

**PROSPECTUS**

Dated 10 June 2015

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**EXANE FINANCE**

as Issuer

Issue 350 Call Warrants indexed on the performance of units of three (3) funds (the “**Warrants**”)

Unconditionally and irrevocably guaranteed by

**EXANE DERIVATIVES**

Issue Date: 9 June 2014

Issue Price: SEK 11,600

Expiration Date: 23 May 2018

Settlement Date: 7 June 2018

**EXANE DERIVATIVES**

as Dealer

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This prospectus constitutes a prospectus (the “**Prospectus**”) for the purposes of Article 5.3 of the European directive 2003/71/EC (the “**Prospectus Directive**”), as amended (which includes the amendments made by the Directive 2010/73/EU of 24 November 2010 (the “**2010 PD Amending Directive**”) to the extent such amendments have been implemented in a Member State of the European Economic Area (the “**EEA**”) and the Luxembourg law on prospectuses for securities of 10 July 2005 implementing the Prospectus Directive in Luxembourg (the “**Luxembourg Law**”).

An application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) for the approval of this document as a prospectus in its capacity as competent authority under article 7 of the Luxembourg law relating to prospectuses for securities implementing the Prospectus Directive to approve this document as a prospectus for the purpose of the Prospectus Directive, as amended. By approving this prospectus, the CSSF shall give no undertaking as to the economic and financial soundness of the operation, or the quality or solvency of the Issuer, in line with the provisions of article 7(7) of the Luxembourg Law.

An application has also been filed with the Luxembourg stock exchange (the “**Luxembourg Stock Exchange**”) for the Warrants to be admitted to trading on the regulated market (the “**Regulated Market**”) of the Luxembourg Stock Exchange and listing on the official list of the Luxembourg Stock Exchange. The Regulated Market or any other regulated market in a member state of the EEA mentioned in this Prospectus is a regulated market for the purpose of the directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

This Prospectus (together with the documents incorporated by reference) will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**Risk Warning Notice**

*The Issuer draws the attention of the investors to the fact that the Warrants are specialised financial instruments designed for investors familiar with this type of instrument and, consequently the investors should have sufficient knowledge and experience of financial and business matters to evaluate the merits and risks of investing in a particular Warrant, as well as access to, and knowledge of, appropriate analytical tools to assess such merits and risks in the context of their financial situation. Warrants may not be an appropriate investment for investors who are unsophisticated with respect to applicable interest rates, currencies or formulas, or redemption, or other rights or options. For a more detailed description of the risks associated with an investment in the Warrants, investors should read the section of the Prospectus entitled “Risk Factors” hereinafter.*

*Moreover, because of the nature of these instruments, the value of the Warrants could fluctuate significantly and result, under certain circumstances, in the partial or total loss of the initial investment.*

*The attention of the public is drawn to the fact that the Warrants are automatically exercised upon expiration, Holders need not to provide an exercise notice.*

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## SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements known as “Elements”, the communication of which is required by Annex XXII of the Commission Regulation (EC) No 809/2004 as modified. These elements are numbered in Section A – E (A.1 – E.7).

This summary contains all of the Elements to be included in a summary for this type of securities and issuer and guarantor. The numbering of the Elements may be out of sequence due to the fact that certain Elements do not need to be included.

Although an Element may be required to be included in the summary for the particular type of securities or issuer, it may be that no pertinent information is available on such Element. In such case a brief description of the Element is included in the summary followed by the words “Not applicable”.

Section A – Introduction and warnings	
Element	
A.1	<b>Warning</b>
	<ul style="list-style-type: none"> <li>- this summary should be read as an introduction to this prospectus (the <b>Prospectus</b>);</li> <li>- any decision to invest in the warrants should be based on an exhaustive consideration by investors of the Prospectus;</li> <li>- where a claim relating to the information contained in this Prospectus is brought before the court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</li> <li>- civil liability attached only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such warrants.</li> </ul>
A.2	<b>Information concerning issuer consent relating to use of the Prospectus</b>
	<p>Not applicable, the issuer does not consent to the use of this Prospectus by any person other than Exane Derivatives as <b>Dealer</b>. The warrants are not subject to a public offer in the European Economic Area.</p> <p><b>Public Offer</b> means that the offer is not being exempt from the obligation to publish a prospectus under the Prospectus Directive, as amended.</p>

Section B – Issuer and any Guarantor

Element	Title	
B.1	Legal and commercial name of the Issuer	Exane Finance SA (the <b>Issuer</b> ).
B.2	Domicile, legal form of the Issuer/Legislation and country of incorporation of the Issuer	Domicile: 16, avenue Matignon - 75008 Paris. Legal form: public limited company ( <i>société anonyme</i> ) Legislation: French law Country of incorporation of the Issuer: France
B.4b	A description of all known trend information affecting the Issuer and the markets in which it operates	Not applicable. There are no trends affecting the Issuer and the business sectors in which it operates.
B.5	Description of the Issuer's Group and its position within the Group	<p>The Issuer has no subsidiaries.</p> <p>Exane Finance SA is a subsidiary 99.9% owned by Exane SA and is a fully consolidated company.</p> <p>Exane Finance SA forms part of the Group: a simplified Group structure chart appears below.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the French commercial code) of Exane SA.</p>
		<p style="text-align: center;"><b>EXANE'S GROUP ORGANIZATION CHART</b> as of January 2014</p>
B.9	Profit forecast or estimate	Not applicable. There are no profit forecasts or estimates.
B.10	Qualifications in the auditor's report	Not applicable. There are no qualifications in the statutory auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.

B.12	Key historical financial information	<p><b>Exane Finance</b></p> <table border="1" data-bbox="571 255 1369 600"> <thead> <tr> <th>In K€</th> <th>30 June 2013</th> <th>31 Dec. 2013</th> <th>30 June 2014</th> <th>31 Dec. 2014</th> </tr> </thead> <tbody> <tr> <td>Net Banking Income</td> <td>868</td> <td>1 752</td> <td>1 275</td> <td>2 388</td> </tr> <tr> <td>Operating profit</td> <td>831</td> <td>1 680</td> <td>1 235</td> <td>2 300</td> </tr> <tr> <td>Net profit</td> <td>553</td> <td>1 120</td> <td>824</td> <td>1 534</td> </tr> <tr> <td>Total Assets</td> <td>8 483 513</td> <td>9 757 813</td> <td>12 135 689</td> <td>14 167 342</td> </tr> <tr> <td>Total Shareholders' Equity</td> <td>3 195</td> <td>3 762</td> <td>3 467</td> <td>7 169</td> </tr> </tbody> </table>	In K€	30 June 2013	31 Dec. 2013	30 June 2014	31 Dec. 2014	Net Banking Income	868	1 752	1 275	2 388	Operating profit	831	1 680	1 235	2 300	Net profit	553	1 120	824	1 534	Total Assets	8 483 513	9 757 813	12 135 689	14 167 342	Total Shareholders' Equity	3 195	3 762	3 467	7 169
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	No material adverse change statement	There has been no material adverse change in the Issuer's prospects since 31 December 2014.																														
	Significant change statement	Not applicable. There has been no significant change in the financial or trading position of the Issuer since 31 December 2014.																														
B.13	Recent events particular to the Issuer which are to a material extent relevant to evaluating the Issuer's solvency.	Not applicable. There are no recent events affecting the Issuer that are materially relevant to evaluating its solvency.																														
B.14	Extent of dependency of the Issuer with regard to other entities in the Group.	<p>The Issuer has no subsidiaries.</p> <p>Exane Finance is a subsidiary 99.9% owned by Exane SA and is a fully consolidated company.</p> <p>Exane Finance forms part of the Group: a simplified Group structure chart appears above.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the French commercial code) of Exane SA.</p>																														
B.15	Issuer's principal activities	<p>Pursuant to article 2 of its by-laws, the Issuer's main activity, within the limits set forth by legal and regulatory provisions applicable to financial companies and "subject to the provisions of the last sub-paragraph of this article:</p> <ul style="list-style-type: none"> <li>- to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and banking operations, including intermediation in banking transactions, the receipt of funds from the public, credit operations and the issue of securities, and activities related to banking operations, and all financial activities not prohibited by the applicable regulations;</li> <li>- to participate, both in France and outside France, in all commercial, financial, industrial, personal property and real estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism;</li> </ul> <p>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</p> <p>The Issuer is therefore authorised to carry on credit and guarantee services complementary to these services as an investment services provider, in relation to dealing on own account, portfolio management, underwriting and (guaranteed and non-guaranteed) placement.</p> <p>The Issuer's main activity is issuing debt securities (including certificates and bonds) and warrants. Such issues are generally underwritten by Exane</p>																														

		<p>Derivatives which is responsible for placement with investors and managing positions.</p> <p>It should be noted that investment services relating to underwriting and placement are authorised only in connection with the issuance of warrants and debt securities (bonds and certificates).</p> <p>The Issuer has also issued a declaration concerning freedom of services throughout the territories of the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Czech Republic, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p>
<b>B.16</b>	<b>Entity(ies) or person(s) directly or indirectly holding or controlling the Issuer</b>	<p>As at 30 September 2014, the Issuer's shares are distributed as follows:</p> <p>319,988 shares held by Exane SA</p> <ul style="list-style-type: none"> <li>- 1 share held by Nicolas Chanut</li> <li>- 1 share held by Exane Derivatives SNC</li> <li>- 1 share held by Bertrand Léonard</li> <li>- 1 share held by Exane Limited</li> <li>- 1 share held by Benoît Catherine</li> <li>- 1 share held by Exane Derivatives Gérance SA</li> </ul> <p>Exane Finance SA is a subsidiary 99.9% owned directly by Exane SA and is a fully consolidated company.</p>
<b>B.18</b>	<b>Nature and scope of the guarantee</b>	<p>Each warrant (a <b>Warrant</b>) shall be guaranteed by Exane Derivatives SNC (the <b>Guarantor</b>). The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Warrants as and when the same shall become due and payable (the <b>Guarantee</b>). The Guarantee given by the Guarantor on the Warrants shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally (<i>pari passu</i>) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).</p>
<b>B.19</b>	<b>Information concerning the Guarantor</b>	
<b>B.19/B.1</b>	<b>The legal name and commercial name of the Guarantor</b>	<p>The Guarantor's legal name is Exane Derivatives SNC.</p> <p>The Guarantor's commercial name is Exane Derivatives.</p>
<b>B.19/B.2</b>	<b>The registered office and legal form of the Guarantor/governing law and country of incorporation of the Guarantor</b>	<p>Domicile: 16, avenue Matignon - 75008 Paris</p> <p>Legal form: <i>société en nom collectif</i></p> <p>Legislation: French law</p> <p>Country of incorporation of the Guarantor: France</p>
<b>B.19/B.4 b</b>	<b>A description of all known trend information affecting the Guarantor and the markets in which it operates</b>	<p>Not applicable. There are no trends affecting the Guarantor and the business sectors in which it operates.</p>
<b>B.19/B.5</b>	<b>Description of the Guarantor's Group and its position within the Group</b>	<p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned: Ellipsis Asset Management and Exane Options.</p> <p>Exane Derivatives SNC is a 99.9% owned subsidiary of Exane SA and is a fully consolidated company.</p> <p>Exane Derivatives SNC forms part of the Group: a simplified Group structure chart appears in Element B.5 above</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in</p>

		article L.233-1 of the Commercial Code) of Exane SA.																																			
<b>B.19/B.9</b>	<b><i>Profit forecast or estimate</i></b>	Not applicable. There are no profit forecasts or estimates.																																			
<b>B.19/B.10</b>	<b><i>Qualifications in the auditor's report</i></b>	Not applicable. There are no qualifications in the Statutory Auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.																																			
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<b>B.19/B.13</b>	<b><i>Recent events particular to the Guarantor which are to a material extent relevant to evaluating the Guarantor's solvency</i></b>	Not applicable. There are no recent events affecting the Guarantor that are materially relevant to evaluating its solvency.																																			

<p><b>B.19/B.1 4</b></p>	<p><b><i>Extent of dependency of the Guarantor with regard to other entities in the Group</i></b></p>	<p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned: Ellipsis Asset Management and Exane Options.</p> <p>Exane Derivatives SNC is a 99.9% owned subsidiary of Exane SA and is a fully consolidated company. Exane Derivatives SNC forms part of the Group, a simplified Group structure chart appears in Element B.5 above.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the Commercial Code) of Exane SA.</p>
<p><b>B.19/B.1 5</b></p>	<p><b><i>Principal Activities of the Guarantor</i></b></p>	<p>Pursuant to article 2 of its by-laws, the Guarantor's corporate objects are, <i>"within the limits set forth by legal and regulatory provisions applicable to financial companies and subject to the provisions of the last sub-paragraph of this article:</i></p> <ul style="list-style-type: none"> <li>• to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and for the purpose of its derivative products business, certain banking operations ancillary to the provision of investment services, such as in particular: <ul style="list-style-type: none"> <li>- granting of associated loans and guarantees,</li> <li>- receipt of term deposits;</li> </ul> </li> <li>• to participate, both in France and outside France, in all commercial, financial, personal property and real estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism.</li> </ul> <p>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</p> <p>The Guarantor is authorised to provide certain investment services as defined in article L.321-1 of the French monetary and financial code as explained above, as well as, for the purpose of its derivative products business, certain banking services complementary to the provision of investment services, such as granting associated loans and guarantees and receiving term deposits.</p> <p>The Guarantor distributes debt instruments (bonds and certificates) and warrants both in France and abroad.</p> <p>Under the current scheme of issues of warrants and debt instruments (bonds and certificates), a first demand guarantee for these issues is provided for the investors by the Guarantor in favour of Exane Finance SA (the Issuer).</p> <p>The Guarantor carries out brokering activities on listed derivatives products on behalf of institutional customers and carries out proprietary transactions of securities and derivatives.</p> <p>The Guarantor has also issued a declaration concerning the freedom of services throughout the territories in the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Republic of Czechoslovakia, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p> <p>The Guarantor is not subject to any specific confidentiality requirements, other than those commonly accepted in the exercise of its business as an investment services provider.</p>
<p><b>B.19/B.1 6</b></p>	<p><b>Entity(ies) or person(s) directly or indirectly holding or controlling the Guarantor</b></p>	<p>The Guarantor's shares are distributed as follows:  1,724,831 shares held by Exane SA  1 share held by Exane Finance SA  Exane Derivatives SNC is a 99.9% directly owned subsidiary of Exane SA and is a fully consolidated company.</p>



*Section C – Securities*

Element	Title	
<b>C.1</b>	<b>Nature, class and identification of the Securities</b>	<p>The Warrants do not constitute "<i>obligations</i>" within the meaning of article L.228-38 of the French commercial code.</p> <p>Type of securities:           The securities are warrants (<b>Warrants</b>).</p> <p>Type of Warrants:           Call (i.e. a warrant entitling the Holder upon exercise to receive from the Issuer a settlement amount if the performance of the basket of underlyings in the expiration date is equal to or greater than 100 %).</p> <p>Style of Warrants:           European (i.e. a warrant pursuant to which the right(s) granted is/are exercisable only on the expiration date).</p> <p>ISIN Code:                    FR0011947738</p> <p>Common Code:                107316183</p> <p>Central Depository:         Euroclear France, Clearstream</p>
<b>C.2</b>	<b>Currencies</b>	The Warrants are issued in Swedish Krona ( <b>SEK</b> ).
<b>C.5</b>	<b>Description of any restriction on the free transferability of the securities</b>	Not applicable. There are no restrictions on the free transferability of the Warrants subject to any selling and transfer restrictions which may apply in certain jurisdictions.

<p>C.8</p>	<p><b>Description of the rights attached to the securities including ranking and limitation to those rights</b></p>	<p><b><i>Rights attached to the Warrants</i></b></p> <p>The Warrants will give right to each holder of securities (a <b>Holder</b>) to receive a final settlement amount as specified in Element C.18 hereafter, subject to any adjustment or early settlement as specified in Element C.19 hereafter.</p> <p><b><i>Status and ranking of the Warrants</i></b></p> <p>The Warrants constitute direct, unconditional and unsubordinated obligations of the Issuer that shall rank equally (<i>pari passu</i>) with each other and with all other direct, unconditional and unsubordinated obligations of the Issuer, both present and future (subject to contrary mandatory provisions in force at the relevant time).</p> <p><b><i>Early settlement event</i></b></p> <p>Any Holder may trigger the settlement of each of the Warrants that it holds if any of the following events or circumstances occurs:</p> <ul style="list-style-type: none"> <li>(i) failure by the Issuer to perform any of its obligations in respect of the Warrants, failure by the Guarantor to perform any of its obligations in respect of the Guarantee, if such failure is not remedied within 45 days from the date Exane Derivatives, as the Principal Warrant Agent, receives notice of such failure given by the Holder of the relevant Warrants; or</li> <li>(ii) a liquidator, a provisional liquidator, an official receiver or an <i>ad hoc</i> agent, acting pursuant to the company law governing the Issuer or a significant portion of its assets, liabilities or holdings is appointed, or any person benefiting from a security interest takes possession of all or part of the assets or holdings of the Issuer, or the Issuer takes measures to obtain protection or obtains protection from its creditors pursuant to the governing legislation, or the Issuer generally ceases to make its payments, or ceases or threatens to cease operating its business, but excluding a merger or reorganisation operation under which all of the Issuer's assets are transferred and in which all liabilities and debt (including the Warrants) of the Issuer are assumed by another entity which may continue the activity of the Issuer; or</li> <li>(iii) the Guarantor requests the appointment of a mediator, reaches an amicable settlement with its creditors, has ceased to make payments, or a court ruling has ordered the liquidation of the Guarantor or approved a plan for full assignment of the Guarantor's business pursuant to court-ordered receivership proceeding, or the Guarantor is the subject of similar proceedings or, in the absence of legal proceedings, the Guarantor reaches a composition with its creditors, or a resolution is approved by the Guarantor to liquidate or dissolve the Guarantor, but excluding a merger or reorganisation operation under which all the Guarantor's assets are transferred, and all or the majority of the Guarantor's liabilities and debt (including the Warrants) are assumed by another entity that continues the Guarantor's business; or</li> <li>(iv) the Guarantee is declared null and void, or claimed as such by the Guarantor,</li> </ul>
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		<p>in which case the Warrants will be early settled at the early settlement amount (the <b>Early Settlement Amount</b>), representing the fair market value of the Warrants as determined by the Calculation Agent.</p> <p><b>Adjustment Events</b></p> <p>Upon the occurrence of any adjustment event (set out in Element C.19), the Warrants may be early settled at the Early Settlement Amount.</p> <p><b>Fund Disruption Events</b></p> <p>Upon the occurrence of a fund disruption event (which includes a valuation disruption, a settlement disruption and a liquidity disruption) with respect to a fund unit, the relevant valuation date and the settlement date for the Warrants may be subject to postponement for up to 8 fund business days.</p> <p><b>Taxation – no gross-up</b></p> <p>All payments in respect of the Warrants shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or charges of whatever nature, present or future, imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law. If any applicable law should require that payments of principal or interest or other income in respect of the Warrants, be subject to any such withholding or deduction, neither the Issuer, nor the Guarantor will be required to pay additional amounts in respect of any such withholding or deduction.</p> <p><b>Governing law</b></p> <p>The Warrants and the Guarantee are governed by French law.</p> <p><b>Limitation of the rights attached to the Warrants</b></p> <p>The right to bring action against the Issuer in relation to the Warrants expires after a period of five years (for principal) from the specified due date.</p> <p><b>Issue Price:</b> 11,600 SEK per Warrant</p>
<b>C.11</b>	<b>Admission to trading on a regulated market</b>	An application for admission of the Warrants to trading on the regulated market of Luxembourg Stock Exchange has been made by the Issuer (or on its behalf). No assurance can be given that the admission to trading of the Warrants will be authorised.
<b>C.15</b>	<b>Description of the impact of the value of the underlying asset on the value of the investment</b>	<p>The value of the Warrants may be affected by the performance of a basket of three (3) Funds specified in Element C.20 below.</p> <p>Indeed these Funds have an impact on the final settlement amount which is calculated in accordance with the formula specified in Element C.18 below.</p>
<b>C.16</b>	<b>Securities linked to several Underlyings - Maturity</b>	The maturity date of the Warrants is 23 May 2018, subject to adjustment in the event of a fund disruption event. Please also refer to Element C.8 above.

C.17	Securities linked to several Underlyings – Settlement-delivery	The Warrants linked to several Underlyings shall be settled in cash.
C.18	Return on Securities linked to several Underlyings	<p>The Warrants do not bear interest.</p> <p>The final settlement amount paid on the settlement date (which is expected to be 7 June 2018) is an amount determined in accordance with the following formula and which represents the fixed participation (SEK 100,00.00) in the rise of the Strategy Average (as defined below) that is uncapped:</p> $SEK\ 100,000.00 \times \left[ \text{Max} \left( 0\%; \frac{\text{StrategyAverage}}{\text{InitialStrategy}} - 100\% \right) \right]$ <p>With:</p> <p><b>Initial Strategy</b> means 100%.</p> <p><b>Strategy Average</b> is the average of StrategyM(m) on the last 13 month preceding the expiration date (excluded) and determined in accordance with the following formula:</p> $\text{StrategyAverage} = \frac{1}{13} \times \sum_{m=1}^{13} \text{StrategyM}(m)$ <p>Where <b>StrategyM(m)</b> is the value, each month, of the strategy on Day(t<sub>m</sub>) where Day(t<sub>m</sub>) is the 23<sup>rd</sup> day of the month or the following business day if this day is not a business day. StrategyM(m) is accordingly defined as follows, where Day(t<sub>m</sub>) is the same day day as Month(m) as specified in the table below:</p> $\text{StrategyM}(m) = \text{Strategy}(\text{Day}(t_m))$ <p><b>Strategy(Day(t))</b> is the value, each Day(t), of an investment in the Basket of Funds with a vtarget mechanism implementation such as when the realized volatility of the Basket of Funds is higher than 6%, the strategy will invest less than 100% into the Basket of Funds, and the rest (100%-allocation) of the investment will be allocated into a monetary instrument in order to reduce the volatility of the strategy. The maximum exposure into the Basket of Funds will be 140%. This strategy will have a cost of 1.03% per annum. Strategy(Day(t)) is then defined according to the following formula:</p>

Strategy(Day(t)) =

$$\text{Strategy(Day}(t-1)) \times \left[ \begin{array}{l} 1 + \left( \frac{\text{Allocation(Day}(t-1))}{\text{FundBasket(Day}(t-1))} \right) \left( \frac{\text{FundBasket(Day}(t))}{\text{FundBasket(Day}(t-1))} - 1 \right) \\ + \left( \frac{(1 - \text{Allocation(Day}(t-1)))}{\text{Eur1Month}(t)} \times \frac{\text{Act}(t-1, t)}{360} \right) \\ - \text{PF} \times \frac{\text{Act}(t-1, t)}{360} \end{array} \right]$$

With:

For t=0, Strategy(Day(0)) means 100 %.

**PF** means 1.03% per annum.

**Act(t-1;t)** is the number of calendar days between the Day(t-1) (excluded) and the Day(t) (included).

**Eur1Month(t)** is the 1 Month Euribor rate as it appears under Bloomberg page EUR001M two Business Days before the Day(t)

**FundBasket(Day(t))** is the equiweighed basket of the three (3) Funds rebalanced daily and determined as follows, for t > 0:

$$\text{FundBasket(Day}(t)) = \text{FundBasket(Day}(t-1)) \times \left( \sum_{i=1}^3 \frac{1}{3} \times \frac{\text{Fund}^i \text{ NAV(Day}(t))}{\text{Fund}^i \text{ NAV(Day}(t-1))} \right)$$

Where:

$$\text{FundBasket(Day}(0)) = 100\%$$

**Fund<sup>i</sup> NAV (Day(t))** is the amount corresponding to the net asset value per share of the Fund(i) on the Day(t), net of fees, cost and taxes if any, that would actually be received by Exane Derivatives should a redemption order be given with respect to that date.

**Fund<sup>i</sup> NAV (Day(0))** is the amount corresponding to the net asset value per share of the Fund(i) on the Initial Determination Date, plus fees, cost and taxes if any, that would actually be paid by Exane Derivatives should a redemption order be given with respect to that date.

