

## NOTE CERTIFICATE

Serial Number: 001

**MORGAN STANLEY INTERNATIONAL LIMITED**  
*(incorporated with limited liability under the laws of England)*

**USD 800,000,000**

### **Perpetual Unsecured Fixed Rate Securities issued 2022**

This Certificate is issued in respect of the USD 800,000,000 Perpetual Unsecured Fixed Rate Securities issued 2022 (the "**Securities**") of Morgan Stanley International Limited (the "**Issuer**"). The Securities are constituted by a deed of covenant dated 13 June 2022.

Any reference herein to the "**Conditions**" is to the terms and conditions of the Securities endorsed hereon and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

This is to certify that:

**MORGAN STANLEY INTERNATIONAL HOLDINGS INC.**

of c/o The Corporation Trust Company (DE), Corporation Trust Centre, 1209 Orange Street,  
Wilmington DE 19801, USA

is the person registered in the register maintained by the Issuer in relation to the Securities (the "**Register**") as the duly registered holder or, if more than one person is so registered, the first-named of such persons (the "**Holder**") of:

**USD 800,000,000**  
**(EIGHT HUNDRED MILLION UNITED STATES DOLLARS)**

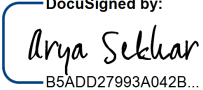
in aggregate principal amount of the Securities.

The Issuer, for value received, hereby promises to pay to the Holder such principal sum on such date (if any) as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rates specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

This Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of this Certificate.

**AS WITNESS** the signature of a duly authorised person for and on behalf of the Issuer.

**MORGAN STANLEY INTERNATIONAL LIMITED**

By:  .....  
(duly authorised)

**EXECUTION VERSION**

**MORGAN STANLEY INTERNATIONAL LIMITED**

**USD 800,000,000**

**PERPETUAL UNSECURED FIXED RATE SECURITIES ISSUED 2022**

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**DEED OF COVENANT**

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**THIS DEED OF COVENANT** is made on 13 June 2022

**BY**

(1) **MORGAN STANLEY INTERNATIONAL LIMITED** (the "**Issuer**")

**IN FAVOUR OF**

(2) **THE PERSONS** for the time being and from time to time registered as holders of the Securities referred to below (the "**Securityholders**").

**WHEREAS**

(A) The Issuer has authorised the creation and issue of USD 800,000,000 in aggregate principal amount of Perpetual Unsecured Fixed Rate Securities issued 2022 (the "**Securities**").

(B) The Securities will be in registered form and in the denomination(s) of USD 1,000,000 and integral multiples of USD 1,000 in excess thereof. A certificate (each, a "**Certificate**") substantially in the form (duly completed) set out in Schedule 1 to this Deed of Covenant will be issued to each holder of Securities in respect of its registered holding.

(C) The Issuer wishes to constitute the Securities by deed poll.

**THIS DEED OF COVENANT WITNESSES** as follows:

1. **INTERPRETATION**

1.1 **References to Conditions**

In this Deed of Covenant, "**Conditions**" means the terms and conditions of the Securities (as set out in Schedule 2 to this Deed of Covenant and as modified from time to time in accordance with their terms), and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

1.2 **Other Defined Terms**

Terms defined in the Conditions have the same meanings in this Deed of Covenant.

1.3 **Clauses**

Any reference in this Deed of Covenant to a Clause is, unless otherwise stated, to a clause hereof.

1.4 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Covenant.

**2. THE SECURITIES**

The Issuer hereby constitutes the Securities and covenants in favour of each Securityholder that it will duly perform and comply with the obligations expressed to be undertaken by it in each Certificate and in the Conditions (and for this purpose any reference in the Conditions to any obligation or payment under or in respect of the Securities shall be construed to include a reference to any obligation or payment under or pursuant to this provision).

**3. DEPOSIT OF DEED OF COVENANT**

This Deed of Covenant shall be deposited with and held by the Issuer until the date on which all the obligations of the Issuer under or in respect of the Securities (including, without limitation, its obligations under this Deed of Covenant) have been discharged in full. The Issuer hereby acknowledges the right of every Securityholder to the production of this Deed of Covenant.

**4. STAMP DUTIES**

The Issuer shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Covenant, and shall indemnify each Securityholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

**5. BENEFIT OF DEED OF COVENANT**

**5.1 Deed Poll**

This Deed of Covenant shall take effect as a deed poll for the benefit of the Securityholders from time to time.

