serving as a Replacement Underlying Asset.

**CLEARANCE SYSTEM**

For a Delivery-settled Option, the Clearance System specified in the Confirmation, or any substituting system, or in the absence of any such system, the main local clearance system usually employed for the transfer of the Underlying Asset to be Delivered. If on an Exercise Date, irrespective of any of the Delivery versus Payment System Disruption Event, the Delivery of the Underlying Asset to be Delivered is no longer carried out by the Clearance System, the Parties shall negotiate in order to agree on a replacement Delivery System.

**DEBT INSTRUMENT BASKET**

A basket comprised of Debt Instruments specified as such in the Confirmation. The weighting and/or the adjustments applicable are specified in the Confirmation.

**PARITY**

The number of Debt Instruments, Debt Instrument Baskets or Reference Rate Spreads per option. Subject to the provisions relating to the Replacement Underlying Asset, and unless the Parties specify otherwise, an Option relates to a Debt Instrument or a Debt Instrument Basket.

**EXERCISE PERIOD**

The period beginning on the Commencement Date and ending at the Expiration Time on the Maturity Date, or at any other period as specified in the Confirmation.

**STRIKE PRICE**

The price or percentage of the Debt Instrument or of the Debt Instrument Basket, or any other convention specified in the Confirmation relating to the Debt Instrument or the Debt Instrument Basket, or the Initial Reference Rate Spread.

**SETTLEMENT PRICE**

I/ For an Option whose method of settlement is Cash Settlement:

The market price expressed as an amount or percentage corresponding to the Debt Instrument actuarial rate, as quoted at the Valuation Time on the Valuation Date, equal to:-

- (a) For a Debt Instrument Option:-
  - (i) if the Debt Instruments are negotiated on a regulated market, the percentage published or the latest price of these instruments at the Valuation Time on the Valuation Date, increased if applicable by the accrued coupon as on that day, where expressed as an ex-coupon price, or the price fixed according to the terms specified in the Confirmation, or
  - (ii) if the Debt Instruments are not negotiated on a regulated market, but are covered by a price statement made on the initiative of a central bank or a market authority that is competent within the meaning of applicable legislation or regulation, or any other entity with undisputed authority, the percentage published,

or the stated price of these instruments at the Valuation Time on the Valuation Date, increased if applicable by the accrued coupon as on that day, or the price fixed according to the terms specified in the Confirmation.

- (b) For a Debt Instrument Basket Option, its value calculated according to the methods specified in the Confirmation on the basis of the price of each Debt Instrument forming the Debt Instrument Basket, as defined in letter (a).
- (c) When the Debt Instrument Option relates to a Reference Rate Spread, the Final Reference Rate Spread.

II/ For a Delivery-settled Option, the Strike Price multiplied by the Number of Underlying Assets to be Delivered.

**EXERCISE THRESHOLD**

For a Reference Rate Spread Option, the minimum percentage, as specified in the Confirmation, that the Cash Settlement Amount must reach for the Buyer to exercise the Option.

**UNDERLYING ASSET TO BE DELIVERED**

For a given Delivery-settled Option, the Debt Instrument(s), or the Debt Instrument Basket(s) covered by a Delivery Payment.

**REPLACEMENT UNDERLYING ASSET**

A Debt Instrument, Forward Contract or Reference Option specified in the Confirmation, substituting to a Debt Instrument affected by a publishing default as set forth in Article 4.1., that can be used for calculation of the Settlement Price.

**REFERENCE RATE**

For a given Reference Rate, the actuarial yield so that the sum of the principal and interests is equal to the price of the Debt Instrument.

**INITIAL REFERENCE RATE**

For an Option, the Reference Rate specified in the Confirmation.

## DEBT INSTRUMENT

An instrument representing a claim over the issuing private or government entity, transferable by book-entry or physical delivery, and any equivalent instrument issued in France or abroad, exclusive of French or foreign commercial paper and short-term notes, and serving as an Underlying Asset for an Option.

### ARTICLE 2 - TERMS AND CONDITIONS OF EXERCISE - NOTICES

**2.1.** The notice of the Exercise of an Option can be given at any time during the Relevant Exercise Period or Effective Period for a Barrier Option. It is subject to the prior payment of the Total Premium by the Buyer. The Exercise occurs either on the Buyer's notice, or automatically. It can be submitted to the prior or simultaneous realization of a Barrier, whose features are detailed in the Confirmation.