**Initial Determination Date** means 23 May 2014.

**Allocation(Day(t))** is defined hereafter accordingly to the following formula and corresponds to the percentage/quantity invested into the Basket of Funds. While the realized volatility of the Basket of Funds is higher than 6%, the allocation will be inferior to 100%. This allocation will have a maximum amount of 140%.

$$\text{Allocation}(\text{Day}(t)) = \text{Min}(140\%; \frac{6\%}{\text{RealizedVolatility}(\text{Day}(t-1))})$$

With: The Realized Volatility(Day(t)) is defined hereafter accordingly to the following formula and corresponds to the 20-days realized centered volatility of the Basket of Funds during the life of the Warrant:

$$\text{RealizedVolatility}(\text{Day}(t)) = \sqrt{\frac{252}{20}} \times \sqrt{\frac{\sum_{k=1}^{20} \left( \ln\left(\frac{\text{FundBasket}(\text{Day}(t-k))}{\text{FundBasket}(\text{Day}(t-k-1))} \right) \right)^2}{- \frac{1}{20} \times \left( \sum_{k=1}^{20} \left( \ln\left(\frac{\text{FundBasket}(\text{Day}(t-k))}{\text{FundBasket}(\text{Day}(t-k-1))} \right) \right) \right)^2}}$$

**ln** is the natural logarithm.

And for  $t < 0$

t	FundBasket (Day(t))	t	FundBasket (Day(t))	t	FundBasket (Day(t))
-1	99.77%	-11	99.36%	-21	99.98%
-2	99.43%	-12	99.35%	-22	99.71%
-3	99.40%	-13	99.66%		
-4	99.24%	-14	99.52%		
-5	99.08%	-15	99.64%		
-6	99.47%	-16	99.15%		
-7	99.82%	-17	98.96%		
-8	99.86%	-18	99.03%		
-9	99.44%	-19	99.54%		
-10	99.18%	-20	99.77%		

**C.19**

**Securities linked to several Underlyings-Exercise Price or Final Reference Price**

The final price of the underlyings will be determined by the Calculation Agent at maturity of the Warrants (as specified in C.16), subject to any adjustments made by the Calculation Agent notably in the event of a potential adjustment event (broadly being an event that may have a diluting or concentrative effect on the theoretical value of the units), a merger or spin-off of a fund, a fund insolvency event, a suspension of subscriptions or settlements and a change in the subscription or settlement conditions of the units, a subscription/redemption fees and other fees, a change affecting the management company, depositary or fund service provider, a change in listing for listed funds or delisting, a nationalisation, a disruption affecting the determination or publication of the net asset value, a change affecting the fund, a holding event, a non-observance of strategy, a fall in the value of the assets under management, a fall in the net asset value of a fund below a threshold, a regulatory action, a breach of related contracts, a failure by the fund to observe “know your fund” procedures, a change of law, a hedging disruption, an increase in hedging costs and other events affecting the value or risk profile of the units.

The Calculation Agent is Exane Derivatives SNC, a French law commercial partnership (société en nom collectif), whose registered office is at 16, avenue Matignon – 75008 Paris – France.

C.20	Securities linked to several Underlyings – Description of the underlying and where information on it may be obtained	<p>The underlying of the Warrants are units of three (3) Funds as detailed below:</p> <table border="1" data-bbox="571 232 1353 439"> <thead> <tr> <th data-bbox="571 232 624 277">(i)</th> <th data-bbox="624 232 991 277">Fund (i)</th> <th data-bbox="991 232 1353 277">Bloomberg code (i)</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 277 624 344">1</td> <td data-bbox="624 277 991 344">Morgan Stanley Global Convertibles</td> <td data-bbox="991 277 1353 344">LU0360484504</td> </tr> <tr> <td data-bbox="571 344 624 378">2</td> <td data-bbox="624 344 991 378">JP Morgan Convertibles</td> <td data-bbox="991 344 1353 378">LU0210533500</td> </tr> <tr> <td data-bbox="571 378 624 439">3</td> <td data-bbox="624 378 991 439">Schroder Global Convertible Bond</td> <td data-bbox="991 378 1353 439">LU0352097439</td> </tr> </tbody> </table> <p>Information on the units of the Funds can be found on Bloomberg.</p> <p>Information about the past and the future performance of the units of the funds and their volatility may be obtained in electronic format from the management company of each Fund or from Calculation Agent.</p>	(i)	Fund (i)	Bloomberg code (i)	1	Morgan Stanley Global Convertibles	LU0360484504	2	JP Morgan Convertibles	LU0210533500	3	Schroder Global Convertible Bond	LU0352097439
(i)	Fund (i)	Bloomberg code (i)												
1	Morgan Stanley Global Convertibles	LU0360484504												
2	JP Morgan Convertibles	LU0210533500												
3	Schroder Global Convertible Bond	LU0352097439												
<i>Section D – Risks</i>														
<b>Element</b>	<b>Heading</b>													
D.2	<b>Key information on the principal risks that are specific to the Issuer</b>	<p>As far as the Issuer and the Guarantor are concerned, several risk factors may affect their ability to perform their obligations under the Warrants:</p> <ul style="list-style-type: none"> <li>– Credit risk: risk of loss due to default by the Issuer or the Guarantor;</li> <li>– Monoline business: the Issuer’s and the Guarantor’s business activities are dependent on the behaviour of equities markets and are impacted by both domestic and international economic and political events;</li> <li>– Risk management: the risk management strategies and techniques put in place by the Issuer and the Guarantor may fail; notably with risks that not identified or anticipated that may cause unexpected losses;</li> <li>– Capital adequacy: the implementation of various regulations on capital adequacy may have an impact on the profitability of the activities of the Issuer and/or the Guarantor;</li> <li>– European Union Crisis Management Directive: the impacts of this directive are difficult to assess and its transposition into national law could adversely affect the rights of the Holders, the price or value of their investment in the Warrants and/or the ability of the Issuer and/or the Guarantor to fulfill its obligations under the Warrants;</li> <li>– Operational risk: risk of loss or sanctions arising from the inadequacies or failures in internal procedures, human error or external events;</li> <li>– Impact of regulatory changes: changes in regulations could materially affect the business of the Issuer and of the Guarantor. No assurance can be given as to the impact of any possible judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this Prospectus;</li> <li>– Reputational risk: mismanagement of potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering laws, information security policy and sales and transaction practices may harm the reputation of the Issuer and/or of the Guarantor;</li> <li>– Service of process on or enforcement of judgments against the Issuer and/or the Guarantor in the United States of America: it may not be possible to effect service of process on or enforce judgments against the Issuer and/or the Guarantor in the United States of America; and</li> <li>– Solvency of the Issuer and of the Guarantor: investors are only relying on the solvency of the Issuer and of the Guarantor. Investors do not grant any rights against the underlying fund units.</li> </ul>												
D.6	<b>Basic information on material factors to enable</b>	Several risk factors are material for the purpose of assessing the market risks associated with Warrants issued under the Prospectus:												

	<p><b>risks associated with Securities linked to several Underlyings to be assessed</b></p>	<p>General risks linked to the market and the Warrants:</p> <ul style="list-style-type: none"> <li>- Due to their nature, the Warrants may be subject to considerable fluctuations in value, which may, in certain circumstances, result in a partial or total loss of the purchase price of the Warrants;</li> <li>- Suitability of the investment: Warrants may not be an appropriate investment for all investors;</li> <li>- Credit risk: risk of loss due to default by the Issuer or the Guarantor;</li> <li>- Monoline business : the Issuer's and the Guarantor's business activities are dependent on the behaviour of equities markets and are impacted by both domestic and international economic and political events;</li> <li>- Risk management: the risk management strategies and techniques put in place by the Issuer and the Guarantor may fail; notably with risks that not identified or anticipated that may cause unexpected losses;</li> <li>- Capital adequacy: the implementation of various regulations on capital adequacy may have an impact on the profitability of the activities of the Issuer and/or the Guarantor;</li> <li>- European Union Crisis Management Directive: the impacts of this directive are difficult to assess and its transposition into national law could adversely affect the rights of the Holders, the price or value of their investment in the Warrants and /or the ability of the Issuer and/or the Guarantor to fulfill its obligations under the Warrants;</li> <li>- Impact of regulatory changes: changes in regulations could materially affect the business of the Issuer and of the Guarantor;</li> <li>- Reputational risk: mismanagement of potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering laws, information security policy and sales and transaction practices may harm the reputation of the Issuer and/or of the Guarantor;</li> <li>- Service of process on or enforcement of judgments against the Issuer and/or the Guarantor in the United States of America: it may not be possible to effect service of process on or enforce judgments against the Issuer and/or the Guarantor in the United States of America;</li> <li>- Potential costs of dealing and holding Warrants: incidental cost linked to dealing and holding Warrants may reduce or cancel out any potential benefit on the Warrants;</li> <li>- Hedging considerations: the value of the Warrants during their life may not exactly offset the loss realised on the hedged underlying fund units;</li> <li>- Rights in respect of the underlying fund units: the Warrants do not confer any rights against the underlying funds;</li> <li>- Possible lack of liquidity for the Warrants on the secondary market: Warrants may not have a secondary market established when issued. There can be no assurance that an active market for the Warrants will develop on the market where the Warrants are listed or that liquidity will exist at any time on this market, if it develops. Consequently, investors may not be able to sell their Warrants before their maturity date;</li> <li>- Volatility affecting the secondary market for Warrants: the occurrence of events may have a negative impact of the price of Warrants. Additionally, the price of the fund units may fluctuate significantly and the market price of the Warrants may be affected, among other things, by the residual term of maturity, the volatility of the fund units, the dividend rate (if any), the financial results and prospects of the Issuer and economic, financial and political events;</li> <li>- Specific risks in respect of Warrants: Warrants will only give rights to specific amounts payable that depend on the performance of the underlying fund units such that in certain instances a Holder may lose their entire investment. In addition, investors are also exposed to the</li> </ul>
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		<p>performance of any hedging contracts entered into by the Issuer in link with the issue of these Warrants;</p> <ul style="list-style-type: none"> <li>- Disruption event: a disruption event (which includes a valuation disruption, a settlement disruption and a liquidity disruption) in relation to any underlying fund unit may lead to a postponement of the expiration date of the Warrants;</li> <li>- Adjustment event: the occurrence of certain events may lead to the adjustment of the terms of the Warrants, including the early settlement of the Warrants;</li> <li>- Legal constraints possibly restricting certain investments: each investor has to review himself or with its legal counsel the appropriate treatment of the Warrants in a legal point of view;</li> <li>- Leverage: Warrants with a leverage factor involve a high level of risk implying a greater losses compared to similar Warrants, in the event of loss;</li> <li>= Taxation: potential purchasers and sellers of the Warrants should be aware that they may be required to pay taxes or other charges or documentary duties in accordance with the laws and practices of the country where the Warrants are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as Warrants;</li> <li>- Change in law: no assurance can be given as to the impact of any possible judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this Prospectus;</li> <li>- Savings Directive: paying agents based in a Member State have to report to their tax authorities certain information with respect to interest payment (or similar income) made to beneficial owners domiciled in another Member State;</li> <li>- U.S Foreign Account Tax Compliance Act (FATCA): withholding at source imposed by FATCA rules in the United States may impact the Warrants;</li> <li>- Hiring Incentives to Restore Employment Act (HIRE Act): US legislation on payments equivalent to dividends may impact on the Warrants;</li> <li>- Risks relating to the underlying fund units: as the investor will not be the beneficial owner of units in the funds, it will not be entitled to any dividends or similar amounts paid on the units in the funds or to exercise any rights granted to beneficial owners of the fund units if the underlying permits. An investment in Warrants linked to the underlying fund units may involve market risks similar to those of investing directly in the underlying fund units. Potential investors should conduct diligence and seek appropriate advice accordingly. Any investment in Warrants involves significant risks which are not normally associated with a similar investment in traditional fixed or floating rate securities. In the opinion of the Issuer, acquiring Warrants should be restricted to investors who are well able to understand the particular risks of an investment in this type of instrument or who acquire them following the advice of a financial institution or other professional investors.</li> <li>- Potential conflicts of interest: the Issuer, the Guarantor or their subsidiaries may enter into transactions linked to the Underlyings for their own account or for third party pursuant to their activity;</li> <li>- Calculation Agent: the Calculation Agent may have to make choices that may influence the amount receivable by the Holders upon final</li> </ul>
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		<p>settlement of the Warrants and has wide discretionary powers to make such adjustments as it considers appropriate;</p> <ul style="list-style-type: none"> <li>– Foreign exchange risk: investors are exposed to the risk of exchange rate fluctuations. The value of the Warrants may be affected by fluctuations in exchange rates between any currency in which a payment must be made under the Warrants and any currency in which the fund units are traded; and</li> <li>– Downgrading or withdrawal of the Guarantor’s credit rating: downgrading or withdrawal of the Guarantor’s credit rating may affect adversely the market value of the Warrants.</li> </ul> <p>Specific risks linked to Warrants:</p> <p>Any investment in Warrants involves significant risks which are not normally associated with a similar investment in traditional fixed or floating rate securities. In the opinion of the Issuer, acquiring Warrants should be restricted to investors who are well able to understand the particular risks of an investment in this type of instrument or who acquire them following the advice of a financial institution or other professional investors.</p>
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*Section E – Offer*

Element	Title	
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds of the offer</b>	The net proceeds of the issue of Warrants will be used for the general financial purposes of the Issuer.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	Not applicable. The Warrants are not subject to an offer.
<b>E.4</b>	<b>Interests, including conflicting interests, that may materially impact the issue/offer</b>	Subject to the possible conflicts of interest when the Guarantor should be the Calculation Agent, as far as the Issuer is aware, no person involved in the issue has any material interest or conflict of interest to the offer.
<b>E.7</b>	<b>Estimate of expenses placed on the subscriber by the Issuer or the offeror</b>	Not applicable. No expenses or costs are to be borne by the subscriber.

## RISK FACTORS

*The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Warrants issued under this Prospectus. Most of these factors are contingencies which may occur or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of such contingency occurring.*

*The Issuer and the Guarantor believe that the following factors represent the principal risks inherent in investing in the Warrants issued under this Prospectus, but the inability if the Issuer or of the Guarantor to pay any amount under or in relation to the Warrants may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risk of holding any Warrant are exhaustive as far as the risks which are not material for taking investment decisions are concerned.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their views prior to making any investment decision.*

*Except where otherwise expressly stipulated, the terms defined in the Conditions of the Prospectus shall have the same meaning when they are used in this Section "Risk Factors".*

### **Independent review and advice**

*Each prospective investor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Warrants is fully consistent with its financial needs, objectives and conditions, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Warrants.*

*A prospective investor may not rely on the Issuer or the Guarantor or any of their affiliates in connection with its determination as to the legality of its acquisition of the Warrants or as to the other matters referred to above.*

### **No legal and tax advice**

*Neither the Issuer nor the Guarantor is giving legal or tax advice to the potential investors and to the Holders. Each prospective investor should consult its own adviser as to legal, tax and related aspects relating to an investment in the Warrants. A Holder's effective yield on the Warrants may be diminished by the tax due by this Holder on the yield in these Warrants.*

### **Assessment of investment suitability**

*Each potential investor in the Warrants must determine the suitability of that investment in light of its own financial circumstances and investment objectives, and if needed with their financial, legal, tax and other advisers. In particular, each potential investor should:*

- have sufficient knowledge and experience to make a meaningful evaluation of the Warrants, of the risks and profits relating to the investment in the Warrants and the information contained or incorporated by reference in this Prospectus or any applicable supplement;*
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Warrants and the impact the Warrants will have on its overall investment portfolio;*
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants, including Warrants with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;*
- understand thoroughly the terms of the Warrants and be familiar with the behaviour of any relevant indices and financial markets; and*
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, interest rate and other factors that may affect its investment and its ability to bear applicable risks.*

*Some Warrants are complex financial instruments. Institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Warrants which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of the Warrants and the impact this investment will have on the potential investor's overall investment portfolio. Some Warrants which are complex financial instruments may be redeemable at an amount below par in which case investors may lose the value of part or their entire investment.*

## 1. Risk factors relating to the Issuer and the Guarantor

### Credit Risk

Credit risk refers to the risk of loss due to default by the Issuer or Guarantor where the Issuer or Guarantor fails to perform its obligations.

Furthermore, the Issuer is not rated by any credit rating agency. Each investor which subscribes in the Warrants is therefore linked to the credit risk of the Issuer. In addition, the Issuer may issue a substantial amount of securities, representing an important financial global commitment. Each potential investor should reach his own opinion concerning the ability of the Issuer to fulfil its obligations in relation to the Warrants.

Any actual or potential decline or suppression of the credit rating (Moody's: Baa2 / Standard & Poor's: BBB+) of the Guarantor may affect the market value of the Warrants.

### Monoline business

The Issuer and Guarantor's business activities are dependent on the behaviour of equities markets. Their performances are influenced by the level and cyclical nature of business activity, which is impacted by both domestic and international economic and political events. There can be no assurance that a weakening in equities markets will not have a material effect on the Issuer and Guarantor's future results.

### Risk management

The monitoring and control of the risks relating to the Issuer and/or the Guarantor and their operations and the investment services industry is performed jointly by the appropriate committees and their risk management departments, with the help of tools that it develops, in compliance with the guidelines established by the Exane group and all legal constraints and rules of prudence. These structures are strictly independent of the front-offices.

Although the Issuer and the Guarantor pay particular attention to risk management strategies and techniques, such risk management systems may nonetheless fail under some circumstances, particularly when confronted with risks that had not been identified or anticipated or that may occur with such speed or degree that the risk management systems are not able to withstand the impact thereof. If the Issuer or the Guarantor's measures to assess and mitigate risk prove insufficient, the Issuer and the Guarantor may experience material unexpected losses.

### Capital Adequacy

In June 1999, the Basel Committee on Banking Supervision (the **Basel Committee**) issued proposals for the reform of the 1988 Basel Capital Accord and proposed a new capital adequacy framework which would place enhanced emphasis on risk sensitivity and market discipline. On 26 June 2004, the Basel Committee published a new Capital Accord under the title "Basel II International Convergence of Capital Measurement and Capital Standards: a Revised Framework" (**Basel II**). An updated version of which was published in November 2005. Basel II was implemented under EU legislation by virtue of the directives no. 2006/48 and no. 2006/49 both dated 14 June 2006 (the **Capital Requirements Directives**, as amended from time to time). In France, the provisions of the Capital Requirements Directives providing for a new solvency ratio were implemented under the *arrêtés* dated 20 February 2007 and the *ordonnance* no. 2007-571 dated 19 April 2007. Further, the *arrêté* dated 25 August 2010 implementing the Capital Requirements Directives, which has entered into effect on 31 December 2010, has amended the French prudential control requirements applicable to credit institutions and investment firms.

On 17 December, 2009, the Basel Committee published for consultation a package of proposals for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. On 16 December, 2010 and 13 January, 2011, the Basel Committee has approved significant changes to Basel II ("**Basel III**"), including new capital and liquidity standards for credit institutions. Those measures are to be implemented by relevant authorities between 1 January, 2013 and 1 January, 2019.

The changes introduced by Basel III include, amongst other things:

- a complete review of the capital standards;
- the introduction of a leverage ratio;
- the introduction of short-term and longer-term standards for funding liquidity (referred to as the "liquidity coverage ratio" and the "net stable funding ratio"); and
- the strengthening of prudential requirements relating to the counterparty risk.

The European authorities have indicated that they support the changes proposed by the Basel Committee. The relevant European authorities have not yet implemented the Basel III reforms.. The Capital Requirements Directive (“**CRD IV**”) and an accompanying regulation (the “**Capital Requirement Regulation**” or “**CRR**”), the European legislative implementing some of the Basel III proposals, both dated 26 June 2013, were published in the Official Journal of the European Union on 27 June 2013 and must be applied from 1 January 2014 (except for capital buffer provisions which shall apply as from 1 January 2016). The CRD IV was implemented under French law by the banking reform dated 20 February 2014 (Ordonnance portant diverses dispositions d’adaptation de la législation au droit de l’Union européenne en matière financière).

The implementation of Basel III has and will continue to bring about a number of substantial changes to the current capital requirements, prudential oversight and risk-management systems, including those introduced by the Issuer. The extent of the impact of Basel III and CRD IV will depend on the asset structure of each bank. Its precise impact on the Issuer and/or Guarantor cannot be assessed with certainty at the present moment. The Issuer and/or the Guarantor may operate at less profitable levels than is currently the case to comply with the new requirements following transposition of CRD IV.

Furthermore, the implementation of Basel III could affect the risk weighting of the Warrants in respect of certain investors to the extent that those investors are subject to the new guidelines resulting from the implementation of CRD IV. Accordingly, recipients of this Prospectus should consult their own advisers as to the consequences and effects of the implementation of CRD IV could have on them.

### **EU Crisis Management Directive**

Directive 2014/59/EU of the European Parliament and of the Council dated 15 May 2014 (the “**CMD**”) provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The stated aim of the CMD is to provide relevant authorities with common tools and powers to address banking crises preemptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The CMD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures or supervisory action would prevent the failure of such institution within a reasonable timeframe and (c) a resolution action is in the public interest:

- (i) *sale of business* – enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements under company or securities law other than those expressly set out in the Directive;
- (ii) *bridge institution* - enables resolution authorities to transfer all or part of the business of the firm to a "bridge bank" (a public controlled entity);
- (iii) *asset separation* - enables resolution authorities to transfer impaired to a publicly controlled asset management vehicle to allow them to be managed and worked out over time; and
- (iv) *bail-in* - gives resolution authorities the power to write-down the claims of certain creditors of a failing institution and to convert debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail-in tool).

The CMD provides that it will be applied by Member States with effect from 1 January 2015, except for the bail-in tool, which is to be applied from 1 January 2016.

As a minimum harmonisation initiative, Member States may adopt more onerous provisions when implementing the CMD, meaning that it is difficult to anticipate the potential implications for the relevant institutions in the absence of finalised national implementing measures.

The powers currently set out in the draft CMD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

The powers set out in the CMD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the CMD is implemented, holders of Warrants may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of any power under the CMD or any suggestion of such exercise could, therefore, materially adversely affect the rights of holders of Warrants, the price or value of their investment in any Warrants and/or the ability of the Issuer to satisfy its obligations under any Warrants.

The French banking law dated 26 July 2013 on separation and regulation of banking activities (*loi de séparation et de régulation des activités bancaires*) that anticipates the implementation of some elements of the CMD, has already entered into force in France. The new banking law gives resolution powers to a new Resolution Board of the French Prudential Supervisory Authority which becomes the *Autorité de contrôle prudentiel et de résolution* (“ACPR”). Many of the provisions contained in the CMD are similar in effect to provisions contained in this French banking law. However, the provisions of this French banking law will need to change to reflect the CMD as now adopted. The precise changes which will be made remain unknown.

### **Operational Risk**

Operational risk is defined as the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or even external events (such as, but not limited to natural disasters, fraud, fire or terrorist attack). It includes risk relating to the security of information systems, litigation risk and reputation risk.

Unforeseen events like severe natural catastrophes, terrorist attacks or other states of emergency can lead to an abrupt interruption of the Issuer and/or the Guarantor's operations, which can cause substantial losses. Such losses can relate to trading positions and to key employees. Such unforeseen events can also lead to additional costs and increase the Issuer and/or the Guarantor's costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the Issuer and/or the Guarantor's risk.

As with most other investment services providers, the Issuer and/or the Guarantor relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Issuer and/or the Guarantor's customer relationship management. The Issuer and/or the Guarantor cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on the Issuer and/or the Guarantor's financial condition and results of operations.

### **Impact of regulatory changes and change in law**

The Issuer and the Guarantor are subject to financial services laws and regulations. Changes in supervision and regulation, in particular in the equity brokerage and research activities, could materially affect the Issuer and the Guarantor's business, the products and services offered or the value of their assets.

No assurance can be given as to the impact of any possible judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this Prospectus.

### **Reputational risk**

The Issuer's and the Guarantor's reputation are fundamental in attracting and retaining customers. Mismanagement of potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering laws, information security policy and sales and transaction practices, may harm the Issuer's reputation.

### **Service of process or enforcement of judgements against the Issuer and/or the Guarantor in the United States**

The Issuer and the Guarantor are limited liability companies organised under the laws of the Republic of France. None of the directors and executive officers of the Issuer and/or the Guarantor are residents of the United States, and all or a substantial portion of the assets of the Issuer and/or the Guarantor and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer and/or the Guarantor or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

### **Solvency of the Issuer and the Guarantor**

The Warrants and the Guarantee respectively constitute general and unsecured contractual obligations of the Issuer and the Guarantor and of no other person. The Warrants and the Guarantee rank equally with all other unsubordinated and unsecured contractual obligations of the Issuer and the Guarantor, and after preferred obligations, including those preferred by operation of law. The Issuer issues a large number of financial instruments, including the Warrants, on a worldwide basis and the value of its outstanding financial instruments at any time may be very high. Any investor buying

Warrants is relying on the solvency of the Issuer and the Guarantor and on no other person; in particular the investor has no rights against the underlying funds.