**5.2 Benefit**

This Deed of Covenant shall enure to the benefit of each Securityholder and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Covenant against the Issuer.

**5.3 Assignment**

The Issuer shall not be entitled to assign or transfer all or any of its rights, benefits and obligations under this Deed of Covenant. Each Securityholder shall be entitled to assign all or any of its rights and benefits under this Deed of Covenant.

**6. PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or

enforceability of such provisions under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

## **7. NOTICES**

### **7.1 Address for Notices**

All notices and other communications to the Issuer hereunder shall be made in writing (by letter or email) and shall be sent to the Issuer at:

20 Bank Street  
Canary Wharf  
London  
E14 4AD

email: [emeacapmgt@morganstanley.com](mailto:emeacapmgt@morganstanley.com)

Attention: Treasury Department

or to such other address or email address or for the attention of such other person or department as the Issuer has notified to the Securityholders in the manner prescribed for the giving of notices in connection with the Securities.

### **7.2 Effectiveness**

Every notice or other communication sent in accordance with Clause 7.1 shall be effective upon receipt by the Issuer; **provided, however**, that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Issuer.

## **8. LAW AND JURISDICTION**

### **8.1 Governing law**

This Deed of Covenant and any non-contractual obligations arising out of or in connection with it are governed by English law.

### **8.2 English courts**

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Deed of Covenant (including a dispute relating to the existence, validity or termination of this Deed of Covenant or any non-contractual obligation arising out of or in connection with this Deed of Covenant) or the consequences of its nullity.

### **8.3 Appropriate forum**

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

**IN WITNESS** whereof this Deed of Covenant has been executed by the Issuer and is intended to be and is hereby delivered on the date first before written.

**SCHEDULE 1  
FORM OF CERTIFICATE**

Serial Number: .....

**MORGAN STANLEY INTERNATIONAL LIMITED**  
*(incorporated with limited liability under the laws of England)*

**USD 800,000,000**

**Perpetual Unsecured Fixed Rate Securities issued 2022**

This Certificate is issued in respect of the USD 800,000,000 Perpetual Unsecured Fixed Rate Securities issued 2022 (the "**Securities**") of Morgan Stanley International Limited (the "**Issuer**"). The Securities are constituted by a deed of covenant dated 13 June 2022.

Any reference herein to the "**Conditions**" is to the terms and conditions of the Securities endorsed hereon and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

This is to certify that:

.....  
of .....  
.....

is the person registered in the register maintained by the Issuer in relation to the Securities (the "**Register**") as the duly registered holder or, if more than one person is so registered, the first-named of such persons (the "**Holder**") of:

USD.....  
(..... UNITED STATES DOLLARS)

in aggregate principal amount of the Securities.

The Issuer, for value received, hereby promises to pay to the Holder such principal sum on such date (if any) as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rates specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

This Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of this Certificate.



**AS WITNESS** the signature of a duly authorised person for and on behalf of the Issuer.

**MORGAN STANLEY INTERNATIONAL LIMITED**

By: .....  
(*duly authorised*)

**FORM OF TRANSFER**

**FOR VALUE RECEIVED** ....., being the registered holder of  
this Certificate, hereby transfers  
to.....  
.....  
of.....

..... USD..... in principal amount of the  
Perpetual Unsecured Fixed Rate Securities issued 2022 (the "**Securities**") of Morgan Stanley  
International Limited (the "**Issuer**") and irrevocably requests and authorises the Issuer to effect  
the relevant transfer by means of appropriate entries in the register kept by it.

Dated: .....

By: .....  
(duly authorised)

**Securities**

The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered holder as it appears on the face of this Certificate.

- (a) A representative of such registered holder should state the capacity in which he signs, e.g. executor.
- (b) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Issuer may require.
- (c) Any transfer of Securities shall be in an amount equal to USD 1,000,000 or any integral multiple of USD 1,000 in excess thereof.