For a Rate Spread Option, the Exercise can be noticed when the Final Reference Rate Spread ascertained on the Valuation Date or Exercise Date moves away from the Initial Reference Rate Spread by more than a certain percentage specified in the Confirmation. The Buyer can exercise the Option, subject to the provisions relating to automatic Exercise.

**2.2.** The notice of Exercise of an Option by the Buyer to the Seller is made by all means. If the Seller receives notice of Exercise on a Business Day in the relevant Financial Center at the Expiration Time at the latest, the Exercise Date shall be that the same day. If the Seller receives notice of Exercise on a Day that is not a Business Day in the relevant Financial Center, or on a Business Day, but after the Expiration Time, the Exercise Date shall be the following Business Day, unless provided otherwise in the Confirmation. For a European Option, the Option Exercise Date is the Maturity Date. The notice shall set forth the Number of Options Exercised and shall expressly refer to the Confirmation. It shall be followed as soon as possible by a Confirmation from the Buyer, by telex, fax or e-mail no later than the first following Business Day.

**2.3.** At the time of the conclusion of an American Option, the Parties may agree to Multiple Exercise during the Exercise Period,

or on the relevant Exercise Dates. This choice shall be specified in the Confirmation.

**2.3.1.** In this case, the Buyer can exercise on one or several occasions all of the Options that have not then yet been exercised representing a multiple of the Number of Options Exercised, provided that the Number of Options Exercised on a given Exercise Date is not lower than the Minimum Number of Exercisable Options, or if applicable, an integral multiple of the Multiple, and is not higher than the Maximum Number of Exercisable Options.

**2.3.2.** If, on any Exercise Date:-

- the Number of Options Exercised is greater than the Maximum Number of Exercisable Options, the Number of Options Exercised shall be deemed to be equal to the Maximum Number of Exercisable Options; and the difference shall be deemed not to be exercised,
- the Number of Options Exercised is lesser than the Minimum Number of Exercisable Options, the Exercise shall be deemed not to have occurred,
- the Number of Options Exercised is not equal to an integral multiple of the Multiple, the Number of Options Exercised shall be deemed to be equal to the nearest inferior integral multiple of the Multiple, and the difference shall be deemed not to be exercised.

Notwithstanding the foregoing provisions:-

- on any Exercise Date, the Buyer can exercise any number of Options provided that the Buyer exercises all of the non-exercised Options and that such number is less than or equal to the Maximum Number of Exercisable Options,
- on the Maturity Date, all unexercised Options can be exercised irrespective of their number.

**2.4.** Upon the conclusion of an Option, the Parties can elect to apply an automatic Exercise. Such a choice shall be specified in the Confirmation.

In such a case, unless the Buyer otherwise notifies the Seller at the Expiration Time on the Maturity Date, any Option not exercised at the Expiration Time on the Maturity Date and whose Cash Settlement Amount is positive, is

deemed to be exercised on this day for the Number of Options still not exercised.

The Seller shall notify the Buyer of the Number of Options thus exercised.

However, if the method of settlement is Delivery, the Option shall be considered as automatically exercised only if the Settlement Price of the Underlying Asset to be Delivered is greater than or equal to 101% of the Exercise Price in the case of a Call Option, and i less than or equal to 99% of the Exercise Price in the case of a Put Option, or any other percentage specified in the Confirmation.

**2.5.** Upon the conclusion of an Option whose Underlying Asset is a Reference Rate Spread, the Parties can agree that this Option shall only be exercised if the Cash Settlement Amount is equal to or greater than the Exercise Threshold.

### **ARTICLE 3 - METHOD OF SETTLEMENT**

On the Transaction Date, the Parties shall agree in the Confirmation that the method of settlement is either Cash Settlement, or Delivery.

#### **3.1. Cash Settlement Amount**

When the exercised Option is Cash-settled, the Seller pays to the Buyer the Cash Settlement Amount multiplied by (a) the Number of Options Exercised as set forth in Articles 2.2., 2.3. and 2.4., and (b) by the Option Entitlement.