## **2. Risk factors related to the structure of the Warrants**

Due to their nature, Warrants may be subject to considerable fluctuations in value, which may, in certain circumstances, result in a total loss of the purchase price of the Warrants.

### **Suitability of the investment**

Potential investors must be experienced in transactions on the capital markets and with securities with values that are linked to underlying elements, and be able to evaluate the merits and risks of transactions in the Warrants and the impact the Warrants will have on their overall investment portfolio. They must be able to bear the economic risk of an investment in the Warrants until their maturity date. They should make their investment decision only after a detailed review, with their own advisors, of the suitability of these Warrants to their individual financial situation and of the information concerning the underlying fund units provided in the Prospectus.

### **Potential costs of dealing and holding Warrants**

When Warrants are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the actual price of the security. These incidental costs may significantly reduce or even cancel out the potential profit on the Warrants.

In addition to such costs directly related to the purchase of securities, potential investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Warrants before investing in the Warrants.

### **Hedging considerations**

Investors planning to purchase Warrants to hedge the market risk associated with the funds should be aware of the complexities involved in the use of the Warrants for this purpose and the associated correlation risk. This risk relates to the potential differences in exposure arising from a potential investor owning multiple financial instruments. The value of the Warrants during their life may not exactly offset the loss realised on the hedged underlying fund units. Because of fluctuations in the supply and demand for the Warrants, potential investors cannot be sure that the value of the Warrants corresponds to the movements of the relevant underlying fund units. It may not be possible to liquidate the Warrants at a price which directly reflects the price, level or value of the underlying fund units.

Before buying or selling the Warrants, it is recommended that holders of the Warrants carefully review the following factors, among others: (i) the value and volatility of the underlying fund units, (ii) the time remaining before maturity, (iii) fluctuation or fluctuations in interest rates, (iv) fluctuation or fluctuations in foreign exchange rates, if any, (v) the capacity of the market or the liquidity of the underlying fund units and (vi) all costs related to the transaction.

### **Rights in respect of the underlying fund units**

The Warrants do not confer any rights against the underlying fund units and the holders of the Warrants shall have no rights of action under the Warrants against the underlying funds. The Warrants are not under any circumstances presented, guaranteed or promoted by any issuer, agent, manager or any other person connected with the underlying funds and such entities shall have no responsibility for the consequences of their actions on holders of the Warrants.

### **Possible lack of liquidity for the Warrants on the secondary market**

It is impossible to predict whether a secondary market will develop for the Warrants, or at what price Warrants will be traded on the secondary market, or whether or not this market, if it develops, will be liquid. Accordingly, any person intending to hold Warrants must consider the associated liquidity risks. The fact that the Warrants are listed, admitted to trading or quoted by any listing authority or stock exchange or quotation system, shall not imply any greater or lesser liquidity than would be the case for similar Warrants that are not listed, admitted to trading or quoted and the Issuer cannot guarantee that the listing, admission to trading or quotation shall be maintained permanently.

If an active trading market for the Warrants does not develop or is not maintained, the market or trading price and liquidity of the Warrants may be adversely affected. The Issuer, the Guarantor or its affiliates are authorised to buy and sell the Warrants for their own account or for the account of others, and to issue additional Warrants. Such transactions may affect the price of the Warrants favourably or adversely. A decrease in the liquidity of an issue of Warrants may cause the volatility and price of such issue of Warrants to increase. If additional and competing products are introduced in the markets, this may also adversely affect the value of the Warrants. A lack of liquidity in the Warrants may mean that investors may not be able to sell their Warrants or may not be able to sell their Warrants for the same price they paid for them and accordingly investors may lose some or all of the amount of their investment.

### **Volatility affecting the secondary market for Warrants**

The market price of the Warrants may be volatile and may depend on the residual term to maturity, the volatility of the price of the units of the relevant funds and the dividend rate (if any). The unit price of a fund may also be affected by economic, financial and political events occurring in any one or more countries, including factors affecting the exchange(s) or quotation systems on which the units of the relevant funds may be traded. Furthermore the unit price of a fund may be affected by the performance of the fund service providers and in particular that of the investment adviser.

The Issuer declines all liability for maintaining the listing of the relevant underlying fund units on any exchange or with respect to the availability of prices published by any exchange for such relevant fund units.

### **Specific risks in respect of Warrants**

An investment in Warrants entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Warrants should only be purchased by investors who are in a position to understand the specific risks that an investment in these instruments involves or who purchase them on the advice of a financial institution or by other professional investors. The Warrants are securities with no rights to any redemption amount or predetermined interest payments, but specify amounts payable (in principal) that depend on the performance of the underlying fund units, which may involve substantial risks including credit, interest rate, currency, correlation, time value, political and other risks. The Issuer will often enter into hedging arrangements to gain exposure to the underlying fund units. Potential investors must be aware that they are exposed, under the terms of Warrants linked to underlying fund units, to the performance of such hedging contracts and to events that may affect such hedging contracts and, accordingly, the occurrence of any such event may affect the value of the Warrants. An investment in a Warrant therefore involves significant risks. These risks include, among other things, the possibility that:

- i) the relevant underlying fund units may be subject to significant price swings due to the intrinsic composition of the underlying fund units. The settlement amount of a Warrant is linked to the realised volatility of the underlying fund units;
- ii) the holder of the Warrant could lose all or a substantial portion of his investment on such Warrant;
- iii) the risks of investing in a Warrant encompass not only risks relating to the underlying fund units on which the Warrants are indexed, but also risks that are specific to the Warrant itself;
- iv) it may not be possible for investors to hedge their exposure to these various risks relating to Warrants;
- v) a material market disruption could lead to the disappearance of the underlying fund units on which the Warrants are indexed and to an adjustment to the terms of Warrants;
- vi) a disruption event (which includes a valuation disruption, a settlement disruption and a liquidity disruption) in relation to any underlying fund unit may lead to a postponement of the Expiration Date of the Warrants; and
- vii) the occurrence of certain Events may lead to the adjustment of the terms of the Warrants, including the early settlement of the Warrants.

### **Legal constraints possibly restricting certain investments**

Certain potential investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Warrants are legal investments for it, (ii) Warrants can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Warrants. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Warrants regarding risk-weighted capital ratios or similar rules.

### **Leverage**

Leverage involves the use of certain financial techniques to increase exposure to an underlying, and accordingly may therefore amplify both profits and losses. The use of leverage may lead to multiplied gains (assuming a profit is made) when the value of the underlying fund units moves against expectations. If the leverage is negative, the maximum loss for investors will be the amount of their initial investment in the Warrants. As the Warrants include a leverage factor, potential investors in such Warrants should be aware that such Warrants involve a high level of risk and, in the event of loss, such losses will be greater (all things being equal) than those of a similar Warrant which does not have a leverage factor. Investors should therefore only invest in Warrants with leverage factor if they fully understand the impact of leverage.

### **Taxation**

A holder's effective return on the Warrants may be reduced by the amount of tax owed by that holder in connection with his investment in the Warrants.



Potential purchasers and sellers of the Warrants should be aware that they may be required to pay taxes or other charges or documentary duties in accordance with the laws and practices of the country where the Warrants are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Warrants. Potential investors are advised not to rely upon the "Taxation" section contained in this Prospectus, but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Warrants. Only such tax advisors are in a position to duly consider the specific situation of each investor. This warning should be read in connection with the "Taxation" section of this Prospectus.

### **Change in law**

The conditions of the Warrants (including any non-contractual obligations arising therefrom or connected therewith) are based on relevant laws in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this Prospectus.

### **Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the Savings Directive), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a paying agent located within their jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria is instead required (unless during that period the beneficiaries of interest payments elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income with effect as from 1 January 2015.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

For these purposes, the term paying agent is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals or certain entities.

On 24 March 2014, the Council of the European Union adopted a directive amending the Savings Directive, which when implemented, will amend and broaden the scope of the requirements described above. In particular, the amending directive aims at extending the scope of the Savings Directive to new types of savings income and products that generate interest or equivalent income. In addition, tax authorities will be required in certain circumstances to take steps to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending directive. Such legislation must apply from 1 January 2017. It has been announced, however, that the Savings Directive may be repealed in due course in order to avoid overlap with Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU), pursuant to which Member States will generally be required to apply new measures on mandatory automatic exchange of information from 1 January 2016.

### **U.S. Foreign Account Tax Compliance Act (FATCA)**

The U.S. "Foreign Account Tax Compliance Act" (or **FATCA**) imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer is classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Warrants, neither the Issuer, nor the Guarantor, nor any paying agent nor any other person would, pursuant to the conditions of the Warrants, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "U.S. Foreign Account Tax Compliance Act Withholding".

FATCA is particularly complex and its application to the issuers is uncertain at this time. Each Holder should consult its own tax adviser to obtain a more detailed explanation of FATCA and to determine how this legislation might affect each holder in its particular circumstances.

### **Hiring Incentives to Restore Employment Act (HIRE Act)**

The U.S. Hiring Incentives to Restore Employment Act (the **HIRE Act**) imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. While significant aspects of the application of the relevant provisions of the HIRE Act to the Warrants are uncertain, if the Issuer or any withholding agent determines that withholding is required, neither the Issuer, nor the Guarantor, nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. The Hire Act is particularly complex and its application to the issuers is uncertain at this time. Each Holder should consult its own tax adviser to obtain a more detailed explanation.

### **Risks linked to the Fund Units**

The investor will not be a beneficial owner of units in the underlying funds. Therefore, the potential investor will not be entitled to receive any dividends or similar amounts paid on the units in the underlying funds, nor exercise any rights granted to direct owners of the units in the underlying funds.

The investor will not be entitled to any voting rights or other control rights that may have holders of the underlying funds.

The return on the Warrants may not reflect the return the investor would realise if he or she actually owned units in underlying fund units.

An investment in Warrants linked to the underlying funds may involve market risks similar to those of a direct investment in the relevant funds and potential investors must therefore seek appropriate advice and conduct their own diligence of the underlying funds as if they were directly investing in the underlying fund units.

Any investment in Warrants involves significant risks which are not normally associated with a similar investment in traditional fixed or floating rate securities. In the opinion of the Issuer, acquiring Warrants should be restricted to investors who are able to understand the particular risks of an investment in this type of instrument or who acquire them following the advice of a financial institution or other professional investors.

The offering of the Warrants does not constitute a recommendation by the Issuer or the Guarantor or any of their affiliates with respect to an investment linked to the funds. Investors should not conclude that the sale by the Issuers of the Warrants is any form of investment recommendation by the Issuers or any of its affiliates to invest in the funds.

Potential investors should carefully examine the prospectus, the information memorandum and/or the offer document (if any) published by the relevant underlying funds before subscribing for Warrants.

Neither the Issuer nor any of its affiliate companies, nor the Calculation Agent make any representation whatsoever about the solvency of the relevant underlying funds or the fund administrator, depository, manager or investment adviser.

None of the Issuer, the Guarantor, the affiliates of the Issuer or of the Guarantor are or will be responsible for verifying or ensuring that the fund managers comply with its stated trading strategy.

No fund sponsor has participated in preparing the prospectus or in drafting the terms of the Warrants, and the Issuer shall not make any enquiries or verifications in relation to any information relating to the issue of units in the funds or in any document from which such information was extracted. Accordingly, no assurance can be given that any events that occurred prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information relating to the funds) and which would affect the trading price of the fund units will have been publicly disclosed. Subsequent disclosure of such events or the disclosure of, or failure to disclose, significant future events relating to the funds may affect the trading price of the fund units and, therefore, the trading price of the Warrants.

### **Potential conflicts of interests**

The Issuer, the Guarantor or its subsidiaries may also enter into trades (including hedging transactions) relating to the underlying funds and other instruments or derivative products based on or relating to the underlying funds for their own account or on behalf of third parties as part of their management activity.

For the sake of transparency, it is brought to the attention of the investors that upon the occurrence of certain events, including where there has been a disruption in the hedging activities of the Issuer, the following potential conflicts of interest may arise:

- i) Exane Derivatives as the calculation agent (the “**Calculation Agent**”) can determine the substitution of the underlying fund units in accordance with the terms and conditions;
- ii) the Calculation Agent may adjust the settlement, payment or any other terms of the Warrants in accordance with the terms and conditions of the Warrants; and
- iii) the Calculation Agent may determine the settlement amount payable to holders of the Warrants.

### **Calculation Agent**

The Calculation Agent may have to make, pursuant to the Prospectus, choices and judgments that may influence the amount receivable upon redemption of the Warrants and has wide discretionary powers to make such adjustments as it considers appropriate as a result of or in connection with transactions affecting the underlying fund units. The Calculation Agent is the Guarantor and potential conflicts of interest may exist therefore between the Calculation Agent and the holders of the Warrants.

All the determinations of the Calculation Agent shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Principal Warrant Agent and on all the holders of the Warrants. The Calculation Agent will act as an independent expert and will act in good faith and in a commercially reasonable manner in exercising its functions.

### **Foreign exchange risk**

In the same manner as purchasers of foreign currency securities, investors are exposed to the risk of exchange rate fluctuations. Specifically, the value of the Warrants may be affected by fluctuations in exchange rates between any currency in which a payment must be made under the Warrants and any currency in which the fund units are traded. Foreign exchange risk can also be embedded in the Warrants leading to a currency exposure different from the currency of the Warrants. This risk is in addition to any performance risk that relates to the Issuer or the type of securities being issued.

Foreign-exchange risk involves the potential imposition or modification of foreign exchange controls by relevant governmental authorities. Such risks generally depend on economic and political events over which issuers have no control.

### **Downgrading or withdrawal of the credit rating of the Guarantor**

Any actual or potential decline or suppression of the credit rating (Guarantor’s long term credit rating is for Moody's: Baa2 with a stable outlook / Guarantor’s long term credit rating is for Standard & Poor's: BBB+ (BBB which means, as per the definition appearing on the website of Standard & Poors, "adequate capacity to meet financial commitments, but more subject to adverse economic conditions – Note: ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories") with a stable outlook and Guarantor’s short term credit rating is for Standard & Poor's: A-2 with a stable outlook) of the Guarantor may affect the market value of the Warrants.

## DOCUMENTS INCORPORATED BY REFERENCE

The Prospectus should be read and construed in conjunction with the following documents that have been previously published and have been filed with the CSSF in its capacity as the competent Luxembourg authority for the purposes of the Prospectus Directive and the relevant Luxembourg implementing measures and that are incorporated by reference in, and form part of, the Prospectus:

- The financial statements of Exane Finance for the financial year ended 31 December 2013;
- The half yearly financial statements of Exane Finance as of 30 June 2014 (unaudited);
- The financial statements of Exane Finance for the financial year ended 31 December 2014;
- The financial statements of Exane Derivatives for the financial year ended 31 December 2013;
- The half yearly financial statements of Exane Derivatives as of 30 June 2014 (unaudited);
- The financial statements of Exane Derivatives for the financial year ended 31 December 2014;

The English versions of the financial statements of both Exane Finance and Exane Derivatives for the financial years ended 31 December 2013 and 31 December 2014 and for the half year ended 30 June 2014 are unofficial free translations for information purposes only of the French language version. The Issuer takes responsibility for such unofficial free translations.

The yearly financial statements of Exane Finance and Exane Derivatives have been audited, respectively by Conseil Audit & Synthèse and Deloitte & Associés for Exane Finance and Mazards and Deloitte & Associés for Exane Derivatives. The half yearly financial statements of Exane Finance and Exane Derivatives ended 30 June 2014 have not been audited.

Copies of these documents may be obtained free of charge from the designated agencies of Exane Derivatives and/or BNP Paribas Securities Services, Luxembourg Branch in their respective capacities as Principal Warrant Agent and Paying Agent in Luxembourg.

The documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Information incorporated by reference which does not appear in the cross reference tables hereunder should be considered as supplemental information and is therefore not required for the purpose of the relevant sections of Regulation EC 809/2004, as amended.

Save as disclosed in this Prospectus, no significant change has occurred in the financial situation or trading position of the Issuer or the Guarantor since 31 December 2014 and there have been no material adverse changes in the Issuer or the Guarantor's prospects since 31 December 2014 that may have an impact on the interests of the Holders in the context of the issue and offering of the Warrants.

**CROSS REFERENCE LIST IN RESPECT OF THE FINANCIAL INFORMATION RELATING TO EXANE FINANCE AS ISSUER, EXANE DERIVATIVES AS GUARANTOR AS OF 30 JUNE 2014**

<b>Financial information in respect of EXANE FINANCE as Issuer</b>	Historical financial information	<b>Half yearly reports 2014 (unaudited)</b>
	a) Balance Sheet (asset and liabilities)	page 1
	b) Profit and Loss Account	page 2
	c) Cash Flow Statement	page 8
	d) Notes to the financial statements	pages 4 to 8

<b>Financial information in respect of EXANE DERIVATIVES as Guarantor</b>	Historical financial information	<b>Half yearly reports 2014 (unaudited)</b>
	a) Balance Sheet (asset and liabilities)	page 1
	b) Profit and Loss Account	page 2
	c) Cash Flow Statement	page 17
	d) Notes to the financial statements	pages 4 to 17

**CROSS REFERENCE LIST IN RESPECT OF THE FINANCIAL INFORMATION RELATING TO  
EXANE FINANCE AS ISSUER, EXANE DERIVATIVES AS GUARANTOR AS OF 31 DECEMBER  
2013 AND 31 DECEMBER 2014**

		<b><u>Financial Statements 2013</u></b>	<b><u>Financial Statements 2014</u></b>
<b>Financial information in respect of EXANE FINANCE as Issuer</b>	Historical financial information		
	a) Balance Sheet (asset and liabilities)	page 6	page 7
	b) Profit and Loss Account	page 7	page 8
	c) Cash Flow Statement	page 13	page 14
	d) Notes to the financial statements	pages 9 to 13	pages 10 to 14
	Report of the statutory auditors	pages 1 to 4	pages 1 to 6
		<b><u>Financial Statements 2013</u></b>	<b><u>Financial Statements 2014</u></b>
<b>Financial information in respect of EXANE DERIVATIVES as Guarantor</b>	Historical financial information		
	a) Balance Sheet (asset and liabilities)	page 6	page 5
	b) Profit and Loss Account	page 7	page 6
	c) Cash Flow Statement	page 23	page 20
	d) Notes to the financial statements	pages 9 to 23	pages 8 to 20
	Report of the statutory auditors	pages 1 to 4	pages 1 to 4

## TERMS AND CONDITIONS OF THE WARRANTS

The following is the text of the terms and conditions (the "**Conditions**") governing the warrants issued pursuant to the Conditions (the "**Warrants**").

### 1. DEFINITIONS

The terms used in the Prospectus shall have the following meanings:

"**Accredited Financial Intermediary**" means any financial establishment authorised to keep accounts in the name of its clients in Euroclear France (66, rue de la Victoire – 75009 Paris – France), and includes the depositary banks of Clearstream Luxembourg, *société anonyme* (42, avenue JF Kennedy – L-1855 Luxembourg – Grand Duché du Luxembourg) and Euroclear Bank SA/NV (1, boulevard du Roi Albert II – 1210 Bruxelles – Belgique).

"**Business Day**" means in the case of a Settlement Currency and/or one or more Business Centre(s), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s), or if no currency is indicated, generally in each of the Business Centre(s) so specified.

"**Business Centre(s)**" TARGET and Stockholm.

"**Calculation Agent**" means Exane Derivatives (16, avenue Matignon - 75008 Paris - France).

"**Calculation Agent Method**" has the meaning provided in Condition 7.1.

"**Disrupted Day**" means any Fund Business Day on which a Fund Disruption Event has occurred or is continuing.

"**Depositary**" means each entity as set out in the table below (each a "Depositary(i)"), as depositary of the Funds:

(i)	Fund(i)	ISIN code(i)	Depositary(i)
1	Morgan Stanley Global Convertibles	LU0360484504	JP Morgan Bank Luxembourg SA
2	JP Morgan Global Convertibles	LU0210533500	JP Morgan Bank Luxembourg SA
3	Schroder Global Convertible Bond	LU0352097439	JP Morgan Bank Luxembourg SA

"**Early Settlement Amount**" means the fair market value of the Warrants as determined by the Calculation Agent.

"**Early Settlement Event**" has the meaning given in Condition 14.

"**European Warrant**" means a Warrant pursuant to which the right or rights granted are exercisable only on the Expiration Date.

"**Event Effective Date**" means the date on which an Event becomes effective, as determined by the Calculation Agent.

"**Expiration Date**" means the Valuation Date falling on 23 May 2018, provided that where such Valuation Date is a Disrupted Day, the Expiration Date shall be the latest Valuation Date determined in accordance with Condition 6.5 in relation to the Fund Basket, in each case subject to the Following Business Day Convention.

"**Following Business Day Convention**" means that an adjustment will be made if that date falls on a day that is not a Business Day so that this date will be the first following day that is a Business Day.

"**Fund**" means Fund 1, Fund 2 or Fund 3, subject to adjustment or replacement at any time, in accordance with Condition 7.

"**Fund 1**" means the Morgan Stanley Global Convertibles (ISIN code LU0360484504, institutional investor class) managed by the relevant Management Company.

"**Fund 2**" means the JP Morgan Global Convertibles (ISIN code LU0210533500, retail investor class) managed by the relevant Management Company.

"**Fund 3**" means the Schroder Global Convertible Bond (ISIN code LU0352097439, retail investor class) managed by the relevant Management Company.

“**Fund Administrator**” means any person designated as such in the Fund Documents.

“**Fund Adviser**” means any person authorised to act as discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser of a discretionary manager or another non-discretionary investment adviser) for the Fund.

“**Fund Basket**” means a basket comprised of a Unit in Fund 1, a Unit in Fund 2 and a Unit in Fund 3.

“**Fund Business Day**” means, in respect of each separate Fund, any date on which a Valid Order may be placed by a Hypothetical Investor based on the Fund Documents in force on the Issue Date of the Warrants.

“**Fund Disruption Event**” means the occurrence or existence of a (i) Valuation Disruption, (ii) Settlement Disruption or (iii) a Liquidity Disruption, that the Calculation Agent determines is material; provided that if an event occurs which constitutes both a Fund Disruption Event and an Event (as defined in Condition 7.1) for a Unit, such event shall constitute an Event for such Unit and not a Fund Disruption Event.

“**Fund Documents**” mean, with respect to any Fund, the constitutive documents, subscription agreements and other agreements of the Fund specifying the terms and conditions relating to such Fund in force on the Issue Date.

“**Fund Service Provider**” means, in respect to any Fund, any person or entity who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund, operator, Management Company, Depositary, custodian, subcustodian, prime broker, registrar and transfer agent, domiciliary agent.

“**Guarantee**” means the first demand guarantee from the Guarantor covering the payment of any amount due by the Issuer under the Warrants. The form of the Guarantee is annexed to the Prospectus.

“**Guarantor**” means Exane Derivatives (16, avenue Matignon - 75008 Paris - France).

“**Hedged Position**” means the purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Warrants, whether individually or on a portfolio basis.

“**Hedging Party**” means Exane Derivatives or any other entity of the Exane group in relation to hedging operations linked to the issue of the Warrants.

“**Holder**” means a person for the time being appearing in the books of the relevant Accredited Financial Intermediary as holding one or more Warrants.

“**Hypothetical Investor**” means any hypothetical or real investor (as determined by the Calculation Agent in the context of the relevant situation) in a Unit, who is deemed to have the rights and obligations, as specified in the relevant Fund Documents, of an investor holding a Unit on the relevant date. The Calculation Agent may assume that the Hypothetical Investor is resident in a jurisdiction or incorporated in a jurisdiction, and that it is, without limitation, the Issuer, the Guarantor (if applicable), the Calculation Agent or any of their affiliates (as the Calculation Agent may determine in the context of the relevant situation).

“**Issue Date**” has the meaning set out in Condition 2.4.

“**Issuer**” means Exane Finance (16, avenue Matignon - 75008 Paris - France).

“**Liquidity Disruption**” means, in respect of a Unit, any suspension, limitation or delay affecting the settlement of such Units, whether in accordance with the provisions of the Fund Documents or for any other reason.

“**Listing Agent**” means BNP Paribas Securities Services, Luxembourg branch (33, rue de Gasperich – L-5826 Hesperange – Luxembourg) and which has signed with the Issuer and the Paying Agent a Warrant Agency Letter.