*[Terms and Conditions]*

*[At the foot of the Terms and Conditions:]*

**ISSUER**

**Morgan Stanley International Limited**

20 Bank Street  
Canary Wharf  
London  
E14 4AD

## SCHEDULE 2 TERMS AND CONDITIONS OF THE SECURITIES

The USD 800,000,000 Perpetual Unsecured Fixed Rate Securities issued 2022 (the "**Securities**") of Morgan Stanley International Limited (the "**Issuer**") are constituted by a deed of covenant dated 13 June 2022 (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer. Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Deed of Covenant and subject to its detailed provisions. Copies of the Deed of Covenant are available for inspection by Holders (as defined below) of Securities during normal business hours at the Specified Office (as defined below) of the Issuer. The Holders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Deed of Covenant which are applicable to them.

Capitalised terms and expressions used in these Conditions and not otherwise defined have the meanings given to them in Condition 15 (*Definitions*).

### 1. **Form, Denomination and Title**

#### (a) *Form and denomination*

The Securities are in registered form in the denominations of USD1,000,000 and integral multiples of USD1,000 in excess thereof (each, an "**Authorised Denomination**").

#### (b) *Register*

The Issuer will maintain a register (the "**Register**") in respect of the Securities in accordance with these Conditions. In these Conditions, the "**Holder**" of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Securityholder**" shall be construed accordingly. A certificate (each, a "**Certificate**") will be issued to each Securityholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. A Holder of a Security must on request provide the Issuer with details of a USD account maintained by it with a bank in New York City to which it will receive payments in respect of the Securities (the "**Payment Account**") and the Issuer shall record such account details on the Register.

#### (c) *Title*

The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

(d) ***Transfers***

Subject to paragraph (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Issuer, together with such evidence as the Issuer may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor.

(e) ***Registration and delivery of Certificates***

Within five business days of the surrender of a Certificate in accordance with paragraph (d) (*Transfers*) above, the Issuer will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its Specified Office or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Issuer has its Specified Office.

(f) ***No charge***

The transfer of a Security will be effected without charge by or on behalf of the Issuer but against such indemnity as the Issuer may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(g) ***Regulations concerning transfers and registration***

All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Deed of Covenant. The regulations may be changed by the Issuer without the consent of Securityholders. A copy of the current regulations will be mailed (free of charge) by the Issuer to any Securityholder who requests in writing a copy of such regulations.

2. **Status**

(a) ***Status***

The Securities constitute direct, unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves. The rights and claims of the Securityholders are subordinated in the event of the winding-up of the Issuer in England to the Prior Ranking Creditors and as described in this Condition 2.

(b) ***Subordination – conditions to payment***

Other than where Condition 2(c) (*Winding-up*) applies, the Issuer's obligation to make any payment to Securityholders in respect of or arising from (including any damages for breach of any obligations under) the Securities is, in addition to the provisions of Condition 4 (*Cancellation of Interest*), conditional upon the Issuer being Solvent at the time of payment by the Issuer and no principal, interest or other amount shall be due and payable to Securityholders in respect of or arising from the Securities except to the extent that the Issuer could make such payment and still be Solvent immediately thereafter.

A certificate as to whether or not the Issuer is Solvent by the Auditors of the Issuer, on the basis of the information provided to the Auditors by the Issuer, shall, in the absence of manifest error, be treated by the Issuer, the Holders and all other interested parties as correct and sufficient evidence thereof.

Any payment of interest that does not fall due by reason of this Condition 2(b) shall be cancelled as provided in Condition 4(a) (*Interest Payments Discretionary*).

(c) ***Winding-up***

If at any time:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer in England (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation (x) have previously been approved in writing by all of the Holders and (y) do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend,

then, so long as a Capital Adequacy Trigger has not occurred, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to the Holder of such Security if, throughout such winding-up or administration in England, such Holder were the holder of one of a class of preference shares in the capital of the Issuer denominated in U.S. dollars ("**Notional Preference Shares**") having an equal right to a return of assets in the winding-up or administration in England to, and so ranking *pari passu* with, the holders of the most senior class or classes of issued preference shares in the capital of the Issuer from time to time (if any) ranking immediately after any preference shares that constitute Tier 2 Capital and which have a preferential right to a return of assets in the winding-up or administration over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer (excluding any shares that constitute Tier 2 Capital) but ranking junior to the claims of Prior

Ranking Creditors, and on the assumption that the amount such holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up or administration were an amount equal to the principal amount of the relevant Security, including any accrued but unpaid interest thereon (to the extent not cancelled in accordance with these Conditions) and any damages awarded for breach of any obligations, whether or not the conditions referred to in Condition 2(b) are satisfied on the date upon which the same would otherwise be due and payable.