#### **3.2. Delivery**

**3.2.1.** When the Parties agree that Exercise of the Option is settled by Delivery of the Underlying Asset to be Delivered: Delivery on the Delivery Date of the Number of Underlying Assets to be Delivered, by the Seller for the Exercise of a Call Option, or by the Buyer, for the Exercise of a Put Option, for the Payment of the Settlement Price.

The corresponding Payment is made on the basis of the Strike Price, determined by the Delivery Settlement Coupon Agreement, multiplied by the Number of Options Exercised. The expenses and costs relating to the transfer of the Underlying Asset to be Delivered shall be paid by the Party that should bear these costs according to the market practices

applicable to the sale of an Underlying Asset to be Delivered through the Clearance System on the Delivery Date.

**3.2.2.** On the Delivery Date, the Party performing Delivery of the Number of Underlying Assets to be Delivered represents having full ownership and title thereover and guarantees that the Debt Instruments are free from any privilege, lien, or any other encumbrance that may affect their transferability. Settlement and Delivery shall be paid versus Delivery through the Clearance System, subject to the occurrence of a Delivery versus Payment System Disruption Event.

**3.2.3.** Notwithstanding the provisions of Article 9.2. of the Agreement, in the event of a delay by one of the Parties in delivering the Underlying Asset to be Delivered, such Party shall pay the other (the Non Defaulting Party) a compensation (the "Compensation") covering:-

- any costs and/or losses resulting from the purchase or loan of the Number of Underlying Assets to be Delivered under market conditions according to the customary terms of settlement on the specified market, and
- all other expenses, disbursements, damages, interest, penalties or losses deemed to be incurred by such other Party as a result of the delay, in respect of which such other Party is able to provide documentary evidence, including, but not limited to, the accrued coupon yield rate for each Debt Instrument, and the Settlement default penalties charged by the relevant Clearance System.

Such Compensation, calculated by the Non Defaulting Party, shall bear interest as set forth in Article 9.1. of the Agreement until the actual Delivery Date.

**3.2.4.** Consequences of the Delivery versus Payment System Disruption Event:-

- (i) For a Debt Instrument Option, if on a Delivery Date, a Delivery versus Payment System Disruption Event occurs or is continuing, such date shall be postponed to the first Business Day following the Delivery versus Payment Settlement Disruption. , provided that such day occurs no later than ten Business Days after the date that would have been the Delivery Date, had the Delivery versus Payment System Disruption Event not occurred.

If the Delivery versus Payment System Disruption Event continues after the tenth Business Day, the Parties undertake during a period of two Business Days to negotiate the determination of a Replacement Delivery mode for the affected Underlying Asset. Should the Parties fail to reach an agreement within this time period, the method of settlement shall be Cash Settlement. The Cash Settlement Date shall then be the second Business Day following the end of such time period.

(ii) If for a Debt Instrument Basket Option, a Delivery versus Payment System Disruption Event occurs or is continuing on the Delivery Date, in respect of one or several Underlying Assets to be Delivered comprising the Debt Instrument Basket, such date shall be postponed according to the terms of Article 3.2.4.(i). If the Delivery versus Payment System Disruption Event continues after the tenth following Business Day, the Parties shall undertake during a period of two Business Days to negotiate the determination of a Replacement Delivery mode for the affected fraction of the Underlying Asset to be Delivered. Should the Parties fail to reach an agreement within this time period, the method of settlement shall be Cash Settlement in respect of the non delivered Underlying Asset to be Delivered. The Cash Settlement Date shall then be the second Business Day following the termination of such time period.

Notwithstanding the Delivery versus Payment System Disruption Event affecting the Underlying Asset to be Delivered, the Delivery of the non affected fraction of the Underlying Asset to be Delivered shall take place on the Delivery Date. The Agent shall establish the fraction of the Settlement Price corresponding to each Delivery Date for the non affected part of the Underlying Asset to be Delivered.

## **ARTICLE 4 – EVENT AFFECTING THE DEBT INSTRUMENT**

### **4.1. Failure to Publish the Settlement Price**

If on a Valuation Date, (i) the Settlement Price of the Underlying Asset to be Delivered is not published, or (ii) the Final Reference Rate Spread cannot be calculated because of this Failure to Publish, the Valuation Date shall be postponed to the first following Business Day.

- For a Debt Instrument or a Debt Instrument Basket Option, the Settlement Price published on such day shall be deemed to be the Settlement Price of the Debt Instrument(s) comprising the Debt Instrument Basket.
- For a Reference Rate Spread Option, the Settlement Price published on such day shall serve as a basis for the determination of the Final Reference Rate Spread.