“**Management Company**” means in respect of Fund 1, Morgan Stanley Asset Management; in respect of Fund 2, JP Morgan Asset Management and in respect of Fund 3, Schroder Investment Management (Lux).

“**Merger**” has the meaning set out in Condition 7.2.2.

“**Moody's**” means Moody's Investors Service, Inc.

“**Net Asset Value**” means, in respect of a Fund, the net asset value of the Unit, as calculated and published by the Management Company, the Fund Administrator or any other person that generally publishes this value on behalf of the Fund for its investors or a publication service on the relevant date, it being specified that the Calculation Agent may adjust the net asset value of the Unit to reflect, without duplication, the portion borne by the Unit of all costs,



commissions, expenses, charges, duties, taxes or deductions that may be payable and/or incurred in connection with the subscription or settlement of this Unit.

“**New Fund Unit**” means the unit or security of the new fund in the case of a Merger or the unit or security resulting from a Spin-Off (as the case may be), received upon such Event by a Hypothetical Investor immediately prior to the occurrence of such Event, as determined by the Calculation Agent in accordance with Condition 7.3.

“**Paying Agent**” means BNP Paribas Securities Services, Luxembourg branch (33, rue de Gasperich – L-5826 Hesperange – Luxembourg) and which has signed with the Issuer a Warrant Agency Letter.

“**Principal Warrant Agent**” means Exane Derivatives (16, avenue Matignon – 75008 Paris – France).

“**Quantity**” means (subject to adjustment with Condition 7.2) one Unit of Fund 1, one Unit of Fund 2 and one Unit of Fund 3 to a Warrant.

“**Scheduled Settlement Valuation Date**” means, with respect to any Unit, the date on which the Fund (or its Fund Service Provider which generally determines such value) is scheduled, in accordance with its Fund Documents (without giving effect to any gating, deferral, suspension or any other provision permitting the Fund to delay or refuse settlement of Units) to determine the Net Asset Value of such Unit for purposes of calculating the settlement proceeds to be paid to an investor who has submitted a valid notice by the required Unit settlement deadline for settlement of the Unit, based on the value determined on such date. The Scheduled Settlement Valuation Date, relating to any Valuation Date, shall be the Scheduled Settlement Valuation Date occurring on such Valuation Date, or, if no Scheduled Settlement Valuation Date occurs on such Valuation Date, the immediately preceding Scheduled Settlement Valuation Date.

“**Scheduled Valuation Date**” means, with respect to a Unit, the initial date which, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“**SEK**” means Swedish Krona.

“**Set of Warrants**” means any set of 1 Warrant.

“**Settlement Amount**” means, in respect of a Warrant, the amount in cash the relevant Holder is entitled to be paid by the Issuer if its settlement is determined according to Condition 2.7.2 hereafter.

“**Settlement Currency**” means the currency in which the Warrants are denominated which is SEK.

“**Settlement Date**” means 7 June 2018, subject to the Following Business Day Convention.

“**Settlement Disruption**” means, in respect of a Unit on any Valuation Date, failure by the Fund to pay to a Hypothetical Investor the full amount (whether expressed as a percentage or otherwise) of the Settlement Proceeds due in respect of such Unit, as such amount should have been paid at the latest by such date in accordance with the Fund Documents (without giving effect to any gating, deferral, suspension or any other provision permitting the Fund to delay or refuse settlement of Units).

“**Settlement Notification Date**” means, in respect of any Unit and any Valuation Date, the latest date on which a Hypothetical Investor in such Unit would be authorised, pursuant to the Fund Documents, to submit a settlement notice by the required deadline for settlement on the Scheduled Settlement Valuation Date taking place on such Valuation Date, or, if no Scheduled Settlement Valuation Date occurs on such Valuation Date, the immediately preceding Scheduled Settlement Valuation Date.

“**Settlement Proceeds**” means the proceeds, as determined by the Calculation Agent, that would be paid by the Fund to a Hypothetical Investor whose Units are being redeemed on the relevant Settlement Valuation Date, provided that (1) all proceeds to be paid in property other than cash shall be valued by the Calculation Agent at its reasonable discretion, and (2) if the Hypothetical Investor has the right to opt for payment of such settlement proceeds to be made either in cash or in property, the Hypothetical Investor shall be deemed to have opted for payment of such proceeds in cash.

“**Settlement Valuation Date**” means, in respect of any Unit and any Scheduled Settlement Valuation Date, the date on which the Fund (or its Fund Service Provider which generally determines such value) determines the Net Asset Value of such Unit for the purposes of calculating the settlement proceeds to be paid to a Hypothetical Investor who has submitted a valid settlement notice at the latest by the corresponding Settlement Notification Date.

“**Spin-Off**” has the meaning set out in Condition 7.2.3.

“**Substitute Guarantor**” has the meaning provided in Condition 19.

“**Substitute Issuer**” has the meaning provided in Condition 20.

“**Substitute Unit**” means a unit or share in any Fund (i) which is not a Unit, (ii) which has, in the opinion of the Calculation Agent, similar features to those of the excluded Unit (classification, management objective, investment

guidelines or any other relevant parameter in the opinion of the Calculation Agent) and (iii) whose method of determination and frequency of Net Asset Value calculation is deemed satisfactory by the Calculation Agent.

“**Substitution**” means, with respect to each Unit of a Fund, the cessation by the Calculation Agent of the indexation of the Warrants to each such Unit and crystallization of the Net Asset Value of the relevant Fund such that from (and including) the Event Effective Date to (and including) the Expiration Date, the Net Asset Value is equal to the Net Asset Value on the Fund Business Day immediately preceding the Event Effective Date.”

“**Unit**” means, in respect of a Fund, a share or unit of such Fund or, if the rights in such Fund are not represented by units or shares, a unit of account representing title to such right in such Fund.

“**Valid Order**” means a valid subscription or repayment order sent by the required deadline to the Fund or to the Fund service provider which generally accepts such orders, which complies with the subscription and settlement notice periods and the date and time limits specified in the Fund Documents.

“**Valuation Date**” means each “Day( $t_m$ )” as defined in the Appendix to these Conditions or, if such date is not a Fund Business Day, the next following Fund Business Day, subject to the consequences of a Fund Disruption Event.

“**Valuation Disruption**” means that:

- (a) the Net Asset Value of the Unit is not determined and/or published by the Fund (or the Fund Service Provider which generally determines such value) in accordance with the provisions of the Fund Documents;
- (b) the determination and/or publication of the Net Asset Value of the Unit, in accordance with the Fund Documents, has/have been suspended; or
- (c) the Net Asset Value of the Unit published by the Fund (or the Fund Service Provider which generally determines such value) is incorrect or misrepresents the Net Asset Value of the Unit, in the reasonable opinion of the Calculation Agent.

“**Valuation Time**” means the time at which the Net Asset Value of the Fund is published.

“**Warrant Agency Agreement**” means the agreement pursuant to which the Issuer has the right at any time to vary or terminate the appointment of the Principal Warrant Agent.

“**Warrant Agency Letter**” means the agreement signed between the Paying Agent in Luxembourg, the Listing Agent in Luxembourg and the Issuer relating to the Warrants.

## **2. FORM, TITLE AND TRANSFER**

### **2.1 Type**

The securities issued are Warrants.

The Warrants relate to Units of three (3) Funds. The Warrants are European Warrants which will be automatically exercised on the Expiration Date.

One Set of Warrants entitles the Holder to receive the payment of the Settlement Amount.

### **2.2 Form**

The 350 Warrants shall be in bearer dematerialised form.

The Warrants shall be issued solely in book-entry form and title to the Warrants will be evidenced in accordance with articles L. 211-3 and R. 211-1 *et seq.* of the French monetary and financial code. No physical document of title (including representative certificates (*certificats représentatifs*) pursuant to article R. 211-7 of the French monetary and financial code) will be issued in respect of the Warrants.

Title to the Warrants will be evidenced in accordance with article L. 211-4 of the French monetary and financial code by book entries (*dématisation*) in the books of Euroclear France which shall credit the accounts of the relevant Accredited Financial Intermediary.

All transactions in (including the transfer of) Warrants may only be effected through Euroclear France and/or the relevant Accredited Financial Intermediary.

### **2.3 Currency of the Warrants issue**

The Warrants were issued in SEK.

## 2.4 Issue Date and Settlement Date

The Warrants were issued on 9 June 2014 (the “**Issue Date**”) and will be settled on the Settlement Date.

## 2.5 Issue Price

The Warrants were issued at a price of SEK 11,600 per Warrant.

## 2.6 Transfer of Warrants

There are no restrictions on the free transferability of the Warrants as long as such transfer respects the selling restrictions described in the chapter entitled “Subscription, Purchase and Selling Restrictions” hereafter.

## 2.7 Settlement of the Warrants

### 2.7.1 Settlement procedure

Transfer of Warrants may only be effected through the relevant Accredited Financial Intermediary in or through which the relevant Warrants are held and are to be held . Title will pass upon registration of the transfer in the books of the relevant Accredited Financial Intermediary.

### 2.7.2 Settlement amount

The settlement of the Warrants is indexed to the performance of Units of three (3) Funds comprised in a Fund Basket.

Unless it has been previously settled as provided below, on the Settlement Date, each Holder will receive a cash amount in the Settlement Currency calculated as follows by the Calculation Agent:

$$100,000.00 \times \left[ \text{Max} \left( 0\%; \frac{\text{StrategyAverage}}{\text{InitialStrategy}} - 100\% \right) \right]$$

Where: “Max”, “Strategy Average” and “Initial Strategy” are as defined in the Appendix to these Conditions and “Strategy Average/Initial Strategy” is expressed as a percentage.

This settlement amount is the fixed participation (SEK 100,000.00) in the rise of the Strategy Average (as defined in the Appendix) that is uncapped.

## 3. STATUS OF WARRANTS

The Warrants are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank at all times *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Warrants shall, subject to such exceptions as from time to time exist under applicable law, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

## 4. GUARANTEE

The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Warrants as and when the same shall become due and payable. The Guarantee constitutes direct, unsubordinated, unconditional and unsecured obligations of the Guarantor and ranks and will rank *pari passu* with all its other present and future direct, unsubordinated, unconditional and unsecured obligations but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

## 5. RIGHTS UPON EXPIRATION

Each Set of Warrants is automatically exercised on the Expiration Date, with no need for the Holder to deliver an exercise notice or to take any other action. Such exercise of a Set of Warrants entitles the Holder to receive payment of the Settlement Amount on the Settlement Date.

## 6. SETTLEMENT

### 6.1 Notification of the Settlement Amount

The Calculation Agent shall, by the Business Day next following the Expiration Date, confirm to the Principal Warrant Agent the Settlement Amount, if any, in respect of each Set of Warrants.

The Principal Warrant Agent shall promptly confirm the same to the relevant Accredited Financial Intermediary.

### 6.2 Cash settlement on the Settlement Date

By the second Business Day following the Expiration Date, (a) each Accredited Financial Intermediary shall notify the Principal Warrant Agent the aggregate number of Warrants which are held through such Accredited Financial Intermediary and the details of the account with such Accredited Financial Intermediary for the payment of the Settlement Amount in respect of each Set of Warrants and (b) promptly after receipt of any such notification, the Principal Warrant Agent shall notify the same to the Issuer and the Calculation Agent.

On the Settlement Date, the Issuer shall pay (or cause to be paid) the amount corresponding to the Settlement Amount multiplied by the number of exercised Sets of Warrants to the relevant accounts with the relevant Accredited Financial Intermediary and shall instruct (or cause to be instructed) such Accredited Financial Intermediary to credit the same to the cash accounts of the relevant Warrants Account Holders (where relevant). Payments made by the Issuer will be subject to any applicable taxes and duties as defined in Condition 9 below and to any applicable laws or regulations. The Issuer shall not be liable for the crediting by the relevant Accredited Financial Intermediary of such amounts to such accounts.

### 6.3 Liability

The Issuer and the Guarantor shall not be liable for the failure of any third party to credit in cash the Holder's account.

### 6.4 Undertaking of the Accredited Financial Intermediary

Each Holder shall be responsible for ensuring that the relevant Accredited Financial Intermediary is aware of the terms of the Warrant Agency Agreement and these Conditions and has undertaken with such Holder to comply therewith and to perform the functions necessary to permit the exercise of the Warrants as provided therein.

### 6.5 Consequences of a Fund Disruption Event on a Valuation Date

If any Valuation Date is a Disrupted Day, then the Valuation Date for each Unit not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Unit affected by the occurrence of a Disrupted Day shall be the first succeeding Fund Business Day that it is not a Disrupted Day relating to that Unit, unless each of the eight Fund Business Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to such Unit. In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date for the relevant Unit, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine in good faith the fair value of that Unit at the Valuation Time on such eighth Disrupted Day.

## 7. ADJUSTMENT EVENTS

### 7.1 Principles

If any of the events set out in Condition 7.2 and affecting a Unit (an “**Event**”) occur, the Calculation Agent may, as regards Warrants in respect of which the Event Effective Date falls on or prior to the Expiration Date, continue to perform its obligations, subject to any adjustments as it considers necessary. To this end, the Calculation Agent shall apply the methods described in Condition 7.2 *et seq.*, to adapt the Warrants to the modifications to the Unit or its Substitution (the “**Calculation Agent Method**”).

If, in relation to any event, the Calculation Agent determines that the Calculation Agent Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

If, in relation to any event, the Calculation Agent determines, that there is no appropriate adjustment, the Issuer may vary the settlement of the Warrants by notifying the Holders, in accordance with Condition 12 of the Early

Settlement Amount. The Calculation Agent shall implement settlement terms in respect of such Early Settlement Amount as soon as possible after such determination. For the avoidance of doubt, in this case, no Settlement Amount will be due by the Issuer on the Settlement Date.

## **7.2 Adjustment methods applicable to Units**

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

To this end, the Events applicable to a Unit are defined as follows and include the Potential Adjustment Event (as defined below).

### **7.2.1 Potential Adjustment Event**

In the case of a Potential Adjustment Event, the Calculation Agent may adjust the new Quantity of Units to which each Warrant henceforth relates.

“**Potential Adjustment Event**” means any of the following:

- (1) a subdivision, consolidation or reclassification of the relevant number of Units, or a free distribution or dividend of any such Unit to existing holders by way of bonus, capitalization or similar issue;
- (2) a distribution, issue or dividend to existing holders of the relevant Unit of (A) an additional amount of such Unit, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Fund equally or proportionately with such payments to holders of such Unit, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (3) an extraordinary dividend which characterization of or portion thereof shall be determined by the Calculation Agent;
- (4) a repurchase by the Fund of relevant Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Units initiated by an investor in such Units that is consistent with the Fund Documents; or
- (5) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Units.

### **7.2.2 Merger**

In the event that a Merger occurs in respect of a Fund relating to any Unit, the Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including electing to (a) replace the relevant Units with New Fund Units or (b) implement Substitution of the relevant Units.

“**Merger**” means, in respect of any relevant Units, any:

- (1) reclassification or change of such Units that results in a transfer of or an irrevocable commitment to transfer all of such Units outstanding to another entity or person;
- (2) consolidation, amalgamation, merger or binding share exchange of the Fund (or any applicable Fund Service Provider, as the context may require) with or into another entity or person (other than a consolidation, amalgamation, merger or binding units exchange of all of such Units outstanding);

- (3) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 % of the outstanding Units of the Fund (or any applicable Fund Service Provider, as the context may require) that results in a transfer of or an irrevocable commitment to transfer all such Units (other than such Units owned or controlled by such other entity or person);
- (4) consolidation, amalgamation, merger or binding share exchange of the Fund (or any applicable Fund Service Provider, as the context may require) or its subsidiaries with or into another entity in which the Fund (or any applicable Fund Service Provider, as the context may require) is the continuing entity and which does not result in a reclassification or change of all such Units outstanding but results in the outstanding Units (other than Units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Units immediately following such event

in each case if the Event Effective Date is on or before the last occurring Valuation Date.

### 7.2.3 *Spin-off*

In the event of a spin-off of the Fund a (“**Spin-Off**”), the Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including electing to (a) replace the Units with New Fund Units or (b) implement Substitution of the relevant Unit.

### 7.2.4 *Fund Insolvency Event*

A Fund Insolvency Event means, in respect of any Unit, that the related Fund (or any applicable Fund Service Provider, as the context may require):

- (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (ii) makes a general assignment or arrangement with or for the benefit of its creditors;
- (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen (15) days of the institution or representation thereof;
- (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (v) has a secured party who is taking possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, and such process is not dismissed, discharged, stayed or restrained, in each case, within fifteen (15) days thereafter; or
- (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (v) through (vi) above.

In the event of a Fund Insolvency Event, the Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including electing to implement Substitution of the relevant Unit.

#### **7.2.5 *Subscription and/or Settlement Suspension***

Subscription and/or Settlement Suspension means that settlements and/or subscriptions in the Fund are suspended, postponed, reduced, subject to any threshold or other constraint or partially executed or the Fund is closed to subscriptions and settlements, for any reason, without having obtained the prior written consent of the Calculation Agent.

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if a Subscription and/or Settlement Suspension occurs.

#### **7.2.6 *Subscription and/or Settlement Modification***

Subscription Settlement Modification means that (a) new subscription and/or settlement costs for a relevant Unit are introduced, (b) the notice period for Unit subscriptions and/or settlements is modified without having obtained the prior written consent of the Calculation Agent or (c) the Fund modifies the terms and conditions at which subscription and/or settlement orders can be submitted or are settled by the Fund as provided in the Fund Documents as of the Issue Date of the Warrants or implements a modification of the conditions at which subscription and/or settlement orders can be submitted or are settled by the Fund regardless as to whether the principle of such modification was already envisaged in the Fund Documents as of the Issue Date of the Warrants.

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if a Subscription and/or Settlement Modification occurs.

#### **7.2.7 *Fees Modifications***

Fees Modifications means that (i) the Fund applies subscription or settlement fees that are higher than the maximum subscription fees and the maximum settlement fees respectively, or (ii) the Fund applies any other fees (including any transaction fees or administrative costs) which are not, in each case, specified in the Fund Documents at the Issue Date of the Certificates.

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if a Fees Modification occurs.

#### **7.2.8 *Change affecting the Management Company, Depositary or Fund Service Provider***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit, if the Management Company, the Depositary or a Fund Service Provider ceases to fulfil its role and no successor deemed satisfactory in the opinion of the Calculation Agent has been appointed within five (5) Fund Business Days following such event or in the event of a change of control of the Management Company, the Depositary or a Fund Service Provider or in the event where the Management Company, the Depositary or a Fund Service Provider is no longer able in the opinion of the Calculation Agent to execute its duties with the same level of care and diligence as at the Issue Date, in particular as a result of a legal, regulatory or supervisory decision, or is subject to liquidation or insolvency or bankruptcy proceedings, or fails to meet its financial commitments at any time, or is subject to temporary or definitive withdrawal of its license or to disciplinary or administrative proceedings from its supervisory authorities or acts fraudulently in relation to the Fund or any other event which may, in the view of the Calculation Agent, have a material adverse effect on the Fund.

### **7.2.9 *Change in Listing for listed Funds or Delisting***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit, in the event of a change in the listing compartment or the exchange listing of the relevant Unit (if any) or if the Fund is de-listed.

### **7.2.10 *Nationalisation***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit, if all the Units or all or substantially all the assets of a Fund are nationalised, expropriated or transferred to any governmental or administrative agency, authority or entity.

### **7.2.11 *Disruption affecting the determination or publication of the Net Asset Value***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if the Fund does not determine its Net Asset Value in accordance with its constitutive documents, fails to publish its Net Asset Value in accordance with its constitutive documents or fails to carry out any action necessary for such determination or publication.

### **7.2.12 *Change affecting the Fund***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit in the event of (i) any failure by the Fund Adviser to act in accordance with the investment objectives, risk profile or investment guidelines of the Fund, (ii) the imposition by any regulatory body of any restriction limiting the ability of the Fund Adviser to buy or sell shares or other assets, (iii) any limitation on the ability of the Fund Adviser to buy or sell shares or other assets, for reasons relating to liquidity, unfavourable market conditions or decrease in the value of the Fund's assets, where, in each case, the Calculation Agent considers that such situation is unlikely to be remedied within a reasonable time, or (iv) any change in or amendment to the Fund Documents that may, in the reasonable opinion of the Calculation Agent, affect the value of the Units of the Fund or the rights of holders of such Units compared to the situation existing on the Issue Date.

### **7.2.13 *Holding Event***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if the capitalisation of the Fund falls to the extent that the Issuer or any third party with which the Issuer enters into hedging arrangements, in respect of its obligations under the Warrants, holds, on any Fund Business Day, greater than 20% of the capitalisation of the Fund on such Fund Business Day.

### **7.2.14 *Non-Observance of Strategy***

Non-Observance of Strategy means (1) any breach or violation of any strategy or investment guidelines specified in the relevant Fund Documents that is reasonably likely to affect the value of any Unit or risk profile of the Fund or the rights and remedies of any holders thereof (in each case, as determined by the Calculation Agent) (2) or, even where the Fund Documents are not modified, any material modification or effect, as determined by the Calculation Agent, of the risk profile of the Fund from its risk profile prevailing on the Issue Date of the Warrants or of the performance of the Fund by reason of, but not limited to, the modification of the proportions, or reduction of diversification, of the type of assets in which the Fund invests or a reduction of the average liquidity of the assets of the Fund, which in each case does not necessarily involve an amendment of the Fund Documents.

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if a Non-Observance of Strategy occurs.



#### **7.2.15 *Fall in Value of Assets under Management***

Fall in Value of Assets under Management means that the Calculation Agent determines that during the last twelve (12) month period, the total value of the assets managed by the Management Company or the Fund Adviser (including the Fund) has decreased by fifty per cent (50%) (due to either a settlement or decrease in the value of such assets).

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if a Fall in Value of Assets under Management occurs.

#### **7.2.16 *Maximum investment ratio (ratio d'emprise)***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if the Net Asset Value falls below a threshold which, in the opinion of the Calculation Agent (i) has, or may have, a material adverse effect on the management and/or operating costs of the Fund, or (ii) increases the proportion of Units held or likely to be held by the Issuer and/or any of its affiliates or the Hedging Party to the extent that settlement in full of the Units held by the Issuer and/or any of its affiliates or the Hedging Party is or may no longer be possible.

#### **7.2.17 *Regulatory action***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit in the event of:

- (i) cancellation, suspension or revocation of the registration or licence of the Fund or any Unit by any governmental, legal or regulatory entity having authority over the Fund or any Unit;
- (ii) any change in the legal, tax or accounting regime or regulatory treatment of the Fund or its adviser or manager which is likely, in the reasonable opinion of the Issuer, to have an adverse impact on the value of the Units of the Fund or on any investor in the relevant Fund; or
- (iii) any inquest, proceedings or judicial action in relation to the Fund, its administrator, adviser or manager by any competent governmental or regulatory authority, involving any potential violation of applicable law, concerning any activities relating to the operation of such Fund or in connection therewith.

#### **7.2.18 *Breach of related contracts***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if the Management Company, the Depositary or the Fund Service Provider fails to perform or breaches its obligations under any contract relating to the management of the Fund or any other contract relating to such Fund.

#### **7.2.19 *Failure by the Fund to observe "know your fund" procedures***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if, in the opinion of the Calculation Agent, the Fund does not comply, in full or in part, with the "know your fund" procedures (including in particular its obligations in respect of money-laundering and terrorism financing).