If a Capital Adequacy Trigger has occurred, then the Securities shall be discharged in accordance with Condition 8 (*Capital Adequacy Trigger*) and no amount shall be payable in respect of the Securities in the circumstances referred to in (i) and (ii) above.

(d) ***Set-off***

Claims in respect of any Securities may not be set-off, or be the subject of a counterclaim, by a Holder against or in respect of any of its obligations to the Issuer or any other person and every Holder waives, and shall be treated for all purposes as if it had waived, any right that it might otherwise have to set-off, or to raise by way of counterclaim, any claim of his in respect of any Securities, against or in respect of any obligations of his to the Issuer or any other person. If, notwithstanding the preceding sentence, any Holder receives or recovers any sum or the benefit of any sum in respect of any Security by virtue of any such set-off or counterclaim, such Holder shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding-up of the Issuer, to the liquidator of the Issuer.

3. **Interest**

(a) ***Interest Accrual***

Subject to Conditions 2(b) (*Subordination – conditions to payment*), 4 (*Cancellation of Interest*) and 8(c) (*Accrued interest following a Capital Adequacy Trigger*), the Securities will bear interest on the principal amount of each Security from (and including) 13 June 2022 (the "**Issue Date**") at the rate of 7.42 per cent. per annum (the "**Rate of Interest**").

Subject to Conditions 2(b) (*Subordination – conditions to payment*), 4 (*Cancellation of Interest*) and 8(c) (*Accrued interest following a Capital Adequacy Trigger*), (A) interest in respect of the period from (and including) the Issue Date to (but excluding) 30 November 2023 (the "**First Interest Payment Date**") shall be payable in arrear on the First Interest Payment Date and (B) thereafter interest shall be payable in arrear on 30 November of each year (each such date, together with the First Interest Payment Date, an "**Interest Payment Date**").

(b) ***Calculation of Interest Amounts***

The amount of interest payable on the First Interest Payment Date shall be USD 108.62 in respect of each Calculation Amount of a Security and the amount of

interest payable on any other Interest Payment Date shall be USD 74.2 in respect of each Calculation Amount of a Security.

If interest is required to be paid in respect of a Security and a period on any other date, the amount of interest in respect of such period shall be calculated in respect of each Calculation Amount of a Security by applying the Rate of Interest to the Calculation Amount and multiplying the product by the relevant Day Count Fraction without rounding (subject as provided below).

The amount of interest payable in respect of a holding of Securities in respect of which a Certificate has been issued shall be the aggregate of the amounts specified above or determined in the manner provided above (as applicable) for each Calculation Amount comprising the holding without rounding in relation to the amount payable in respect of each Calculation Amount and with such aggregate amount being rounded to the nearest cent (half a cent being rounded upwards).

(c) ***Cessation of Interest Accrual***

Without prejudice to Conditions 2(b) (*Subordination – conditions to payments*), 4 (*Cancellation of Interest*) and 8(c) (*Accrued interest following a Capital Adequacy Trigger*), interest will cease to accrue on each Security on the Redemption Date (if any) unless, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which payment in full is made.

4. **Cancellation of Interest**

(a) ***Interest Payments Discretionary***

The Issuer shall be entitled at its full discretion to cancel (in whole or in part) any amounts of interest otherwise payable in respect of the Securities on any date. Unless otherwise specified, references in these Conditions to a payment of interest being "cancelled" (and similar references) shall include cancellation by reason of it not being due in accordance with Condition 2(b) (*Subordination – conditions to payments*), the cancellation of such payment of interest (or relevant part thereof) in accordance with Condition 4(b) (*Restrictions on Interest Payments*) or 8(c) (*Accrued interest following a Capital Adequacy Trigger*) or, as appropriate, the Issuer's exercise of its discretion otherwise to cancel such payment of interest (or relevant part thereof) in accordance with this Condition 4(a).

If the Issuer does not make any such payment of interest (or any part thereof) on the relevant date for payment, such non-payment shall evidence the non-payment and cancellation of such payment of interest (or relevant part thereof) and accordingly such interest shall not in any such case be due and payable.