If on the fifth Business Day following the initially scheduled Valuation Date, the Settlement Price has still not been published, the Parties, in compliance with the terms of the Confirmation or notified by one of them, shall either:-

- (a) obtain quotations from prime participants on the relevant market in order to determine the Settlement Price in compliance with the provisions of the Confirmation or,
- (b) substitute the Replacement Underlying Asset for the Debt Instrument(s). In such a case, the Parties shall refer either:-
  - (i) to an official closing price on a given Forward Contract or Reference Option, listed on the Related Market; or
  - (ii) to an instrument having identical economic and financial features in the same Currency, which represents a debt of identical rank listed on the Debt Instrument market.

The Agent shall determine the Settlement Price by carrying out calculations in compliance with the method retained, and shall give notice of the results to the Parties on the sixth Business Day at the latest.

Should the Parties fail to reach an agreement, or should the Confirmation fail to indicate the applicable chosen method on the fifth Business Day following the Valuation Date chosen initially, the provisions of Article 6 will apply .

### **4.2. Market Disruption**

**4.2.1.** For a Debt Instrument Option, if on the Valuation Date (i) a Market Disruption occurs or is continuing and (ii) if applicable, the specified Materiality is reached, the Valuation Date shall be deemed to be the first Business

Day on which the Debt Instrument is not affected by a Market Disruption, provided that such Day occurs at the latest on the fifth Business Day following the Exercise Date.

If on the fifth Business Day, the Debt Instrument is still affected by the Market Disruption, this day shall be deemed to be the Valuation Date.

On such fifth Business Day, the Agent shall determine the Debt Instrument Settlement Price taken into account for the calculation of the Cash Settlement Amount, and shall specify such Debt Instrument Settlement Price to the other Party.

**4.2.2.** If on the Valuation Date, for a Debt Instrument Basket Option or a Reference Rate Spread Option, or for one or several Debt Instruments comprising the Debt Instrument Basket or used to determine the Final Reference Rate Spread, (i) a Market Disruption occurs or is continuing, and (ii) if applicable, the specified Materiality is reached, the Settlement Price used to determine the Final Reference Rate Spread shall be determined in compliance with the provisions of Article 4.2.1.

Notwithstanding the Market Disruption affecting one or several Debt Instruments, the Settlement Price taken into account for the calculation of the Cash Settlement Amount for each non affected Debt Instrument shall be determined on the Valuation Date of the non affected Debt Instrument.

The Cash Settlement Date is consequently postponed.

The Agent shall inform the Parties as soon as possible of the occurrence of any Market Disruption.

## **ARTICLE 5 - PROVISIONS RELATING TO BARRIERS**

### **ASCERTAINING AGENT**

The agent specified as such in the Confirmation, put in charge during the Effective Period, of ascertaining whether, as the case may be, one or several Barriers has or have been reached, or not, or has or have been crossed, or not. The Agent shall notify the Parties of such reaching or crossing as soon as possible and by all means. The relevant Party will have the right to request any

necessary justification of this ascertainment on receiving the notice.

### **BARRIER**

A condition that may be specified in the Confirmation, to which Exercise of the Option is subordinated, which, when reached or crossed (or not, as the case may be) causes the possibility to exercise the Option during the Effective Period of one or several Barriers to exist or cease to exist.

### **ACTIVATING BARRIER**

An activating barrier can either be "up" or "down", as specified in the Confirmation.

When an activating barrier is "up", the Buyer shall not exercise his rights under the Option, unless during the Effective Period, the Reference Rate Spread as ascertained by the Agent is equal to, or greater than such activating barrier. When an activating barrier is "down", the Buyer shall not exercise his rights under the Option, unless during the Effective Period, the Reference Rate Spread as ascertained by the Agent is equal to, or smaller than such activating barrier.

### **DEACTIVATING BARRIER**

A deactivating barrier can either be "up" or "down", such as specified in the Confirmation. When the deactivating barrier is "up", the Buyer shall not exercise his rights under the Option, unless during the Effective Period, the Reference Rate Spread as ascertained by the Agent, is equal to, or greater than such deactivating barrier. When a deactivating barrier is "down", the Buyer shall not exercise his rights under the Option, unless during the Effective Period, the Reference Rate Spread as ascertained by the Agent, is equal to, or smaller than such deactivating barrier.