#### **7.2.20 *Change of law***

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if (1) due to the adoption or modification of any law or regulation (in particular, but without limitation, any tax law), or (2) due to the promulgation of, or any change in or new

interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by any taxation authority), the Calculation Agent determines in good faith that (x) it has become illegal for the Hedging Party to hold, acquire or dispose of Hedged Positions (including the relevant Units) or that it has become illegal to maintain the contract (as referred to in Condition 7.2.18 (*Breach of related contracts*) above) entered into by the Hedging Party with the Fund or a Fund Service Provider, or (y) the Hedging Party will incur a materially increased cost in performing its obligations under the Warrants or the contract (as referred to in Condition 7.2.18 (*Breach of related contracts*) above) entered into by the Hedging Party with the Fund or a Fund Service Provider (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

#### **7.2.21 Hedging disruption**

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, replace, maintain, unwind or dispose of any Hedged Positions or (B) realise, recover or remit the proceeds of such Hedged Positions, including, without limitation, where the reason for such inability or practical impossibility relates to (i) all of the illiquid assets of the Fund constituting the whole or part of the Hedged Positions being transferred to a dedicated fund or account or to a dedicated structure pending liquidation of such assets for the benefit of existing Unit holders (*side pocket*), (ii) a limitation on the amount or number of settlements or subscriptions that the Fund (or the Fund Service Provider generally responsible for accepting settlement or subscription orders) will accept for a particular date on which the Fund normally accepts settlement orders (a barrier), (iii) the suspension, for any reason, of subscription or settlement orders by the Fund (or the Fund Service Provider generally responsible for accepting settlement or subscription orders), (iv) payment of the balance of settlement proceeds being postponed to a date falling after the date on which the financial statements of the Fund have been audited by the Fund's statutory auditors (reserved), or an increase in the costs or fees charged by the relevant Fund (in particular, the charging of subscription/settlement fees (retainable by the fund)), or (v) any mandatory settlement, in whole or in part, of such Units imposed by the relevant Fund, whether such events were, in each case, imposed by the Fund without being contemplated in the Fund Documents as at the Issue Date of the Warrants, or were already contemplated in the Fund Documents as at the Issue Date, but were only implemented by the Fund after such date.

#### **7.2.22 Increase in hedging costs**

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit if the Hedging Party incurs a materially increased (as compared with the circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk relating to any Fund generated by entering into and performing its obligations under the Warrants, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an increased cost of hedging.

#### **7.2.23 Other events**

The Calculation Agent may adjust the settlement, payment or any other terms of the Warrants, including implementing Substitution of the relevant Unit, if any other events occur which, in the reasonable opinion of the Calculation Agent, affect the value or risk profile of the relevant Units.

### **7.3 New Fund Units**

In the event of a Merger or a Spin-Off, as the case may be, if the Calculation Agent elects to replace the Units with New Fund Units in accordance with Condition 7.2, the Calculation Agent shall do so as soon as possible after the Event Effective Date, by reference to the applicable exchange parity, it being understood that, in the event that the original unit or security must be substituted for several different categories of units or shares, the

Calculation Agent may decide to substitute for the relevant units or securities one (or more) of such units (the “**Selected Fund Unit(s)**”). In this case, the value of the unit(s) or security(ies) not selected (the “**Excluded Fund Unit(s)**”) shall be expressed as a number or a fraction of a number of one (or more) of the Selected Fund Unit(s) and the Excluded Fund Unit(s), at the Calculation Agent’s choice, which shall be calculated by the Calculation Agent on the basis of the net asset value of both the Selected Fund Unit(s) and the Excluded Fund Unit(s) recorded simultaneously on the Event Effective Date. If the substituted unit(s) or share(s) include one or more unit(s) or share(s) with no net asset value, the Calculation Agent shall determine the fair market value of such unit(s) or share(s) on the Event Effective Date.

#### **7.4 Adjustment Notices**

- (i) If several Events occur, the adjustments (if any) to the terms of the Warrants for the second Event and subsequent Events shall be made to the terms of the Warrants, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Warrants in accordance with these Conditions, notify the Issuer and the Principal Warrant Agent, following which the Issuer or the Principal Warrant Agent shall give notice of such adjustment and/or modification to the Holders of the Warrants in accordance with Condition 12.
- (iii) Any cash settlement shall be made within a period of ten (10) Business Days from the date of the relevant notice given pursuant to Condition 7.3(ii).

### **8. AGENTS**

#### **8.1 Principal Warrant Agent**

The specified office of the Principal Warrant Agent is:

**Exane Derivatives**  
Département Middle Office Dérivés  
16, avenue de Matignon  
75008 Paris  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Warrant Agent pursuant to the Warrant Agency Agreement and to appoint another Principal Warrant Agent or additional warrant agent(s) provided that, in the event the warrants are listed on the official list of the Luxembourg Stock Exchange, it shall at all times maintain a paying agent and a Listing Agent in Luxembourg. Notice of any such appointment and of any change in the specified office of the Principal Warrant Agent will be given to the Holders in accordance with Condition 12 and shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after no more than sixty (60) nor less than forty-five (45) days’ prior notice.

In acting under the Warrant Agency Agreement, the Principal Warrant Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders, and any determinations and calculations by the Principal Warrant Agent shall, save in the case of manifest error, be final and binding on the Holders.

The Warrant Agency Agreement may be amended by the parties thereto without the consent of the Holders if, in the reasonable opinion of such parties, the amendment will not adversely affect the interest of the Holders.

#### **8.2 Calculation Agent**

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent provided that it shall at all times maintain a Calculation Agent. Notice of such termination or appointment will promptly be given to the Holders in accordance with Condition 12.

The Calculation Agent shall act as an independent expert and not as agent of the Issuer or the Holders and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any Holder and any determination and/or calculation by the Calculation Agent shall, in the absence of manifest error, be final and

binding on the Issuer and on the Holders. Whenever the Calculation Agent is required to act, make a determination or to exercise judgment in any other way, it will do so in good faith and in a commercially reasonable manner.

## **9. TAXES AND DUTIES**

All payments in respect of Warrants shall be made free of any withholding or deduction in respect of any state tax, duty or withholding of any kind imposed, levied, collected or withheld by the French government or any other political subdivision or authority with taxation power, unless the deduction or withholding of any state tax, duty or withholding is required by law.

The Issuer and the Guarantor shall not assume any liability or obligation for the payment of any taxes, duties, rights, tax withholdings at source or other charges resulting from the ownership or transfer of the Warrants, and all payments made by the Issuer or, if applicable, by the Guarantor, shall be made subject to all taxes, duties, rights, tax withholdings at source or other charges that may have to be discharged, paid, taken or deducted.

## **10. FORCE MAJEURE**

The Issuer shall have the right to terminate its obligations under the Warrants if it shall have determined that the performance of such obligations shall have become impossible or impracticable in whole or in part in particular, but not limited to, as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power. If the Issuer so terminates its obligations under the Warrants, the Issuer shall pay or cause to be paid to each Holder in respect of each Set of Warrants held by it an amount in the Settlement Currency, determined by the Issuer, representing the fair market value of such Set of Warrants immediately prior to such termination. Payment will be made as soon as practicable in such manner as shall be notified to the Holders in accordance with Condition 12.

## **11. MODIFICATION**

The Issuer may modify the Conditions without the consent of the Holders for the purpose of curing any ambiguity or correcting or supplementing any provision contained herein in any manner which the Issuer may deem advisable or necessary provided that such modification shall not affect adversely the interest of the Holders. Notice of any such modification will be given to the Holders in accordance with Condition 12.

## **12. NOTICES**

All notices to the Holders will be deemed to have been duly given if published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice shall be deemed to have been validly given to Holders on the date of such publication or, if published more than once or on different dates, on the date of the first such publication or notice. All notices to the Holders shall also be delivered in writing to the relevant Accredited Financial Intermediary.

## **13. PURCHASE BY THE ISSUER**

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty or otherwise.

## **14. EARLY SETTLEMENT EVENT**

At any time prior to the Expiration Date, any Holder may, by sending a written notice to the Principal Warrant Agent (with a copy to the Issuer), trigger the settlement of each of the Warrants he holds if one of the following events or circumstances (each an “**Early Settlement Event**”) occur:

- (i) failure by the Issuer to perform any one of its obligations in respect of the Warrants, failure by the Guarantor to perform any one of its obligations in respect of the Guarantee, if such failure is not corrected within forty-five (45) days from the date the Principal Warrant Agent receives the notice of said failure given by the Holder; or
- (ii) a liquidator, provisional liquidator or official receiver acting pursuant to the company law governing the Issuer or a significant portion of its assets, liabilities or holdings is appointed, or any person benefiting from a security interest takes possession of all or part of the assets or holdings of the Issuer, or the Issuer takes measures to obtain protection or obtains protection from its creditors pursuant to the governing legislation, or the Issuer generally ceases to make its payments, or ceases or threatens to cease operating its business, but excluding a merger or reorganisation operation during which all the Issuer’s assets are transferred and in which all liabilities and debt

(including the Warrants) of the Issuer are assumed by another entity which may continue the activity of the Issuer; or

- (iii) the Guarantor has ceased to make payments or a court ruling has ordered the liquidation of the Guarantor or approved a plan for full assignment of the Guarantor's business pursuant to court-ordered receivership proceeding, or the Guarantor is the subject of similar proceedings or, in the absence of legal proceedings, the Guarantor reaches a composition with its creditors, or a resolution is approved by the Guarantor to liquidate or dissolve the Guarantor, but excluding a merger or reorganisation operation during which all the Guarantor's assets are transferred, or the major portion of the Guarantor's liabilities and debt (including the Warrants) is assumed by another entity that continues the Guarantor's business; or
- (iv) the Guarantee would be declared null and void, or claimed as such by the Guarantor.

The Early Settlement Amount shall be determined by the Calculation Agent as soon as possible after the occurrence of the relevant Early Settlement Event.

The Early Settlement Amount for each Warrant shall be due upon receipt of this formal notice, with the Issuer not requiring any other notice, unless, at the time of this receipt, none of the events or circumstances cited in this Condition has occurred. For the avoidance of doubt, in this case, no Settlement Amount will be due by the Issuer on the Settlement Date.

## **15. COLLECTIVE ORGANISATION OF THE HOLDERS**

As each Warrant constitutes a separate claim, there shall be no collective organisation of the Holders.

## **16. STATUTE OF LIMITATIONS**

Actions brought against the Issuer in respect of any payment under the Warrants shall be prescribed upon the expiry of five (5) years from the relevant due date.

## **17. SUBSEQUENT ISSUES**

The Issuer shall have the option, from time to time, without the consent of the Holders, to issue additional warrants identical in all respects to the existing Warrants and that the terms of such warrants shall provide for their assimilation with the Warrants so as to form a single series with such Warrants.

## **18. NO ASSUMPTION OF RESPONSIBILITY**

Any indication herein that the relevant Accredited Financial Intermediary "shall" do, or similar expressions or phrase indicating that they are obliged to or will carry out any role or obligation described in these Conditions, is given without any assumption by the Issuer or the Principal Warrant Agent of responsibility or liability for the performance of the relevant Accredited Financial Intermediary.

## **19. SUBSTITUTION OF THE GUARANTOR**

The Guarantor may at any time, without the consent of the Holders, substitute as joint debtor of the obligations arising from the Warrants any other company (the "**Substitute Guarantor**"), provided that:

- (a) the Guarantor unconditionally and irrevocably guarantees the performance of the obligations of the Substitute Guarantor in respect of the Warrants, to the benefit of the Holders, and that the Substitute Guarantor is not in a state of cessation of payments;
- (b) all measures, conditions and formalities that must be taken, satisfied and performed (including obtaining all consents necessary) in order to guarantee that the Warrants constitute for the Substitute Guarantor legal and enforceable obligations, shall have been taken, satisfied and performed respectively and shall be in full force and effect;
- (c) such a substitution has no unfavourable impact for the Holders;
- (d) the Issuer must have advised the Holders of such substitution at least thirty (30) days in advance in accordance with Condition 12;

(e) if the Warrants are subject to a Moody's rating, any substitution of the Guarantor shall also be notified to Moody's in the conditions described in subparagraph (d) above. The substitution of the Guarantor will take place upon a prior written notice to Moody's confirming that this substitution will not cause the deterioration of the Warrant rating in effect.

## **20. SUBSTITUTION OF THE ISSUER**

The Issuer, or any company that had previously been substituted for it, may at any time, without the consent of the Holders, substitute as principal debtor of the obligations arising from the Warrants any company (the “**Substitute Issuer**”), which may be the Issuer or another company, provided that:

(a) the Guarantor and the Issuer unconditionally and irrevocably guarantee the performance of the obligations of the Substitute Issuer in respect of the Warrants, to the benefit of the Holders, and that the Guarantor is not in a state of cessation of payments;

(b) all measures, conditions and formalities that must be taken, satisfied and performed (including obtaining all consents necessary) in order to guarantee that the Warrants constitute for the Substitute Issuer legal and enforceable obligations, shall have been taken, satisfied and performed respectively and shall be in full force and effect;

(c) such a substitution has no unfavorable tax impact for the Holders;

(d) the Substitute Issuer shall become a party to the Warrant Agency Agreement and to the Warrant Agency Letter, with all appropriate corresponding changes, in the same way as if it had been a party thereto originally;

(e) the Issuer must have advised the Holders of such substitution at least thirty (30) days in advance in accordance with Condition 12; and

(f) if the Warrants are subject to a Moody's rating, any substitution of the Issuer shall also be notified to Moody's in the conditions described in subparagraph (e) above. The substitution of the Issuer will take place upon a prior written notice to Moody's confirming that this substitution will not cause the deterioration of the Warrant rating in effect.

## **21. GOVERNING LAW AND JURISDICTION**

The Warrants and these Conditions shall be governed by, and construed in accordance with, French law.

Any claim against the Issuer or the Guarantor in respect of the Warrants must be brought before the competent courts within the jurisdiction of the Paris Court of Appeal. The Issuer elects domicile at the registered offices of the Guarantor for any Warrants, formality or procedure filed against it or to which it is a party in respect of the Warrants.

## APPENDIX TO THE TERMS AND CONDITIONS

### Definitions of mathematical symbols:

"+" means the mathematical sign for addition.

"-" means the mathematical sign for subtraction.

"\*" and "x" means the mathematical sign for multiplication.

"/" means the mathematical sign for division.

"[]" and "()" means brackets which separate/identify the terms of the formulae. Where bracketed terms appear within other bracketed terms, the term at the centre should be first and then working outwards, building up the calculation with each larger set.

"<" means the mathematical sign for less than.

">" means the mathematical sign for greater than.

"∑" means the summation of a series of terms, such terms being determined from the notation that accompanies this sign.

"√" means a square root of a number being a number which multiplied by itself, gives the original number.

"Max (...;...;...)" means the mathematical highest term of the series of numbers between the parenthesis.

"Min (...;...;...)" means the mathematical smallest term of the series of numbers between the parenthesis.

"ln" means the natural logarithm.

### Day(t), NbDays(T):

For  $t = 0$ , "Day(0)" means the Initial Fixing Date.

For  $t > 0$ , "Day(t)" means the date that is the  $t^{\text{th}}$  date following 23 May 2014 (being the "Initial Fixing Date") on which the Net Asset Value of a Fund is calculated.

For  $t < 0$ , "Day(t)" means the date that is the  $t^{\text{th}}$  date preceding the relevant date of observation on which the Net Asset Value of a Fund is calculated (for example, in respect of Day(t), Day(t-1) will be the first date immediately preceding Day(t) on which the Net Asset Value of a fund is calculated).

"NbDays(T)" means the number of Day(t) or Day( $t_m$ ), as applicable, between the Initial Fixing Date (included) and the Expiration Date (excluded).

### Month(m):

"Month(m)" means with respect to the relevant value of "m", the date set out below under the corresponding Month(m):

(m)	Month (m)
1	23 May 2017
2	26 June 2017
3	24 July 2017
4	23 August 2017
5	25 September 2017
6	23 October 2017
7	23 November 2017
8	27 December 2017

9	23 January 2018
10	23 February 2018
11	23 March 2018
12	23 April 2018
13	23 May 2018

**StrategyAverage:**

StrategyAverage is the average of the StrategyM(m) on the last 13 months preceding the expiration date (included).

$$\text{StrategyAverage} = \frac{1}{13} \times \sum_{m=1}^{13} \text{StrategyM}(m)$$

Where:

“**StrategyM(m)**” the value, each month, of the strategy on Day(t<sub>m</sub>) where Day(t<sub>m</sub>) is the 23rd day of the month or the following business day if this day is not a business day, and means a Day(t) that is for each m from 1 (included) to 13 (included):

$$\text{StrategyM}(m) = \text{Strategy}(\text{Day}(t_m))$$

Where:

“**Strategy (Day(t<sub>m</sub>))**” means Strategy (Day(t)) in relation to a Day(t) that is a Day(t<sub>m</sub>). For the purposes of each Strategy (Day(t<sub>m</sub>)), Strategy (Day(t-1)) shall be Strategy (Day(t)) in relation to the immediately preceding Day(t<sub>m</sub>).

Day(t<sub>m</sub>) means a Day(t) that is the same date as Month(m).

For each t<sub>m</sub> between 1 (included) and 13 (included)

“**Strategy(Day(t))**” means, with respect to any Day(t), the value, on such Day(t), of an investment in the Funds with a volatility target mechanism implementation, expressed as a percentage, such as defined hereafter:

$$\text{Strategy}(\text{Day}(t)) = \text{Strategy}(\text{Day}(t-1)) \times \left[ 1 + \left( \frac{\text{Allocation}(\text{Day}(t-1))}{* \left( \frac{\text{FundBasket}(\text{Day}(t))}{\text{FundBasket}(\text{Day}(t-1))} - 1 \right)} \right) + \left( \frac{(1 - \text{Allocation}(\text{Day}(t-1)))}{* \text{Euribor1M}(t) * \frac{\text{Act}(t-1, t)}{360}} \right) - \text{PF} * \frac{\text{Act}(t-1, t)}{360} \right]$$

For information purposes, Strategy(Day(t)) is the value, each Day(t), of an investment in the Fund Basket with a voltarget mechanism implementation such as when the realized volatility of the Fund Basket is higher than 6%, the strategy will invest less than 100% into the Fund Basket, and the rest (100%-allocation) of the investment will be allocated into a monetary instrument in order to reduce the volatility of the strategy. The maximum exposure into the basket of fund will be 140%. This strategy will have a cost of 1.03% per annum.

Where t is 0, i.e **Strategy(Day (t<sub>0</sub>)) = 100%**.

With:

“**Strategy (Day (t – 1))**” means the Strategy (Day (t)) on the first immediately preceding Day(t).

“**PF**” = 1.03% per annum.

“**FundBasket(Day(0))**” = means 100%.

For t>0, FundBasket(Day(t)) corresponds to the Fund Basket which is equiweighted baskef of the three Funds rebalanced daily and determined as follows:



$$\text{FundBasket}(\text{Day}(t)) = \text{FundBasket}(\text{Day}(t-1)) \times \sum_{i=1}^3 \frac{1}{3} \times \frac{\text{Fund}^i \text{ NAV}(\text{Day}(t))}{\text{Fund}^i \text{ NAV}(\text{Day}(t-1))}$$

“**Fund Basket (Day(t-1))**” means FundBasket (Day(t)) on the first immediately preceding Day(t).

“**Fund<sup>i</sup>**” means, where i=1, Fund 1; where i=2, Fund 2 and where i=3, Fund 3.

“**Fund<sup>i</sup> NAV (Day(t))**” means the amount corresponding to the Net Asset Value per Unit of the Fund<sup>i</sup> at the date Day(t), net of fees, cost and taxes if any, that would actually be received by Exane Derivatives as holder of units in Fund<sup>i</sup> should a redemption order be given with respect to that date.

“**Fund<sup>i</sup> NAV (Day (t-1))**” means Fund<sup>i</sup> NAV (Day(t)) on the immediately preceding Day(t).

“**Fund<sup>i</sup> NAV (Day(0))**” means the amount corresponding to the Net Asset Value per Unit of the Fund<sup>i</sup> at the Initial Fixing Date, plus fees, cost and taxes if any, that would actually be paid by Exane Derivatives as holder of units in Fund<sup>i</sup> should a redemption order be given with respect to that date.

“**Eur1Month(t)**” means the one month Euribor rate as it appears under Bloomberg page EUR001M two Business Days before Day(t).

“**Act(t – 1,t)**” means the number of days in the period between “Day(t – 1)” (included) and “Day(t)” (excluded).

“**Allocation (Day (t-1))**” means the Allocation (Day(t)) on the first immediately preceding Day(t). (For example, where Day(t) is Day(-4), Day (t-1) is Day (-5).

“**Allocation(Day(t))**” means the allocation, on a Day(t), of the strategy in the Funds, linked to the volatility expressed as a percentage, such as defined hereafter.

For each t between 0 (included) and NbDays(T) (included), Allocation(Day(t)) is determined according to the below formula and corresponds to the percentage/quantity invested into the Fund Basket. While the realized volatility of the Fund Basket is higher than 6%, the allocation will be inferior to 100%. This allocation will have a maximum amount of 140% :

$$\text{Allocation}(\text{Day}(t)) = \text{Min}\left(140\%; \frac{6\%}{\text{RealizedVolatility}(\text{Day}(t-1))}\right)$$

With:

The Realized Volatility (Day(t)) is determined according to the following formula and corresponds to the 20-days realized centered volatility of the Funds during the life of Warrant:

$$\text{RealizedVdatility}(\text{Day}(t)) = \sqrt{\frac{252}{20}} \times \sqrt{\frac{20}{\sum_{k=1}^{20} \left( \ln\left(\frac{\text{FundBasket}(\text{Day}(t-k))}{\text{FundBasket}(\text{Day}(t-k-1))} \right) \right)^2} - \frac{1}{20} \times \left( \frac{20}{\sum_{k=1}^{20} \left( \ln\left(\frac{\text{FundBasket}(\text{Day}(t-k))}{\text{FundBasket}(\text{Day}(t-k-1))} \right) \right) \right)^2}$$

For  $t < 0$ :

t	FundBasket (Day(t))	t	FundBasket (Day(t))	t	FundBasket (Day(t))
-1	99.77%	-11	99.36%	-21	99.98%
-2	99.43%	-12	99.35%	-22	99.71%
-3	99.40%	-13	99.66%		
-4	99.24%	-14	99.52%		
-5	99.08%	-15	99.64%		
-6	99.47%	-16	99.15%		
-7	99.82%	-17	98.96%		
-8	99.86%	-18	99.03%		
-9	99.44%	-19	99.54%		
-10	99.18%	-20	99.77%		

## INFORMATION ON THE UNDERLYING OF THE WARRANT

### Information RELATING to the Underlying

The Warrants are indexed to the performance of Units of three (3) Funds (as such terms are defined in the Conditions of the Warrants here-above).

The calculation and information relating to the Units are available on the following website:

(i)	Fund(i)	Website(i)
1	Morgan Stanley Global Convertibles	<a href="http://www.morganstanley.com/msim/">http://www.morganstanley.com/msim/</a>
2	JP Morgan Global Convertibles	<a href="http://www.jpmorganassetmanagement.fr">http://www.jpmorganassetmanagement.fr</a>
3	Schroder Global Convertible Bond	<a href="http://www.schroders.com/fr">http://www.schroders.com/fr</a>

Each Website(i) included in this Prospectus are for information purpose only and do not form part of this Prospectus.

Information about the past and future performance and the volatility of the Units can be obtained from the Calculation Agent:

#### EXANE DERIVATIVES

Address: 16, avenue Matignon – 75008 Paris – France

Contact: Cherifa ATTOU

E-mail: [mo\\_derives\\_structures@exane.com](mailto:mo_derives_structures@exane.com)

Telephone: + 33 (0)1 44 95 68 92

Facsimile: + 33 (0)1 56 69 01 38

### Third party information

The Issuer and the Guarantor confirm that information providing from a third party has been accurately reproduced and so far as they are aware and are able to ascertain from information published by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### Value of the investment affected by the value and volatility of the Units

The settlement amount of each Warrant is indexed to the performance of the units of three (3) Funds comprised in a fund basket. The Warrant is correlated to the performance of the units of three (3) Funds (i.e. the holder of one Warrant will receive a cash amount determined by the application of formulae), with a settlement at maturity which increases with the performance growth of the units of three (3) Funds. During its lifetime, the value of the Warrant will increase if the performance of the units of the three (3) Funds increases. The value of the Warrant for the holder can only be positive or zero, but never negative.

## DESCRIPTION OF THE ISSUER: EXANE FINANCE

### Corporate name, registered office and date of formation

The corporate name of the issuer is Exane Finance SA (the **Company** or **Exane Finance**, for the purposes of this section).

The Company is a French corporation (*société anonyme*), having its registered offices at 16, avenue Matignon – 75008 Paris – France, and identified under number 339 563 215 RCS Paris. Its telephone number is + 33 (0)1 44 95 40 00.

The Company was incorporated on 10 October 1991 for a term that expires on 10 October 2090.

### Corporate purpose

Pursuant to article 2 of its articles of association, the principal business of the Company, within the limits set forth by the legal and regulatory provisions governing financial companies, and "*subject to the provisions of the last paragraph of this article, is to:*

- *provide, both in France and outside France, investment services, services related to investment services as defined by the applicable regulations, and banking operations, including intermediation in banking transactions, the receipt of funds from the public, credit operations and the issue of securities, and activities related to banking operations, and all financial activities not prohibited by the applicable regulations;*
- *participate, both in France and outside France, in all commercial, financial, industrial, personal property and real estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism.*
- *The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."*

### Preparation of the annual accounts

Each financial year starts on 1 January and ends on 31 December.