Any payment of interest (or relevant part thereof) which is cancelled shall not become due and shall not accumulate or be payable at any time after its cancellation, and Securityholders shall have no rights in respect thereof and any



such cancellation or non-payment (in whole or in part) shall not constitute a default or event of default on the part of the Issuer for any purpose.

(b) ***Restrictions on Interest Payments***

Without prejudice to Condition 4(a) (*Interest Payments Discretionary*) above, if and to the extent that on any date on which interest is payable in respect of the Securities, the Issuer would have an amount of Distributable Items that is less than the sum of (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such date on or in respect of (x) the Securities and (y) any Parity Securities and any Junior Securities and (ii) all distributions or interest payments payable by the Issuer (and not cancelled) on such date on or in respect of (x) the Securities and (y) any Parity Securities and any Junior Securities, in each case, excluding any such payments already accounted for in determining the Distributable Items, the Issuer shall cancel (in whole or, as the case may be, in part) the interest otherwise payable on such date.

(c) ***Notice of Interest Cancellation***

If practicable, the Issuer shall give notice of any cancellation of any interest to the Securityholders in accordance with Condition 12 (*Notices*) on or prior to the relevant date on which such interest would otherwise have been payable; **provided, however, that** any failure to provide such notice will not invalidate the cancellation of the relevant payment of interest.

5. **Redemption and Purchase**

(a) ***No Fixed Redemption Date***

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2(b) (*Subordination – conditions to payments*) and Condition 8 (*Capital Adequacy Trigger*)) only have the right to repay them or purchase them in accordance with the following provisions of this Condition 5.

(b) ***Redemption for Taxation Reasons***

Subject to Conditions 2(b) (*Subordination – conditions to payments*), 5(g) (*Supervisory Consent*) and 8 (*Capital Adequacy Trigger*) the Securities may be redeemed at the option of the Issuer in whole, but not in part, on any date, on giving not less than five nor more than 90 days' notice to the Holders of Securities (which notice shall be irrevocable) at their outstanding principal amount, together with (to the extent not cancelled pursuant to these Conditions) interest accrued and unpaid, if any, to the date fixed for redemption, if a Taxation Event occurs.

(c) ***Redemption at the Option of the Issuer***

Subject to Conditions 2(b) (*Subordination – conditions to payments*), 5(g) (*Supervisory Consent*) and 8 (*Capital Adequacy Trigger*), the Securities may be redeemed at the option of the Issuer in whole or in part on any date falling on

or after 30 November 2027 (each, a "**Call Option Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice (or such other period as may be agreed between the Issuer and all of the Securityholders in accordance with Condition 13 (*Modifications*)) to the Securityholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on such Call Option Date).

On the date so fixed, the Issuer shall, subject to Conditions 2(b) (*Subordination – conditions to payments*), 5(g) (*Supervisory Consent*) and 8 (*Capital Adequacy Trigger*), redeem all of such Securities at their outstanding principal amount (or, if so specified in the redemption notice, the relevant part thereof) together with (to the extent not cancelled pursuant to these Conditions) interest accrued thereon to the date fixed for redemption.

If the Securities are to be redeemed in part only on any date in accordance with this Condition 5(c), the Securities shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, **provided always that** the amount redeemed in respect of each Security shall be equal to the Calculation Amount or a multiple thereof, subject always to compliance with all applicable laws.

In the case of the redemption of part only of a Security, a new Certificate in respect of the unredeemed balance shall be issued in accordance with Condition 1(d) (*Transfers*), which shall apply as in the case of a transfer of Securities as if such new Certificate were in respect of the untransferred balance.

(d) ***Purchases***

Subject to Condition 5(g) (*Supervisory Consent*), the Issuer or any holding or subsidiary company of it or any subsidiary of any such holding company may at any time purchase Securities at any price in the open market or otherwise and may resell the same.

(e) ***Redemption upon Capital Disqualification Event***

Subject to Conditions 2(b) (*Subordination – conditions to payments*), 5(g) (*Supervisory Consent*) and 8 (*Capital Adequacy Trigger*), following the occurrence of a Capital Disqualification Event, the Issuer may, within 90 days of the occurrence of the relevant Capital Disqualification Event and on giving not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 12 (*Notices*) (which notice shall, subject to Conditions 2(b) (*Subordination – conditions to payments*), 5(g) (*Supervisory Consent*) and 8 (*Capital Adequacy Trigger*) be irrevocable), at its option, redeem all, but not some only, of the Securities at their outstanding principal amount, together with (to the extent not cancelled pursuant to these Conditions) interest accrued and unpaid, if any, to the date fixed for redemption.