### **ACTIVATING DATE**

The date on which the Agent ascertains that an Activating Barrier has been reached or crossed.

### **DEACTIVATING DATE**

The date on which the Agent ascertains that a Deactivating Barrier has been reached or crossed.



## JUSTIFICATION REQUEST

If at any time between the Commencement Date of the Option and the Expiration Time on the Maturity Date of the Option, (i) the Ascertaining Agent has not served a notice upon the relevant Party that a Barrier has been reached or crossed, whereas (ii) such Party has been wondering if the Settlement Price or the Reference Rate Spread has not reached or crossed an Activating or Deactivating Barrier on a given day in a given Financial Center, such Party may request the Ascertaining Agent to justify that the Barrier has not been reached or crossed, provided that this request is based on sufficient grounds with regard to the circumstances in such Financial Center on such day. The Ascertaining Agent undertakes to reply to the foregoing request as soon as possible upon reception by all usual means.

## NOTICE THAT A BARRIER HAS BEEN REACHED OR CROSSED

Notice served by the Ascertaining Agent upon the relevant Party setting forth that a Barrier has been reached or crossed.

## EFFECT PERIOD

Any period specified in the Confirmation, or, if no such period is specified in the Confirmation, the period beginning on the Commencement Date and ending on the Expiration Time on the Maturity Date.

## EXERCISE PERIOD

Period during which the Buyer can exercise his rights under the Debt Instrument Option, defined as follows:

- For an Activating Barrier Option, the period beginning on the Activating Date, and ending on the Maturity Date.
- For a Deactivating Barrier Option, the period beginning on the Commencement Date and ending on the Maturity Date, or if applicable, on the Deactivating Date.

- For an Activating and Deactivating Barrier Option, the period beginning on the Activating Date and ending on the Maturity Date, or if applicable, on the Deactivating Date.

## BALANCING CASH ADJUSTMENT

If the Parties so agree upon the conclusion of the Debt Instrument Option, the fact that the Deactivating Barrier is reached or crossed shall cause the payment of a Balancing Cash Adjustment by the Seller to the Buyer, whose amount and date of value shall be specified in the Confirmation.

## ARTICLE 6 – DISPUTE RESOLUTION

If one of the Parties challenges any determination made by the Agent or the other Party, such Party shall give notice thereof to the Agent or the other Party within two Business Days following the day where such Party received the notice served by the Agent or the other Party, and shall ask for the designation of three prime participants by the Agent. Within five Business Days as from their designation, the designated participants shall have a limit of three Business Days to make the determination. They will impose their decision on the Parties in the absence of manifest error. The Payment shall occur on the second Business Day following the reception of the determination amount by the Agent.

The costs relating to this request shall be borne equally between the Parties.

Any amount unpaid, or any Underlying Asset to be Delivered that has not been delivered by reason of such a notified disagreement, shall give rise to late payment interest, calculated according to the terms of Articles 9.1. and 9.2. of the Agreement, until the Payment Date or the actual Delivery.



|   |                                 |                                |  |
|---|---------------------------------|--------------------------------|--|
| From :  | [   ]<br>Party X                |                                |  |
| To:   | [   ]<br>Party Y                |                                |  |
| <b>CONFIRMATION OF A DEBT INSTRUMENT OPTION<br/>OR REFERENCE RATE SPREAD</b>  |                                 |                                |  |
| We hereby confirm the terms of the Debt Instrument Option or Reference Rate Spread transaction governed by the AFB Master Agreement for Foreign Exchange and Derivatives Transactions and the provisions of the "Debt Instruments Options or Reference Rate Spread Technical Schedule." |                                 |                                |  |
| <b>Reference No. of the Transaction .....</b>   |                                 | <b>Transaction Date .....</b>  |  |
| <b>Date of the Master Agreement.....</b>  |                                 | <b>Commencement Date .....</b> |  |
|   |                                 | <b>Maturity Date.....</b>      |  |
| Option Type   | Call / Put <sup>3</sup>         |                                |  |
| Option Style  | American/ European <sup>4</sup> |                                |  |
| Buyer   | _____                           |                                |  |
| Seller  | _____                           |                                |  |
| Exercise Date(s) <sup>2</sup>   | _____                           |                                |  |
| Strike Price  | _____                           |                                |  |
| Exercise Period   | _____                           |                                |  |
| Number of Options   | _____                           |                                |  |
| Parity  | _____                           |                                |  |
| <b>DEBT INSTRUMENTS</b>   |                                 |                                |  |
| <b>1<sup>st</sup> Case: Debt Instrument Option <sup>5</sup></b>   |                                 |                                |  |
| Issuer  | .....                           |                                |  |
| Debt Instruments  | .....                           |                                |  |
| Maturity  | .....                           |                                |  |
| Reference Rate  | .....                           |                                |  |
| Code/ Reference   | .....                           |                                |  |
| Initial Price   | .....                           |                                |  |