### Statutory distribution of profits

From the profits of each year, less, if applicable, prior losses, are firstly withdrawn the amounts to be reserved. 5% is therefore withdrawn to constitute a legal reserve fund. This withdrawal is no longer compulsory when said fund is equal to a tenth of the capital stock. It is compulsory when, for any reason whatsoever, the reserve falls below this fraction.

The profits that may be distributed are composed of the yearly profits less prior losses and amounts reserved by law, plus positive carry-over.

On the recommendation of the Board of Directors, the general meeting may deduct from these profits amounts it considers appropriate to affect to an endowment to any reserve fund or to accumulate profits.

The balance, if any, is distributed between all shares, in proportion to their paid-up and unredeemed amount.

### Approval of annual accounts

The shareholders' Ordinary General Meeting shall approve the annual accounts.

### Share capital

The share capital of the Company is 5 119 904 Euros, composed of 319 .994 fully paid up ordinary shares each with a nominal value of 16 Euros.

The shares must be in registered form.

Unless otherwise provided by law, any transfer of shares to a third party, for any reason whatsoever, is subject to the approval of the board of directors, and under the conditions provided for by applicable legislative and regulatory provisions, and regulatory authorities.

The procedure for obtaining these approvals and the consequences of a refusal are those provided for by the legislation in force.

## **Distribution of capital**

As at 30 September 2014, the shares of the Company are held as follows:

- 319,988 shares held by Exane SA
- 1 share held by Nicolas Chanut
- 1 share held by Exane Derivatives SNC
- 1 share held by Bertrand Léonard
- 1 share held by Exane Limited
- 1 share held by Benoît Catherine
- 1 share held by Exane Derivatives Gérance SNC

The other companies held, directly or indirectly, by Exane SA are:

- Exane Derivatives SNC
- Exane Asset Management SAS
- Exane Limited
- Exane Inc
- Exane Options SA (99.9% owned company by Exane Derivatives SNC)
- Exane Options Inc (wholly-owned company by Exane Options SA)
- Ellipsis Asset Management SAS (99.99% owned company by Exane Derivatives SNC)
- Exane Asset Management Luxembourg (wholly-owned by Exane Asset Management SAS)
- Exane Derivatives Gérance SA
- Exane Participations SNC: a French commercial partnership managed by Exane Derivatives Gérance (having no operational activity)

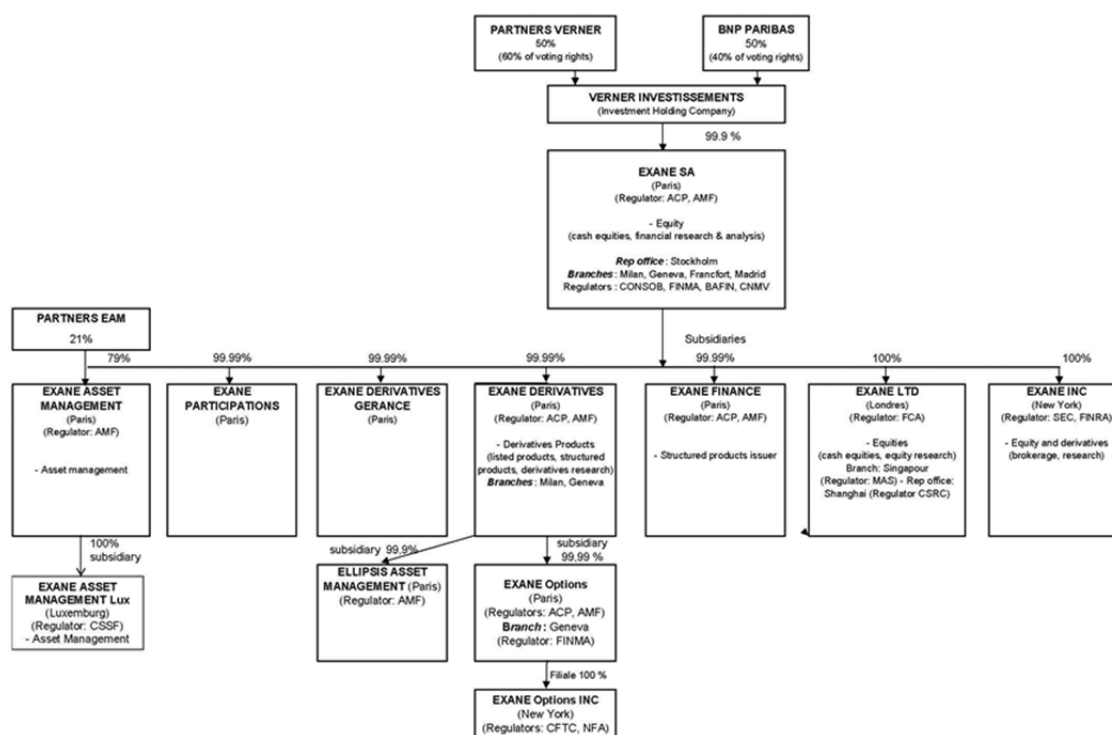
Exane Finance has no subsidiary.

Exane Finance is a 99.9% owned subsidiary of Exane SA and is a fully consolidated company.

Exane Finance is part of the Group: a simplified corporate structure chart appears below:

**Group** means Exane SA and any direct or indirect subsidiary (as defined in article L. 233-1 of the French commercial code) of Exane SA.

**EXANE'S GROUP ORGANIZATION CHART**  
as of January 2014



In accordance with the provisions of the Ministerial Order of 3 November 2014 relating to the internal control applicable to ACPR authorised banking, payment and investment services firms, the internal control system of the Exane group is two fold: permanent control and periodic control. Central control staff are involved in all the activities of the Exane group.

### Principal activities and the financial instruments of the Company

The principal business of the Company is the issue of debt securities (including certificates and bonds) and warrants. Exane Derivatives SNC generally acts as dealer of these issues, which then places these securities with clients.

The operations relating to these issuing activities are totally symmetrical between the issued product and the over the counter hedging transactions between Exane Derivatives SNC and the Company. The hedging transactions with Exane Derivatives SNC are determined at the same price as the instruments issued and subscribed. In view of this, the risks borne by the Company are managed, for internal control purposes, through the activities of Exane Derivatives SNC.

Certain debt securities (bonds and certificates) and warrants issued by the Company and guaranteed by Exane Derivatives are admitted to trading on the regulated market or on the Luxembourg Stock Exchange and/or Euronext Paris. The volumes traded on the Luxembourg Stock Exchange and/or Euronext Paris are not significant.

Exane Finance has also issued a declaration concerning freedom of services throughout the territories of the following countries: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

No significant new business line is foreseen by the Company.

### Authorisation of the Company

The Company is authorised as a credit establishment, financial company by the Resolution and Prudential Control Authority (*Autorité de Contrôle Prudentiel et de Résolution – ACPR*) and is authorised, in accordance with article L. 531-1 of the French monetary and financial code, to provide the following investment services as defined by article L. 321-1 of the French monetary and financial code: dealing on own account, portfolio management, investment advice and underwriting of financial instruments, as well as providing credit and guarantee services complementary to these services.

In exercising its business, the Company is subject to the control of the ACPR and of the Autorités des Marchés Financiers.

The ACPR control concerns accounting and prudential reporting based on the French applicable regulations. More specifically, in terms of prudential reporting, ratios are calculated solely on a consolidated basis. The Company does therefore not establish reporting on individual basis.

### **Employees**

The Company has no employees.

### **Administrative, management and supervisory bodies**

The Board of Directors of Exane Finance reviews the financial statements and the implementation of internal control procedures.

Exane Finance does not have an audit committee.

The Company complies with its country's of incorporation corporate governance regime.

#### *Board of Directors*

The members of the Board of Directors are:

- Nicolas Chanut, Chairman and Chief Executive Officer
- Exane SA represented by Bertrand Léonard, Member of the Board of Directors
- Benoît Catherine, Member of the Board of Directors.

For the purpose of this Prospectus, the business address of the members of Board of Directors is 16 avenue Matignon, 75008 Paris, France.

No member of the Board carries out significant activities outside the Exane group.

#### *Administrative, management and supervisory bodies conflicts of interests*

There are no potential conflicts of interests between any duties, to the Company, of any persons of the Board of Directors specified hereabove and their private interests and/or other duties.

#### *Responsibilities of the Board of Directors*

Subject to the restrictions set forth in the articles of association, the Board of Directors is responsible for the management of the Company.

#### *Management committee*

Benoît Catherine's appointment as a Chief Executing Officer was confirmed by the board of Directors held on 11 March 2015.

Mr Benoît Catherine is responsible for the management of the Company.

### **Auditors**

The auditors of the Company are as follows:

Statutory Auditor: Deloitte et Associés  
185, avenue Charles de Gaulle, 92200 Neuilly, France

Appointment: during the Ordinary and Extraordinary General Meeting of 29 March 2011 (renewal of the appointment) until the General Meeting responsible in 2017 for approving the accounts for the year ending 31 December 2016.

Member of the French *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Alternate Auditor: Bureau d'Etudes Administratives Sociales et Comptables  
7-9 Villa Houssay, 92200 Neuilly Sur Seine, France

Appointment: during the the Ordinary and Extraordinary General Meeting of 29 March 2011 (renewal of appointment) until the General Meeting responsible in 2017 for approving the accounts for the year ending 31 December 2016.

Member of the French *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Statutory Auditor: Mazars  
Tour Exaltis, 61, rue Henri Regnault, 92400 Courbevoie, France

Appointment: during the Ordinary and Extraordinary General Meeting of 29 March up to the General Meeting responsible in 2017 for approving the accounts for the year ending 31 December 2016.

Member of French *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Alternate Auditor: Michel Barbet-Massin  
Tour Exaltis, 61, rue Henri Regnault, 92400 Courbevoie, France

Appointment: during the Ordinary and Extraordinary General Meeting of 29 March 2011 up to the General Meeting responsible in 2017 for approving the accounts for the year ending 31 December 2016.

Member of *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

### Selected financial information

In K€	30 June 2013	31 December 2013	30 June 2014	31 December 2014
Net banking income	868	1 752	1 275	2 388
Operating income	831	1 680	1 235	2 300
Net income	553	1 120	824	1 534
Total assets	8 483 513	9 757 813	12 135 689	14 167 342
Total equity	3 195	3 762	3 467	7 169

### Investments

No specific investment has been undertaken since the date of the most recently published accounts or has been the subject of firm commitments for a future undertaking.



## DESCRIPTION OF THE GUARANTOR: EXANE DERIVATIVES

### Corporate Name, registered office and date of incorporation

The corporate name of the Guarantor is Exane Derivatives SNC (the **Company** or **Exane Derivatives** for the purposes of this description)

The Company is a French commercial partnership (*société en nom collectif*), having its registered office at 16, avenue Matignon – 75008 Paris – France, and identified under number 491 294 567 RCS Paris.

Its telephone number is + 33 (0)1 44 95 40 00.

The Company was set up as a *société anonyme*. It was converted into a *société en nom collectif* by a unanimous decision of the shareholders' extraordinary general meeting dated 2 March 2007.

The Company was incorporated on 1 August 2006 for a term that expires on 31 July 2105.

Rating :

- 17 June 2013 : Guarantor's long term credit rating is for Moody's: Baa2 with a stable outlook
- 4 July 2014: Guarantor's long term credit rating is for Standard & Poor's: BBB+ (BBB which means, as per the definition appearing on the website of Standard & Poors, "adequate capacity to meet financial commitments, but more subject to adverse economic conditions – Note: ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories") with a stable outlook and Guarantor's short term credit rating is for Standard & Poor's: A-2 with a stable outlook.

Moody's and Standard & Poor's are established in the European Union and are registered under the CRA Regulation, as it appears from the list published by the European Securities and Markets Authority dated 31 October 2011.

### Corporate purpose

Pursuant to article 2 of its articles of association, the principal business of the Company, "*within the limits provided for by the legal and statutory provision applicable to financial companies and subject to the last provisions of this article, is to:*

- *provide, in France and abroad, investment services, services related to investment services within the meaning of applicable regulations and, within the framework of its derivatives activities, certain banking transactions complementing the investment services, such as:*
  - *the granting of loans and related securities;*
  - *the receipt of time deposits*
- *participate, in France or abroad, in all commercial, financial, movable property and real-estate transactions howsoever relating to its corporate purpose, including via the incorporation of new companies, the contribution, subscription and purchase of securities and equity rights, mergers, partnerships or any other method.*
- *The Company shall perform those of its activities which are subject, within the framework of the regulations in force, to authorisation, in accordance with the requirements of the authorisation granted to it or any other authorisation granted to it in the future."*

### Preparation of the annual accounts

Each financial year starts on 1 January and ends on 31 December.

### Statutory distribution of profits

The profit and loss account shall show the annual profit or loss in accordance with the statutory provisions in force at the time.

Distributable profit shall be determined in accordance with the statutory provisions in force, inter alia after deduction of all mandatory charges, levies and provisions pursuant to the statutory provisions in force.

This profit shall be at the disposal of the partners which, in accordance with the statutory provisions in force, may decide to carry it forward, allocate it to any general or special reserve, use it to distribute dividends and/or use it for any other purpose not prohibited by the statutory provisions in force.

The partners may further decide, in accordance with the statutory provisions in force, to distribute any other available amounts pursuant to the said provisions; in such event, the decision taken shall expressly indicate the accounts from which the amounts are to be taken.

The sums made available for distribution shall be divided among the partners in proportion to the amount of share capital held by each partner.

Losses, if any, shall be governed by the provisions of these articles of association that do not breach the mandatory statutory provisions applicable to the Company and, if the articles of association are silent in this respect, by the statutory provisions applicable to the Company.

The management may decide to distribute interim dividends before approval of the annual financial statements in accordance with the statutory provisions in force at the time.

### **Approval of the annual accounts**

The partners' Ordinary General Assembly shall approve the annual accounts.

### **Share capital**

The share capital is of 17,248,320 Euros, composed of 1,724,832 fully paid-up shares and each with a nominal value of 10 Euros.

All shares must be registered shares.

Unless otherwise stipulated by law, any transfer of shares to a third party, for any reason whatsoever, is subject to the approval of all the partners.

### **Distribution of capital**

When the Company was incorporated as a *société anonyme*, the share capital was of 37,000 Euros, composed of 3,700 fully paid-up shares and each with a nominal value of 10 Euros, one of which being held by Exane Finance SA and the remaining 3,699 shares being held by Exane SA.

On 2 March 2007, further to the conversion of the Company into a *société en nom collectif*, the share capital was increased to 15,037,000 Euros, divided up as follows:

- 1 share held by Exane Finance SA,
- 1,503,699 shares held by Exane SA.

On 30 April 2008, further to the contribution of the shares of Exane Options, which became a wholly-owned subsidiary of the Company, the share capital was increased to 17,248,320 Euros, divided up as follows:

- 1 share held by Exane Finance,
- 1,742,831 shares held by Exane SA.

The other companies held, directly or indirectly, by Exane SA are:

- Exane Finance SA
- Exane Asset Management SAS
- Exane Asset Management Luxembourg SA (wholly-owned company by Exane Derivatives SNC)
- Exane Limited
- Exane Inc
- Ellipsis Asset Management SAS (99.99% owned company by Exane Derivatives SNC)
- Exane Options (a company 99.99% owned by Exane Derivatives SNC)
- Exane Options Inc (a company wholly owned by Exane Options SA).
- Exane Derivatives Gérance SA
- Exane Participations SNC: a French commercial partnership managed by Exane Derivatives Gérance SA without any operational activity.

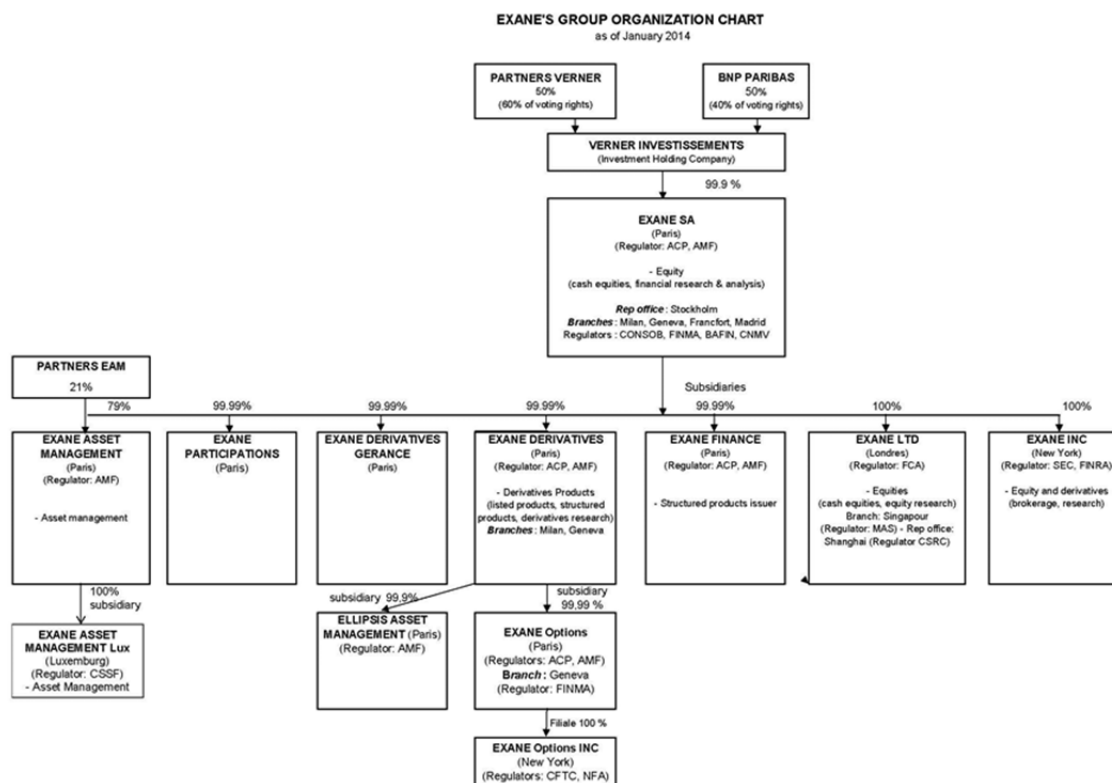
The Company has two subsidiaries, each 99.9% owned : Ellipsis Asset Management and Exane Options.

The Company is a 99.9% owned subsidiary of Exane SA and is a fully consolidated company.

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The Company forms part of the Group: a simplified Group structure chart appears below.

**Group** means Exane SA and any direct or indirect subsidiary (as defined in article L. 233-1 of the French commercial code) of Exane.



In accordance with article 6 of the CRBF 97-02 regulation, the internal control system of the Exane group is twofold: permanent control and periodic control. Central control staff are involved in all the activities of the Exane group.

### Principal activities and the financial instruments market of the Company

The Company distributes, among others, debt securities (bonds and certificates) and warrants in France and abroad

The Company has also issued a declaration concerning the freedom of services throughout the territories in the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, Czech Republic, Romania, United Kingdom, Slovakia, Slovenia and Sweden.

### Structure of the Company

The Company is authorised as a credit institution, financial company by the French Prudential Control Authority (*Autorité de Contrôle Prudentiel et de Résolution – ACPR*) and is authorised, in accordance with article L. 531-1 of the French monetary and financial code, to provide the following investment services as defined by article L. 321-1 of the French monetary and financial code: reception and transmission of orders on behalf of clients, execution of orders on behalf of clients, dealing on own account, investment advice, underwriting of financial instruments, placing of financial instruments on a firm commitment basis and placing of financial instruments without a firm commitment basis, as well as granting credit and guarantees associated with the above-mentioned investment services and the reception of forward deposits complementary to such services.

In exercising its business, Exane Finance is subject to the control of the ACPR.

This control concerns accounting and prudential reporting based on the French applicable CRBF regulations. More specifically, in terms of prudential reporting, ratios are calculated solely on a consolidated basis. The Company does therefore not establish reporting on an individual basis.

The Company is authorised to provide certain investment services within the meaning of article L.321-1 of the monetary and financial Code, as explained above, as well as, within the scope of its derivatives activities, a number of banking operations complementary to provision of investment services, such as granting of related credits and guarantees and the reception of forward deposits.

The Company also distributes to its customers the debt instruments (bonds and certificates) issued by Exane Finance, and underwritten by the Company and manages the positions.

The Company carries out brokering activities on listed derivatives products on behalf of institutional customers and carries out proprietary transactions of listed securities and derivatives.

Furthermore, the Company has the following offices abroad:

- Geneva: a branch of Exane Derivatives carrying out an equity derivatives business.
- Milan: a branch of Exane Derivatives carrying out an equity derivatives business.

## **History**

The Company was created to serve as the beneficiary of the contribution of the derivatives business of Exane SA, which occurred on 2 March 2007.

## **Employees**

As of 31 December 2013 and as of 31 December 2014, the Company had 202 employees.

## **Management**

Exane Derivatives Gérance SNC (as defined below), acting as manager of the Company, reviews the financial statements and the implementation of internal control procedures.

The Company complies with its country of incorporation corporate governance regime.

The Company is managed by one or more managers (the **Management**) who may but need not be partners.

The Manager of the Company is Exane Derivatives Gérance, itself represented by Nicolas Chanut, chairman and Chief Executive Officer.

The address of Exane Derivatives Gérance is 16, avenue Matignon – 75008 Paris – France.

The Management does not carry out significant activities outside the Exane group.

Subject to the restrictions set forth in the articles of association, the Management shall be responsible for the administration of the Company.

There are no potential conflicts of interests between any duties, to the Company, the Management and their private interests and/or other duties.

The Company does not have an audit committee.

## **Auditors**

The auditors of the Company are as follows:

Statutory Auditors : Deloitte et Associés  
185, avenue Charles de Gaulle  
92200 Neuilly  
France

Appointment: during the Board of Directors meeting of 27 July 2006 which adopted the constitutive articles of association. Renewed by the Ordinary General Meeting of 3 May 2012 for a six year term, until the General Meeting responsible in 2018 for approving the accounts for the financial year ended on 31 December 2017.

Member of the French *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Alternate Auditor : Bureau d'Etudes Administratives Sociales et Comptables  
7-9, villa Houssay  
92200 Neuilly  
France

Appointment: during the Board of Directors meeting of 27 July 2006 which adopted the constitutive articles of association. Renewed by the Ordinary General Meeting of 3 May 2012, for a six year term, until the General Meeting responsible in 2018 for approving the accounts for the financial year ended on 31 December 2017.

Member of the French *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Statutory Auditors : Mazars  
Tour Exaltis61,  
rue Henri Regnault  
92400 Courbevoie  
France

Appointment: during the Board of Directors meeting of 27 July 2006 which adopted the constitutive articles of association. Renewed by the Ordinary General Meeting of 3 May 2012, for a 6 year term, until the General Meeting responsible in 2018 for approving the accounts for the financial year ended on 31 December 2017.

Member of the French *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Alternate Auditor : Michel Barbet – Massin  
Tour Exaltis  
61, rue Henri Regnault  
92400 Courbevoie  
France

Appointment: during the Board of Directors meeting of 27 July 2006 which adopted the constitutive articles of association. Renewed by the Ordinary General Meeting of 3 May 2012, for a 6 year term, until the General Meeting responsible in 2018 for approving the accounts for the financial year ended on 31 December 2017.

Member of the French *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

#### **Selected financial information**

<b>In K€</b>	<b>30 June 2013</b>	<b>31 December 2013</b>	<b>30 June 2014</b>	<b>31 December 2014</b>
<b>Net banking income</b>	73 936	125 645	81 415	145 231
<b>Operating income</b>	25 797	36 119	29 786	43 441
<b>Net income</b>	18 825	26 616	22 957	33 536
<b>Total assets</b>	12 789 371	13 770 175	16 643 898	18 676 613
<b>Total equity</b>	27 877	45 667	68 624	79 203

#### **Investment**

No investment has been made since the last audited accounts or no firm commitments have been made regarding future investments.

## CONDITIONS OF THE FIRST DEMAND GUARANTEE OF EXANE DERIVATIVES

### *In respect of the securities issued by Exane Finance*

*Unofficial free translation for information purposes only of the French language version. In the event of any discrepancies, ambiguity or conflict between the French text and this translation, the French text shall prevail.*

Exane Finance (the **Issuer**) may issue under or outside its debt issuance programme (i) any securities either (a) linked to one or more, or a combination of, shares, indices, units or shares of collective investment schemes, futures contracts, exchange rates, debt instruments, listed options or commodities (the **Certificates**), or (b) linked to the creditworthiness of one or more reference entity/ies (the **Credit Linked Notes** or **CLN**), or (c) indexed to a combination of one or more Underlyings of the Certificates with one or more credit events in respect of one or more reference entities of the CLN (the **Hybrid Securities**) (together, the **Complex Debt Securities**), (ii) any notes either (a) linked to one or more, or a combination of, shares, indices, units or shares of collective investment schemes, futures contracts, exchange rates, debt instruments, listed options or commodities (the **Notes**), or (b) linked to the creditworthiness of one or more reference entity/ies (the **Credit Linked Notes** or **CLN**), or (c) linked to a combination of one or more Underlyings of the Notes with one or more credit events in respect of one or more reference entities of the CLN (the **Hybrid Notes**) (together the **Complex Notes**) and (iii) any warrants (together with the Complex Debt Securities and the Complex Notes, the **Exane Securities**). The manager of Exane Derivatives has authorised Exane Derivatives (the **Guarantor**) to grant a Guarantee in favour of the Holders of Exane Securities (the **Holders**).

#### **1. Guarantee**

The Guarantor hereby unconditionally and irrevocably guarantees, to the extent authorised by its Management, that, in the event of the Issuer's failure to pay when due (whether this date is the normal date, or whether it results from an early settlement or any other reason) any amount due on Exane Securities, for any reason whatsoever, it shall pay the said amount to the Holders in the payment currency required, by immediately making the funds available at the payment location required before the closing of banking operations on said date. All the Guarantor's payments must be made in accordance with the relevant Exane Securities conditions.

#### **2. Joint liability of the guarantor and the issuer**

The Guarantor hereby recognises that it is bound absolutely by the obligations defined hereinafter, and cannot claim to benefit from any legal circumstance constituting an exemption from liability or grounds for defence of a guarantor. For this purpose, the Guarantor recognises that it shall not be discharged, nor shall its liability be reduced, at any time, by payment terms, a waiver or an agreement given to the Issuer or to any other person, or by the failure of enforcement proceedings brought against the Issuer or any other person. In addition, the Guarantor recognises (1) that it shall not be discharged from its obligations if the Issuer's obligations become null and void because of a problem with the capacity, limitation or absence of authority of the Issuer (which includes a lack of capacity of the persons who have entered into the agreement on behalf or in the name of the Issuer), (2) that its obligations pursuant to this Guarantee shall remain in force and shall continue to produce their effects notwithstanding the dissolution, merger, consolidation or reorganisation of the Issuer, or if bankruptcy proceedings are initiated against the Issuer, or any other procedure similar to the receivership or liquidation of the Issuer, (3) that it shall not invoke any right of subrogation in the rights of the Holders and that it shall not initiate any procedure to obtain the execution of a right or any demand against the Issuer as long as amounts remain due by the Issuer in respect of Exane Securities, (4) that its obligations under this Guarantee shall not be dependent upon or subject to the validity or the enforcement of any other security granted by the Issuer or any other person to the Holders, nor to the existence or the creation of any security to the benefit of the Holders; and (5) that notice or formal demand by the Issuer or any other person is not a condition precedent to a payment by the Guarantor under this Guarantee.

#### **3. Extension of the Guarantor's liability**

The obligations of the Guarantor under this Guarantee shall remain in force and shall continue to produce all their effects as long as amounts remain due on Exane Securities.

#### **4. Settlement by the issuer**

If a payment received by a Holder is declared null and void pursuant to any rule governing bankruptcy proceedings or any other procedure similar to the receivership or liquidation of the Issuer, such payment shall not be deducted from the Guarantor's obligations and this Guarantee shall continue to apply as if such payment were still due from the Issuer.

#### **5. Enforceability of the Conditions**

The Guarantor undertakes to comply with the conditions of the relevant Exane Securities.

## **6. Governing law and jurisdiction**

This Guarantee shall be governed by and construed in accordance with French law. The Guarantor hereby agrees for the exclusive benefit of the Holders, that the competent courts within the jurisdiction of the Paris Court of Appeal shall have jurisdiction to rule on any action or proceeding with respect to this Guarantee.

Signed in Paris, 3 June 2013

### **EXANE DERIVATIVES**

By: Bertrand LEONARD,

*Deputy CEO of Exane Derivatives Gérance SA, Manager of Exane Derivatives*

## TAXATION

*Purchasing and/or selling Warrants may have tax implications for investors who may be subject, in particular, to investment tax rules and the legislation governing transfer and recording taxes. Investors who wish to identify the tax consequences that may result from the purchase, holding, sale or exercise of Warrants are invited to consult with their own independent, qualified tax advisor.*

*The Issuer and the Guarantor shall assume no liability, nor any other obligation in respect of the payment of all income or sales taxes, duties, withholdings at source or other charges that may be levied as the result of ownership or the transfer of Warrants, and all payments made by the Issuer or, if applicable, the Guarantor, shall be made subject to all income and sales taxes, duties, withholding and other charges that may have to be discharged, paid, taken or deducted.*

### GENERAL TAXATION INFORMATION

The following information provided below does not purport to be a complete description of the tax law. Potential purchasers of Securities are advised to consult their own tax advisers as to the tax consequences of transactions involving Securities.

For the purposes of this Taxation Part, Securities mean any securities issued by the Issuer, including the Warrants.

### SAVINGS DIRECTIVE

Under the Council Directive 2003/48/EC of 3 June, 2003 on taxation of savings income in the form of interest payments (the **Savings Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other Member State. However, for a transitory period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income with effect as from 1 January 2015.

A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

On 24 March 2014, the Council of the European Union adopted a directive amending the Savings Directive, which when implemented, will amend and broaden the scope of the requirements described above. In particular, the amending directive aims at extending the scope of the Savings Directive to new types of savings income and products that generate interest or equivalent income. In addition, tax authorities will be required in certain circumstances to take steps to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending directive. Such legislation must apply from 1 January 2017. It has been announced, however, that the Savings Directive may be repealed in due course in order to avoid overlap with Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU), pursuant to which Member States will generally be required to apply new measures on mandatory automatic exchange of information from 1 January 2016.

*The following is a summary based on the legislation as of the date of the Prospectus. It does not aim to be a comprehensive description of all French or Luxembourg tax considerations that may be relevant for a decision to invest in the Securities. The tax treatment for each investor depends on the particular situation. Investors are advised to consult their professional tax advisers as to the respective French or Luxembourg tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of the Securities in light of their particular circumstances.*

### GERMAN TAXATION

*The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This overview is based on the tax laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.*



As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.

Prospective purchasers of Securities are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Securities, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

### **Tax Residents**

The section "Tax Residents" refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

### **Withholding tax on on-going payments and capital gains**

On-going payments received by an individual holder of the Securities will be subject to German withholding tax if the Securities are kept in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*). The tax rate is 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%). If the individual holder is subject to church tax, a church tax surcharge may also be withheld.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, settlement, repayment or assignment after deduction of expenses directly related to the disposal, settlement, repayment or assignment and the cost of acquisition) derived by an individual holder provided the Securities have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. Where Securities are issued in a currency other than Euro any currency gains or losses are part of the capital gains. If interest coupons or interest claims are disposed of separately (i.e. without the Securities), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the settlement of interest coupons or interest claims if the Securities have been disposed of separately.

In case of a physical settlement of certain Securities which grant the Issuer or the holder the right to opt for a physical delivery of underlying securities instead of a money payment, the acquisition costs of the Securities may be regarded as proceeds from the disposal, settlement, repayment or assignment of the Securities and hence as acquisition costs of the underlying securities received by the individual holder upon physical settlement; any consideration received by the holder of the Securities in addition to the underlying securities may be subject to withholding tax. To the extent the provision mentioned above is applicable, generally no withholding tax has to be withheld by the Disbursing Agent upon physical settlement as such exchange of the Securities into the underlying securities does not result in a taxable gain for the individual holder. However, withholding tax may then apply to any gain resulting from the disposal, settlement, repayment or assignment of the securities received in exchange for the Securities. In this case, the gain will be the difference between the proceeds from the disposal, settlement, repayment or assignment of the underlying securities and the acquisition costs of the Securities (after deduction of expenses related directly to the disposal, if any).

To the extent the Securities have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Securities have been transferred into the custodial account of the Disbursing Agent only after their acquisition, upon the disposal, settlement, repayment or assignment withholding tax applies at a rate of 26.375% (including solidarity surcharge) on 30% of the disposal proceeds (plus interest accrued on the Securities (**Accrued Interest**, *Stückzinsen*, if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Securities by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the Savings Directive (e.g. Switzerland or Andorra).

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual holder of the Securities via the Disbursing Agent (e.g. losses from sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Securities or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder in the custodial account with the Disbursing Agent.

Individual holders may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly) for all investment income received in a given year. Upon the individual holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the holder of the Securities has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, settlement, repayment or assignment of Securities held by a corporation as holder while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Securities form part of a trade or business, subject to further requirements being met.

### ***Taxation of current income and capital gains***

The personal income tax liability of an individual holder deriving income from capital investments under the Securities is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Securities kept in custody abroad or if no Disbursing Agent is involved in the payment process or if the withholding tax on disposal, settlement, repayment or assignment has been calculated from 30% of the disposal proceeds (rather than from the actual gain), the individual holder must report his or her income and capital gains derived from the Securities on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable). Further, an individual holder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemised basis is not permitted.

Losses incurred with respect to the Securities can only be off-set with investment income of the individual holder of the Security realised in the same or the following years. Any losses realised upon the disposal of shares in stock corporations received in exchange for the Securities can only be offset against capital gains deriving from the disposal of shares.

Where Securities form part of a trade or business or the income from the Securities qualifies as income from the letting and leasing of property the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Securities form part of a trade or business, interest (accrued) must be taken into account as income. Where Securities qualify as zero bonds and form part of a trade or business, each year the part of the difference between the issue or purchase price and the settlement amount attributable to such year must be taken into account. The respective holder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the holder. Where Securities form part of a German trade or business the current income and gains from the disposal, settlement, repayment or assignment of the Securities may also be subject to German trade tax. Generally the deductibility of capital losses from the Securities which qualify for tax purposes as contracts for difference is limited. These losses may only be applied against profits from other contracts for difference derived in the same year or, subject to certain restrictions, the previous year. Otherwise these losses can be carried forward indefinitely and applied against profits from contracts for difference in subsequent years.

In the case of physically settled Securities special limitations may apply to losses from the disposal of an underlying which is a share in a corporation.

### **Non-residents**

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (i) the Securities form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "Tax Residents" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Securities are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Securities are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or settlement of a Security or an interest coupon are paid by a Disbursing Agent to a non-resident, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Securities will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Security is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Germany.

## Savings Directive

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the Savings Directive into German law. These provisions apply from 1 July 2005.

## AUSTRIAN TAXATION

*This section on taxation contains a brief overview of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Securities in the Republic of Austria. This overview does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. This overview furthermore only refers to investors which are subject to unlimited (corporate) income tax liability in Austria. It is based on the currently valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential purchasers of the Securities consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Securities. Tax risks resulting from the Securities (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 188 of the Austrian Investment Funds Act 2011 (Investmentfondsgesetz 2011)) shall in any case be borne by the purchaser. For the purposes of the following it is assumed that the Securities are legally and factually offered to an indefinite number of persons.*

### General remarks

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

### Income taxation of the Securities

Pursuant to sec. 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;
- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the sale, settlement and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and also broken-period interest; and
- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index Securities.

Also the withdrawal of the Securities from a bank deposit (*Depotentnahme*) and circumstances leading to Austria's loss of taxation right regarding the Securities vis-à-vis other countries, e.g., a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. sec. 27(6)(1) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Securities as a non-business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of

investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income that is paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to a withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25%. In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 27(8) of the Austrian Income Tax Act, losses from investment income may not be offset with other types of income. Negative income subject to the flat tax rate of 25% may not be offset with income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation). Further, an offsetting of losses from realised increases in value and from derivatives in the form of securities with (i) interest and other claims against credit institutions and (ii) income from Austrian or foreign private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) is not permissible.

Individuals subject to unlimited income tax liability in Austria holding the Securities as a business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%. While this withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must on the other hand be included in the income tax return (nevertheless flat income tax rate of 25%). In case of investment income without an Austrian nexus, the income must always be included in the income tax return (flat income tax rate of 25%). In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the sale, settlement and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of 25%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the Securities at a rate of 25%. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%, which can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied in the first place. Income from the sale of the Securities is subject to corporate income tax of 25%. Losses from the sale of the Securities can be offset against other income (and carried forward).

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Securities as a non-business asset are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives in the form of securities. Interim tax does not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the tax period. In case of investment income with an Austrian nexus (as described above) the income is in general subject to a withholding tax of 25%, which can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act no withholding tax is levied.

Pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent is obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent. If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then the withholding tax on the positive income is to be refunded, with such refund being limited with 25% of the negative income. In certain cases, the offsetting is not permissible. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit.

Pursuant to sec. 188 of the Austrian Investment Funds Act 2011, a foreign investment fund is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. Certain collective investment vehicles investing in real estate are exempted. It should be noted that the Austrian tax authorities have commented upon the distinction between index Securities of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations (*Investmentfondsrichtlinien*). Pursuant to these, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlyings by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Directly held bonds shall not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact of whether the index is a well-known one, an individually constructed "fixed" index or an index which is changeable at any time.

## **EU withholding Tax**

Sec. 1 of the Austrian EU Withholding Tax Act (*EU Quellensteuergesetz*) – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another EU member state (or in certain dependent or associated territories) are subject to a withholding tax of 35% if no exception from such withholding applies. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from withholding tax where the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her member state of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Regarding the issue of whether also index Securities are subject to the EU withholding tax, the Austrian tax authorities distinguish between index Securities with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest. The exact tax treatment of index Securities furthermore depends on their underlying.

## **Tax treaty between Austria and Switzerland**

On 1 January 2013 the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. The treaty provides that a Swiss paying agent has to withhold a withholding tax with the effect of final taxation corresponding to the Austrian income tax, amounting to 25%, on income and capital gains from assets booked with an account or deposit of such Swiss paying agent, if the relevant holder of such assets (i.e. in general individuals on their own behalf and as beneficial owners of domiciliary companies) is tax resident in Austria. The following income and capital gains are subject to the withholding tax: interest income, dividends and capital gains. The treaty, however, does not apply to interest covered by the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

## **Austrian inheritance and gift tax**

Austria does not levy inheritance or gift tax.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer mortis causa, in particular for bank deposits, publicly placed bonds and portfolio shares (i.e., less than 1%). The tax basis is the

fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Securities may trigger income tax on the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act (see above).

## **BELGIUM TAXATION**

*Set out below is an overview of certain Belgian tax consequences of acquiring, holding and selling the Securities. This overview is not intended to be an exhaustive description of all relevant Belgian tax considerations and investors should consult their own tax advisers regarding such considerations in relation to their own particular circumstances. The description of certain Belgian taxes set out below is for general information only and does not purport to be comprehensive. In particular, it does not cover the situation of non-residents nor the tax treatment of securities which may be received upon repurchase or settlement of the Securities.*

*For the purpose of the Belgian tax consequences described herein, it is assumed that the Securities issued under the Programme will qualify as claim rights for Belgian tax law purposes.*

*This overview is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this Base Prospectus and remains subject to any future amendments, which may or may not have retroactive effect.*

### **Belgian Withholding tax**

Any payment of interest (as defined by Belgian tax law) on the Securities made through a paying agent in Belgium will in principle be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 21%. A gain arising on the repurchase or settlement of the Securities by the Issuer is taxable as interest.

If the repurchase or settlement by the Issuer is in full or in part settled by means of a delivery of securities or other assets, interest includes any positive difference between the market value of those assets on the date of their payment or attribution and the initial issue price of the Securities. In the event interest is paid in the form of delivery of securities, the market value of those securities will be deemed at least equal to their value (prior to the date of the payment or attribution) as determined in the most recent publication by the Belgian Government of the value of securities listed on a Belgian stock exchange (such publication is issued monthly, on the 20th of each month) or on a similar foreign stock exchange.

In addition, if the Securities qualify as fixed income securities in the meaning of Article 2, §1, 8° Belgian Income Tax Code (ITC), in case of a realisation of the Securities between two interest payment dates, an income equal to the pro rata of accrued interest corresponding to the detention period is taxable as interest. For the purposes of the following paragraphs, such gains and pro rata of accrued interest are therefore referred to as interest.

### ***Belgian resident individuals***

For individuals subject to Belgian personal income tax (i.e., residents of Belgium who are subject to Belgian personal income tax) and who are not holding the Securities as a professional investment, all interest payments will be subject to a

21% Belgian withholding tax if the payment is made through a financial institution or other intermediary established in Belgium. In that case the investor does not need to report the interest income in its annual tax return, provided that it allows the Belgian intermediary to levy, in addition to the withholding tax, an "additional tax on investment income" at the rate of 4%. If the Investor elects not to declare such interest income, the withholding tax and the "additional tax on investment income" are the final tax for the Investor, resulting in an aggregate tax rate of 25%. If the Investor elects to declare the interest income, the withholding tax and the "additional tax on investment income" are credited against the Investor's final tax liability, and any excess can be refunded. In that case, the tax rate applicable to the interest income will depend on the Investor's annual income:

- if the taxpayer's Qualifying Investment Income (defined as (i) taxable interest income, other than interest income on Government bonds issued and subscribed in the period between 24 November 2011 and 2 December 2011, and (ii) taxable dividend income, other than liquidation bonuses) for the relevant tax year does not exceed the amount for income year 2013, the interest income generated by the Securities will be subject to personal income tax at a rate of 21% (without application of communal surcharges, according to statements made by the Minister of Finance, but this is currently not supported by the text of the law) or at the progressive personal income tax rates taking into account the taxpayer's other declared income, whichever is lower;
- if the taxpayer's Qualifying Investment Income for the relevant tax year exceeds the amount for income year 2013, the interest income generated by the Securities will be subject to personal income tax at a rate of 21% (without application of communal surcharges, according to statements made by the Minister of Finance, but this is currently not supported by the text of the law), and to the "additional tax on investment income" at the rate of 4% it being understood that such "additional tax on investment income" is only due on the tranche of Qualifying Investment Income that exceeds such amount. To determine whether part or all of the interest income generated by the Securities is included in the first tranche of such amount, the taxable investment income which is exempt from the "additional tax on investment income" (such as (i) taxable interest income from regulated saving deposits, (ii) interest income on Government bonds issued and subscribed in the period between 24 November 2011 and 2 December 2011 and (iii) dividends taxed at a rate of 25%) is counted first, except that liquidation bonuses are fully disregarded.

The taxpayer can avoid the levy by the Belgian intermediary of the 4% "additional tax on investment income" if the taxpayer allows the Belgian intermediary to communicate the taxpayer's identity and the amount of the taxpayer's interest income to a central contact point operated by the National Bank of Belgium, which in turn will automatically communicate this information to the Belgian income tax authorities if the total annual amount of Qualifying Investment Income communicated by the Belgian intermediary and other financial intermediaries with respect to that taxpayer exceeds the aforementioned threshold for income year 2013. The Belgian income tax authorities may also at any time request information on any investment income communicated to the central contact point with respect to a given taxpayer. If the taxpayer elects for the communication of the investment income to the central contact point, the 21% withholding tax does not discharge the taxpayer from the declaration of the interest income generated by the Securities in the taxpayer's personal income tax return. The taxpayer will need to declare this interest income, and the personal income tax rules applicable to such interest income will be identical to the rules set out above (i.e. personal income tax rate of 21% or 25%, again without application of communal surcharges, according to statements made by the Minister of Finance, or progressive personal income tax rate taking into account the taxpayer's other declared income).

If the payment is not made through a financial intermediary established in Belgium and withholding tax is not withheld, the investors must report the interest income in their annual tax return. The personal income tax rules applicable to such interest income will be identical to the rules set out above (i.e. personal income tax rate of 21% or 25%, again without application of communal surcharges, according to statements made by the Minister of Finance, or progressive personal income tax rate taking into account the taxpayer's other declared income) plus additional local taxes for interest received outside of the European Economic Area.

### ***Belgian companies***

Interest paid through an intermediary established in Belgium to a Belgian company subject to corporate income tax will generally be subject to Belgian withholding tax (the current applicable withholding tax rate is 21%). However, an

exemption may apply provided that certain formalities are complied with. For zero or capitalisation bonds, the above exemption will not apply, unless the Belgian company and the Issuer are associated companies within the meaning of Article 105, 6° RD/ITC. If Belgian withholding tax is applicable, Belgian companies are, in principle, entitled to set off Belgian withholding tax against their corporate income tax liability provided certain conditions are fulfilled.

### ***Belgian resident non-profit legal entities***

For Belgian legal entities subject to the non-profit legal entities income tax, all interest payments (as defined by the Belgian Income Tax Code) will be subject to withholding tax, currently at a rate of 21%.

If this interest is paid through a Belgian intermediary, such intermediary will have to levy withholding tax, currently at the rate of 21%. If no Belgian intermediary is involved, the withholding tax must be declared and paid by the legal entity itself.

### **Income tax**

For Belgian tax purposes, interest includes any interest paid on the Securities as well as any amount paid in excess of the initial price upon settlement or purchase by the Issuer.

### ***Belgian resident individuals***

For Belgian resident individuals who hold the Securities as a private investment, the personal income tax rules applicable to such interest income will be identical to the rules set out above (i.e. personal income tax rate of 21% or 25%, again without application of local surcharges, according to statements made by the Minister of Finance, or progressive personal income tax rate taking into account the taxpayer's other declared income).

Belgian resident individuals are not liable to income tax on capital gains realised upon the disposal of the Securities, provided that the Securities have not been used for their professional activity and that the capital gain is realised within the framework of the normal management of their private estate. Capital losses realised upon disposal of the Securities held as a non-professional investment are in principle not tax deductible.

### ***Belgian resident companies***

For any Belgian company subject to Belgian corporate income tax, all interest and any gain on a sale of the Securities will form part of that company's taxable profit. The current normal corporate income tax rate in Belgium is 33.99%.

Capital losses realised upon the disposal of the Securities are in principle tax deductible.

### ***Belgian resident non-profit legal entities***

For Belgian resident non-profit legal entities (i.e., residents of Belgium who are subject to Belgian non-profit legal entities tax), the 21% withholding tax levied on the interest will constitute the final tax burden in respect of such income.

Belgian non-profit legal entities are not liable to income tax on capital gains realised upon the disposal of the Securities to a party other than the Issuer.

Capital losses realised upon disposal of the Securities are in principle not tax deductible.

### **Tax on stock exchange transactions**

The sale and acquisition of the Securities will be subject to a tax on stock exchange transactions if executed in Belgium through a professional intermediary. The tax is generally due at a rate of 0.09% on each sale and acquisition separately, with a maximum of €650 per taxable transaction. Exemptions apply for certain categories of institutional investors and non-residents. Transactions on the primary market are no longer subject to the tax on stock exchange transactions.



## FRENCH TAXATION

### Withholding tax

*The following is an overview of certain withholding tax considerations that may be relevant to holders of debt instruments who do not concurrently hold shares of the Issuer.*

#### **Securities constituting debt instruments for French tax purposes**

Payments with respect to securities issued as from 1 March 2010 which constitute debt instruments for French tax purposes (other than such securities forming a single series (*assimilables* for the purposes of French law) as further described below) fall under the new French withholding tax regime pursuant to Article 125 A of the French General Tax Code (the “**Law**”). Payments of interest and other revenues made by Exane Finance on such securities will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*État ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a “**Non-Cooperative State**”). If such payments under such securities are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, interest and other revenues on such Securities may not be deductible from Exane Finance's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of 30% or 75%.

Notwithstanding the foregoing, the Law provides that neither the 75% withholding tax nor the non-deductibility will apply in respect of a particular issue of such Securities if Exane Finance can prove that the principal purpose and effect of such issue of such securities was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI – INT – DG-20-50-20140211 and BOI – ANNX – 000364 - 20120912, an issue of such securities will benefit from the Exception without the French debtor having to provide any proof of the purpose and effect of such issue of securities, if such securities are:

- i) offered by means of a public offer within the meaning of Article L. 411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

In addition, pursuant to Article 125 A of the French General Tax Code, subject to certain limited exceptions, interest received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) may also be levied by way of withholding tax at an aggregate rate of 15.5% on interest paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

#### **Securities not constituting debt instruments for French tax purposes**

Subject to the immediately following paragraph, payments in respect of securities issued by Exane Finance which do not constitute debt instruments for French tax purposes irrespective of their date of issue may either not be subject to French withholding tax, or else benefit from an exemption from French withholding tax provided that the beneficial owner of such securities and the payment thereunder is resident or domiciled in a country which has entered into an appropriate double taxation treaty with France and fulfils the relevant requirements set out in such double taxation treaty.