<sup>2</sup> If applicable for an multiple exercise option.  
<sup>3</sup> Specify as appropriate.  
<sup>4</sup> Specify as appropriate.  
<sup>5</sup> If applicable, according to the characteristics of the transaction.





|  |   |
|--|---|
| <p><b>PAYMENT INSTRUCTIONS</b><br/>Payment to Seller</p> <p>Payment to Buyer</p> <p><b><u>Notices to:</u></b></p> <p>Party X</p> <p>Party Y</p>  | <p>Account No.<br/>With...<br/>At...</p> <p>Account No.<br/>With...<br/>At...</p> <p>Branch<br/>Address<br/>Attention<br/>Telex No.<br/>Fax No.<br/>Phone</p> <p>Branch<br/>Address<br/>Attention<br/>Telex No.<br/>Fax No.<br/>Phone</p>   |
| <p>Agent/ [Party X]/ [Party Y]/ [...]</p> <p>Clearance System</p>  | <p>All determinations made by the Agent shall be final, except in case of manifest error.</p> <p>.....</p>  |
| <p><b>SPECIFIC PROVISIONS</b><br/><u>Failure to Publish the Settlement Price</u><br/>Quotations of participants<br/>Replacement Underlying Asset</p> <ul style="list-style-type: none"> <li>- Forward Contract <sup>20</sup></li> <li>- Reference Option <sup>21</sup></li> <li>- Debt Instruments <sup>22</sup></li> </ul> <p>Related Market</p> <p>Representations</p> | <p>Applicable/ Not Applicable <sup>23</sup><br/>Applicable/ Not Applicable <sup>24</sup><br/>[X]<br/>[X]<br/>[X]<br/>Applicable/ Not Applicable <sup>25</sup></p> <p>(i) Each Party acknowledges and confirms that it has made its own judgement on the suitability of, and the tax, legal and financial conditions of this transaction.</p> <p>(ii) Each Party acknowledges that it is its own duty to be informed of the evolution of the</p> |

<sup>17</sup> If different from the Rounding as set forth in Article 1 “Definitions”, if not, delete this word

<sup>18</sup> Specify as appropriate

<sup>19</sup> Specify as appropriate

<sup>20</sup> To be determined

<sup>21</sup> To be determined

<sup>22</sup> To be determined

<sup>23</sup> Specify as appropriate

<sup>24</sup> Specify as appropriate

<sup>25</sup> Specify as appropriate

|  |  |                 |                 |                         |                         |
|--|--|-----------------|-----------------|-------------------------|-------------------------|
|  | <p>Debt Instrument(s), without relying for such purpose on the other Party.</p> <p>(iii) Each Party acknowledges and represents that a Debt Instrument Option Transaction does not create any direct or indirect link, or any right of recourse on the Debt Instrument(s).</p> |                 |                 |                         |                         |
| <p>Please return a copy of this Confirmation duly signed by your authorized representatives as soon as possible.</p> <table data-bbox="225 622 1145 741"> <tr> <td data-bbox="225 622 798 651">Name of Party X</td> <td data-bbox="916 622 1145 651">Name of Party Y</td> </tr> <tr> <td data-bbox="225 685 454 741">By<br/>Name and Position</td> <td data-bbox="916 685 1145 741">By<br/>Name and Position</td> </tr> </table> |  | Name of Party X | Name of Party Y | By<br>Name and Position | By<br>Name and Position |
| Name of Party X  | Name of Party Y  |                 |                 |                         |                         |
| By<br>Name and Position  | By<br>Name and Position  |                 |                 |                         |                         |