Under certain circumstances, and subject to the more favourable provisions of any applicable double tax treaty, payments in respect of such securities may also be recharacterised as constructive dividends and subject to a withholding tax at a rate of 30% or 75% if they are paid or accrued to persons established or domiciled in a Non-Cooperative State, or paid in such a Non-Cooperative State.

Potential purchasers of securities which are resident or domiciled in a country which has not entered into an appropriate double taxation treaty with France or which are located or established in a Non-Cooperative State are advised to consult their own appropriate independent and professionally qualified tax advisors as to the tax consequences of any investment in, ownership of or transactions involving the securities.

## ITALIAN TAXATION

*The following is an overview of the principal Italian tax issues at the date hereof in relation to certain aspects of the Italian taxation on payments of principal and interest in respect of the Securities. The statements do not deal with other Italian tax aspects regarding the Securities and relate only to the position of persons who are absolute beneficial owners of the Securities. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Holders who are in any doubt as to their tax position should consult their professional advisers.*

Italy has implemented the Savings Directive through Legislative Decree no. 84 of 18 April 2005 (the **Decree no. 84**). Under Decree no. 84, subject to a number of important conditions being met, interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

### Italian Resident Holders

#### *Interest on Securities*

Interest, premiums and other proceeds relating to Securities which qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) and are issued by a non-Italian resident are subject, pursuant to Legislative Decree no. 239 of 1 April 1996, to an *imposta sostitutiva* equal to 20%. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value. Such *imposta sostitutiva* is applied on interest and other proceeds accrued during the relevant holding period received by (i) an Italian individual otherwise than in connection with entrepreneurial activity to which the Securities are connected (unless he has entrusted the management of his financial assets, including the Securities, to an authorised intermediary and has opted for the Asset Management Option according to Legislative Decree no. 461 of 21 November 1997); (ii) Italian partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations as indicated in Article 5 of Presidential Decree no. 917 of 22 December 1986; (iii) an Italian non-commercial private or public entity; or (iv) the Italian State and public entities or Italian entities exempt from Italian corporate income taxation. In case the Holders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

No *imposta sostitutiva* is due with respect to interest and other proceeds paid to Italian resident companies, commercial partnerships or Italian permanent establishments of non-resident companies and the Securities are deposited with an authorised intermediary. Such proceeds must be included in the relevant Holder's taxable income subject to Italian corporate income tax (IRES) and, in certain circumstances depending on the "status" of the Holders, also as part of its net value of production for the purposes of regional tax on productive activities (IRAP).

If the Holder is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Securities are held by an authorised intermediary, income accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund.

Where an Italian resident Holder is a pension fund and the Securities are deposited with an authorised intermediary, income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11% substitute tax.

Under the current regime provided by Law Decree No. 351 of 25 September 2001 (**Decree 351**) income in respect of the Securities accrued by Italian resident real estate investment funds is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *Società di Intermediazione Mobiliare* (“SIMs”), fiduciary companies, *Società di gestione del risparmio* (“SGRs”), stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and (b) intervene, in any way, in the collection of interest or in the transfer of the Securities. For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities or in a change of the Intermediary with which the Securities are deposited.

*Where the Securities are not deposited with an Intermediary, the imposta sostitutiva is applied and withheld by any entity paying interest to a Holder.*

### **Atypical securities**

Interest payments relating to Securities that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 20% pursuant to Article 8 of Law Decree no. 512 of 30 September 1983. This withholding tax is applied by the Italian resident intermediary intervening in the payment save where Securities are held by a commercial partnership, a commercial private and public institution resident in Italy for tax purposes or by an Italian permanent establishment of a non-Italian resident entity. These entities must include the proceeds in their taxable business income.

### **Capital gains**

Capital gains realised on the disposal of the Securities by an Holder which is (a) an Italian resident corporation or similar commercial entity, (b) an Italian individual engaged in entrepreneurial activities to which the Securities are effectively connected, or (c) a permanent establishment in Italy of a non-Italian resident to which the Securities are effectively connected, as well as unrealised gains reported in the statutory financial statements, must be included in the relevant Holder's taxable income subject to corporate income tax (IRES) and, in certain circumstances depending on the "status" of such Holder, also as part of the net value of production for IRAP purposes.

According to article 5 of Legislative Decree no. 461 of 21 November 1997, capital gains realised by Italian resident individuals, not engaged in entrepreneurial activities to which the Securities are effectively connected, and by certain other non commercial entities upon the sale for consideration or settlement of the Securities are subject to a substitute tax (*imposta sostitutiva*) currently at the rate of 20%. Under the tax return regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains is applicable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised in a fiscal year pursuant to all disposals of Securities and other financial instruments triggering a capital gain that is subject to the same tax regime, carried out during any given fiscal year. These individuals and non commercial entities must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual income tax return to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax return regime, according to article 6 of Legislative Decree no. 461 of 21 November 1997, Italian resident individuals not engaged in entrepreneurial activities to which the Securities are effectively connected and certain other non commercial entities may elect to pay the *imposta sostitutiva* separately on the capital gains realised

upon each sale or settlement of the Securities (under a so-called "*Risparmio Amministrato*" regime, which is managed through the provision of non discretionary asset management services to the taxpayer). Such a separate taxation of each capital gain is allowed subject to: (a) the Securities being deposited with an Italian bank, a *Società di Intermediazione Mobiliare* (SIM) or with certain authorised financial intermediaries, (b) each relevant capital gain being realised through such intermediary, and (c) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Holder. The financial intermediary, also on the basis of the information provided by the taxpayer, accounts for *imposta sostitutiva* in respect of capital gains realised on each sale or settlement of Securities (as well as in respect of capital gains realised at revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount of tax to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Holders.

Under the *Risparmio Amministrato* regime, where a sale or settlement of Securities results in a capital loss, such loss may be used to reduce the subsequent capital gains realised in the same tax year and up to the following fourth. All gains that have been subject to the *Risparmio Amministrato* regime do not have to be included in the yearly income tax return of the Holders.

Also as an alternative to the tax return regime, according to article 7 of Legislative Decree no. 461 of 21 November 1997, the increase or decrease in the fair market value of the Securities, as well as the gains or losses realised upon the sale for consideration or settlement of the same securities by Italian resident individuals not engaged in entrepreneurial activities to which the Securities are effectively connected, and by certain other non commercial entities, who have elected for the so-called "*Risparmio Gestito*" regime (namely, a regime managed by an intermediary providing discretionary management services), will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, which is subject to a 20% *imposta sostitutiva*, applied directly by the authorised asset manager. Under the *Risparmio Gestito* regime, any net depreciation of the managed assets accrued at year end may be carried forward and deducted against future increase in value of the managed assets in the four succeeding years. All gains that have been subject to the *Risparmio Gestito* regime do not have to be included in the yearly income tax return of the Holder.

Any capital gains realised by a Holder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio.

Any capital gains realised by a Holder which is an Italian pension fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11% Substitute tax.

Any capital gains realised by Italian resident real estate fund to which the provisions of Decree 351 apply, will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate fund.

### **Non-Italian Resident Holders**

No Italian withholding tax or *imposta sostitutiva* is applied on payments to a non-Italian resident Holder of interest or premium relating to the Securities provided that, if the Securities are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of interest on such Securities, the non-Italian resident Holder may be required to produce to the Italian bank or other intermediary a self-declaration stating itself to be a non-Italian resident according to Italian tax regulations.

Capital gains realised by non-Italian resident Holders from the sale or settlement of the Securities are not subject to Italian taxation, provided that the Securities are held outside Italy.

The 20% *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or settlement of the Securities by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Securities are effectively connected, if the Securities are held in Italy. However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Securities are

effectively connected through the sale for consideration or settlement of the Securities are exempt from taxation in Italy to the extent that the Securities are listed on a regulated market in Italy or abroad.

If the Securities are not listed on a regulated market in Italy or abroad, non-Italian resident Holders, with no permanent establishment in Italy to which the Securities are effectively connected are exempt from the *imposta sostitutiva* on any capital gains realised upon sale for consideration or settlement of the Securities if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or settlement of Securities are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or settlement of the Securities.

### **Inheritance and Gift Taxes**

Italian inheritance and gift tax has to be paid at the transfer of assets (such as the Securities) and rights by reason of death or gift.

As regards the inheritance and gift tax to be paid at the transfer of the Securities by reason of death or gift, the following rates apply:

- (a) transfers in favour of spouses and direct descendants or direct relatives are subject to a registration tax of 4% on the value of the inheritance or the gift exceeding Euro 1,000,000.00 for each transferor;
- (b) transfers in favour of brothers and sisters are subject to a registration tax of 6% on the value of the inheritance or the gift exceeding Euro 100,000.00 for each transferor;
- (c) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree, are subject to a registration tax of 6% on the entire value of the inheritance or the gift;
- (d) any other transfer is subject to a registration tax of 8% on the entire value of the inheritance or the gift; and
- (e) transfers in favour of seriously disabled persons are subject to a registration tax at the relevant rate as described above on the value of the inheritance or the gift exceeding Euro 1,500,000.00 for each transferor.

### **Transfer Tax**

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of Securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of Euro 168.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Holder in respect of any Security which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.15%; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or settlement amount of the Securities held. The stamp duty can neither be lower than Euro 34.20, nor (for taxpayers other than individuals) exceed Euro 4,500.

In the absence of specific guidelines, the stamp duty may apply both to Italian resident and non-Italian resident Holders, to the extent that Securities are held with an Italian-based financial intermediary.

## **Wealth tax on Securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.15%.

This tax is calculated on the market value of the Securities at the end of the relevant year or – if no market value figure is available – the nominal value or the settlement value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

## **Italian Financial Transaction Tax (FTT)**

As of 1 March 2013 Italian shares and other participating instruments, as well as depository receipts representing those shares and participating instruments irrespective of the relevant issuer (cumulatively referred to as **In-Scope Shares**), received by an Investor upon physical settlement of the Certificates may be subject to a 0.22% (reduced to 0.2% since 2014 onwards) Finance Transaction Tax (**FTT**) calculated on the higher of the exercise value of the Certificates and the normal value of the In-Scope Shares (which for listed securities is generally equal to the 30 days prior average market price).

As of 1 July 2013 Investors on derivative transactions or securitised derivatives, other than bonds or debt securities but including certificates, mainly having as underlying or mainly linked to In-Scope Shares are subject to FTT at a rate ranging between €0.01875 and €200 per counterparty, depending on the notional value of the relevant derivative transaction or transferable securities calculated pursuant to Article 9 of Ministerial Decree of 21 February 2013. FTT applies upon subscription, negotiation or modification of the Certificates.

## **Payments under the Guarantee**

There is no authority directly on point regarding the Italian tax regime of payments made by the Guarantor under the Guarantee. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

Following an interpretation of the Italian tax law, payments made to Italian resident Holders by the Guarantor in respect of the Securities, must be included in the relevant Holder's taxable income subject to Italian taxation according to the ordinary rules and such payments will not be subject to any Italian withholding tax.

In accordance with another interpretation, any such payment made by the Guarantor should be treated, in certain circumstances, as a payment by the issuer and made subject to the tax treatment described under "Interest on Securities" above.

## **LUXEMBOURG TAXATION**

*The following overview is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*We draw your attention to the fact that reference to "residence" which is used in the developments below solely applies for the purposes of Luxembourg tax law. Any reference in the present section to withholding tax or tax of a similar nature only refers to Luxembourg tax laws and/or concepts.*

### **Non-resident holders of Securities**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of

Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon settlement or repurchase of the Securities held by non-resident holders of Securities.

Under the Laws implementing the Savings Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 35%.

### **Resident holders of securities**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon settlement or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10%.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favor of automatic information exchange under the Savings Directive.

## **NETHERLANDS TAXATION**

*The following overview outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, settlement and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This overview is intended as general information only for holders of Securities who are residents or deemed residents of the Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.*

*This overview is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.*

*This overview does not address the Netherlands tax consequences for:*

- (f) holders of Securities holding a substantial interest (aanmerkelijk belang) or deemed substantial interest (fictief aanmerkelijk belang) in the Issuer and holders of Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;*
- (g) persons to whom the beneficial interest in the common shares is attributed based on the separated private assets (afgezonderd particulier vermogen) provisions of the Dutch income tax act 2001 (Wet inkomstenbelasting 2001);*

- (h) *investment institutions (fiscale beleggingsinstellingen); and*
- (i) *pension funds, exempt investment institutions (vrijgestelde beleggingsinstellingen) or other entities that are exempt from Netherlands corporate income tax.*

*Where this overview refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.*

*For the purpose of the Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.*

### **Netherlands Withholding tax**

All payments made by the Issuer under the Securities, may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### **Netherlands Corporate and Individual Income Tax**

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the settlement, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Securities and gains realised upon the settlement, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (j) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Securities are attributable; or
- (k) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor condition (b) applies to the holder of Securities, taxable income with regard to the Securities must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the Holder of the Securities less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Securities will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments are taxed at a rate of 30%.

### **Netherlands Gift and Inheritance Tax**

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled and is subject to Dutch gift and inheritance tax if the donor is, or is deemed to be a resident of the Netherlands at that time.



A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a donation within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

### **Netherlands Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of a cash payment made under the Securities, or in respect of a transfer of Securities.

### **Other Netherlands Taxes and Duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

## **SWEDISH TAXATION**

*The following comments are of a general nature and included herein solely for information purposes. These comments are limited to Swedish withholding taxation relating to holders of Securities that are considered to be Swedish residents for Swedish tax purposes (unless otherwise stated) in respect of amounts that are considered to be interest for Swedish tax purposes as currently applicable and do not contain any statements as to the Swedish tax liability and tax consequences of the purchase, holding or disposal of the Securities. These comments do not address credit of foreign taxes. Further, these comments do not address situations where Securities are held in an investment savings account (Sw. investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. These comments are not intended to be, nor should they be construed to be, legal or tax advice. No representation with respect to the consequences to any particular prospective holder of a Security is made hereby.*

*The information contained in this section is not comprehensive and is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of the Securities. It is based upon Swedish tax laws and practice as in effect as of the date hereof which are subject to change.*

*PROSPECTIVE PURCHASERS OF THE SECURITIES ARE ADVISED TO CONSULT THEIR OWN ADVISORS AS TO THE SWEDISH TAX AND OTHER TAX CONSEQUENCES (INCLUDING THE APPLICABILITY AND EFFECT OF TAX TREATIES FOR THE AVOIDANCE OF DOUBLE TAXATION) OF AN INVESTMENT IN THE SECURITIES IN THEIR PARTICULAR CIRCUMSTANCES.*

### **Swedish tax residents**

There is no Swedish withholding tax at source (*källskatt*) applicable on payments made by the issuer in respect of the Securities. However, Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Securities a preliminary tax of 30% will be deducted from all payments of interest in respect of the Securities made to any individuals, or estates, that are resident in Sweden for tax purposes provided the paying entity is subject to reporting obligations. A preliminary tax of 30% will also be deducted from any other payments in respect of the Securities not treated as capital gains, if such payments are paid out together with payments treated as interest. Depending on the relevant holder's overall tax liability for the relevant fiscal year the preliminary tax may contribute towards, equal or exceed the holder's overall tax liability with any balance subsequently to be paid by or to the relevant holder, as applicable.

### **Non-residents**

There is no Swedish withholding tax on interest payments to non-residents.

## U.S. TAX

### U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT WITHHOLDING

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **Recalcitrant Holder**). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Securities characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Securities characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued before the grandfathering date, and additional Securities of the same series are issued on or after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. Treasury has announced that it is working to explore options for intergovernmental engagement with Luxembourg. The United States and France have entered into an agreement based largely on the Model 1 IGA (a **US-France IGA**).

The Issuer expects to be treated as a Reporting FI pursuant to a US-France IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Securities are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Securities is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

#### **U.S. HIRING INCENTIVES TO RESTORE EMPLOYMENT ACT**

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986, which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30% U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the U.S. Internal Revenue Service (**IRS**). A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Proposed U.S. Treasury regulations expand the definition of "specified notional principal contract" beginning 1 January 2014.

While significant aspects of the application of Section 871(m) to the Securities are uncertain, if the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Securities.

#### **CIRCULAR 230**

To ensure compliance with IRS Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Base Prospectus or any document referred to herein is not intended or written to be used, and cannot be used, by prospective investors for the purpose of avoiding penalties that may be imposed on them under the Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

## SUBSCRIPTION, PURCHASE AND SELLING RESTRICTIONS

Exane Derivatives has, pursuant to a warrant purchase agreement dated 9 June 2014 (the “**Warrant Purchase Agreement**”), agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscription and payment for, failing which, to subscribe and pay for, all the Warrants.

### General

No action has been or will be taken by the Issuer or Exane Derivatives that would permit a public offering of the Warrants or possession or distribution of any offering material in relation to the Warrants in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants, or distribution of any offering material relating to the Warrants, may be made in or from any jurisdiction, or to any person except in circumstances which will result in compliance with any applicable laws and regulations applicable in such jurisdiction or to such person and will not impose any obligations on the Issuer or Exane Derivatives.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), offers of Warrants which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State may not be made except, with effect from and including the Relevant Implementation Date, offers of such Warrants to the public in the Relevant Member State may be made:

- (a) if Prospectus of the Warrants specifies that an offer of those Warrants may be made other than pursuant to article 3(2) of the Prospectus Directive in the Relevant Member State (a “**Non-Exempt Offer**”), following the date of publication of a prospectus in relation to those Warrants which has been approved by the competent authority in the Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority of that Relevant Member State, provided that such prospectus contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus, if applicable, and the Issuer has consented in writing to its use for the purposes of that Non-Exempt Offer;
- (b) at any time to any legal entity which is a *qualified investor* as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), subject to obtaining the prior consent of the Issuer or the relevant Dealer for any such offer; or
- (d) at any time in circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of Warrants referred to in (a) to (d) above shall require the Issuer to publish a prospectus pursuant to article 3 of the Prospectus Directive, or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Warrants to the public**” in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC, as amended to the extent implemented in the Relevant Member State, and includes any relevant implementing measure in the Relevant Member State.

### United States

The Warrants and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “**Securities Act**”). Subject to certain exceptions, Warrants may not be offered or sold within the United States or to, or for the account or the benefit of, U.S. persons. The Dealer has represented and warranted, and each further Dealer appointed under the Prospectus will be required to represent and warrant, that it will not offer or sell any Warrants within the United States except as permitted by the Warrant Purchase Agreement.

In addition, until forty (40) days after the commencement of the offering of any identifiable tranche of Warrants, an offer or sale of Warrants within the United States by any underwriter (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Republic of France**

The Dealer represents and warrants that:

- (i) it has not made an offer to the public (*offre au public*) in France nor sold the Warrants to the public in France prior to the period beginning on the date of notification to the *Autorité des marchés financiers (AMF)* by the *Commission de Surveillance du Secteur Financier (CSSF)* of the approbation of the Prospectus in accordance with the provisions of articles L. 412-1 and L.621-8 of the French monetary and financial code and with the provisions of the AMF General Regulation and ending at the latest twelve months after the date of approval of the Prospectus; or
- (ii) it has not, with regards to a private placement of the Warrants in France, offered or sold directly or indirectly the Warrants to the public in France and it will not offer or sell directly or indirectly the Warrants to the public in France; it has not distributed, nor cause to distribute to the public in France of the Prospectus, or any other document relating to the Warrants and such offer, sale and distribution of the Warrants in France will be made only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*) or to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in articles L. 411-1, L. 411-2 and D. 411-1 and D. 411-1 French monetary and financial code.

## GENERAL INFORMATION

### Authorisations

No consent, approval or authorisation must be obtained under French legislation from French governmental or regulatory authorities for the requirements or the execution of the Guarantee.

The Warrants do not constitute obligations as defined by article L. 228-38 of the French commercial code. Therefore, any issue of Warrants falls within the general powers of the Chairman and CEO or any other Chief Operating Officer, or any other person so delegated in this respect.

### Guarantee

In accordance with article L. 225-35 of the French commercial code, on 1<sup>st</sup> December 2014, the management of Exane Derivatives renewed the guarantee in favour of Holders of debt securities (bonds, CLN, hybrid securities and certificates) and warrants issued by Exane Finance on and after 1<sup>st</sup> December 2014 for a maximum commitment of three billion five hundred thousand euros (EUR 3,500,000,000).

### Approval, listing and admission to trading on the Luxembourg Stock Exchange

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Warrants to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

### Clearing Systems

The Warrants have been accepted for clearance through Euroclear France with the following reference numbers:

ISIN number: FR0011947738

Common code: 107316183

### Disputes

Over the last 12 months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware), which may have, or have had in the recent past, significant effects on the Issuer or on the Guarantor and/or on the group's financial position or profitability.

### No material adverse change / No significant change

No material adverse change has occurred in the prospects of the Issuer or of the Guarantor since the last financial year ended on 31 December 2014.

No significant change has occurred in the financial position and trading position of the Issuer or of the Guarantor since the last financial statements established on 31 December 2014.

### Conflict of interest

Conflicts of Interests of natural and legal persons involved in the issue / offer

So far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer.

### Placement and subscription

Exane Derivatives pays a fee to third parties in connection with the placement of this product in the form of either commission or an amount equal to the difference between the subscription price for the Warrants and the price payable by investors. Further information on the amount of any fees paid are available on request from Exane Derivatives (16, avenue Matignon – 75008 Paris - France).

### **Use of Proceeds**

The net proceeds from the issue of Warrants will be applied by the Issuer for its general corporate purposes. A substantial portion of the proceeds from each issue of Warrants will be used to establish various hedging financial instruments in respect of such Warrants.

Estimated net proceeds: SEK 4,060,000.00

### **Availability of documents**

As long as Warrants remain outstanding, copies of the following documents may be obtained free of charge on request, during business hours, from the designated establishment of the Issuer or the Guarantor and from each paying agent (including the Paying Agent in Luxembourg), ie:

- (a) the Issuer's articles of association;
- (b) the Guarantor's articles of association;
- (c) the Issuer's 2013 and 2014 audited annual accounts;
- (d) the Issuer's unaudited half yearly accounts (as of 30 June 2014);
- (e) the Guarantor's 2013 and 2014 audited annual accounts;
- (f) the Guarantor's unaudited half yearly accounts (as of 30 June 2014).

As long as Warrants remain outstanding, copies of the following documents may be inspected, by physical means, during business hours at the designated office of the Issuer or of the Guarantor and each paying agent (including the Paying Agent in Luxembourg), being:

- (a) the Warrant Agency Agreement;
- (b) the Warrant Agency Letter;
- (c) the Guarantee; and
- (d) the Prospectus.

### **Conditions for determining price**

In relation to the issue of Warrants, the conditions for determining price of such Warrants have been determined by the Issuer and the relevant Dealer in accordance with prevailing market conditions at the time of the issue of the Warrants.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to the underlying fund units, except as required by any applicable laws and regulations.

## **DECLARATION OF RESPONSIBILITY**

### **PERSONS ASSUMING RESPONSIBILITY FOR THE PROSPECTUS**

Having taken all reasonable care to ensure that such is the case the information contained in the Prospectus is, to the best of the knowledge of the Issuer and the Guarantor, in accordance with the facts and contains no omission likely to affect the import of such information.

The Issuer and the Guarantor accept joint responsibility for the information contained or incorporated by reference in the Prospectus.

The Issuer

**EXANE FINANCE**

The Guarantor

**EXANE DERIVATIVES**

Benoit CATHERINE

*Chief Executing Officer – Exane Group*

Nicolas CHANUT

*Chairman and Chief Executing Officer – Exane Group*



**ISSUER**

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**GUARANTOR**

**Exane Derivatives**  
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France

**DEALER**

**Exane Derivatives**  
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**PRINCIPAL WARRANT AGENT**

**Exane Derivatives**  
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75008 Paris  
France

**PAYING AGENT IN LUXEMBOURG**

**BNP PARIBAS Securities Services, Luxembourg Branch**  
33, rue de Gasperich  
L-5826 Hesperange  
Luxembourg

**LISTING AGENT IN LUXEMBOURG**

**BNP PARIBAS Securities Services, Luxembourg Branch**  
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**CALCULATION AGENT**

**Exane Derivatives**  
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