(f) ***Capital Adequacy Trigger Notice***

The Issuer may not give a notice of redemption of any Securities pursuant to this Condition 5 if a Capital Adequacy Trigger Notice has been given in respect

of the Securities. If a Capital Adequacy Trigger Notice is given after a notice of redemption has been given by the Issuer but before the relevant Redemption Date, such notice of redemption shall automatically be revoked and be null and void and the relevant Securities shall not be redeemed.

(g) ***Supervisory Consent***

Unless the Securities have (or will have on the date fixed for redemption) ceased fully to qualify as part of the Issuer's regulatory capital, the Issuer may only exercise any right to redeem or purchase Securities pursuant to Conditions 5(b) (*Redemption for Taxation Reasons*), 5(c) (*Redemption at the Option of the Issuer*), 5(d) (*Purchases*) or 5(e) (*Redemption upon Capital Disqualification Event*) if the Issuer has first:

- (i) in the case of a redemption pursuant to Condition 5(b) (*Redemption for Taxation Reasons*) before the fifth anniversary of the Issue Date, demonstrated to the satisfaction of the Lead Regulator applicable to the Issuer that the relevant Taxation Event is material and was not reasonably foreseeable on the Issue Date;
- (ii) in the case of a redemption pursuant to Condition 5(e) (*Redemption upon Capital Disqualification Event*) before the fifth anniversary of the Issue Date, demonstrated to the satisfaction of the Lead Regulator applicable to the Issuer that the relevant change in the regulatory classification of the Securities was not reasonably foreseeable on the Issue Date; and
- (iii) in the case of all redemptions and purchases, obtained a Relevant Supervisory Consent.

For these purposes, as between the Issuer and the Securityholders the Issuer shall be deemed to have satisfied the conditions set out in (i) or (ii) above (as applicable) for a redemption pursuant to Condition 5(b) (*Redemption for Taxation Reasons*) or 5(e) (*Redemption upon Capital Disqualification Event*) (as the case may be) if it has obtained a Relevant Supervisory Consent pursuant to (iii) above and a certificate signed by two authorised signatories of the Issuer stating that it has obtained a Relevant Supervisory Consent shall be conclusive and binding on the Securityholders.

(h) ***Cancellation***

All Securities redeemed pursuant to paragraph (b), (c) or (e) of this Condition 5 shall, and all Securities purchased pursuant to paragraph (d) of this Condition 5 may, at the option of the Issuer, be cancelled forthwith. All Securities redeemed or purchased and cancelled as aforesaid may not be re-issued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

6. **Payments**

(a) ***Principal and Interest***

Payments of principal and interest in respect of any Holder's Securities shall be made by bank transfer to such Holder's Payment Account (or by such other

means as may be agreed between the Issuer and such Holder) and, in the case of redemption, upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of the Issuer.

(b) *Payments subject to fiscal laws*

All payments in respect of the Securities are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Securityholders in respect of such payments.

(c) *Payments on business days*

Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of the Issuer and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Security shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

(d) *Partial payments*

If the Issuer makes a partial payment in respect of any Security, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(e) *Record date*

Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Issuer's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

7. **Taxation**

All payments of principal and interest in respect of the Securities by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties,

assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts in respect of interest but not principal as will result in receipt by the Securityholders after such withholding or deduction of such amounts of interest as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Security:

- (a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the United Kingdom other than the mere holding of the Security; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means the date on which the payment in question first becomes due.

Any reference in these Conditions to interest shall be deemed to include any additional amounts in respect of interest which may be payable under this Condition 7 (*Taxation*).

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986 Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Holder for any FATCA withholding deducted or withheld by the Issuer or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

## 8. **Capital Adequacy Trigger**

### (a) *Occurrence of Capital Adequacy Trigger*

Upon its determination that a Capital Adequacy Trigger has occurred, the Issuer shall immediately inform the Lead Regulator applicable to the Issuer and the Issuer shall give a notice of the occurrence thereof (a "**Capital Adequacy Trigger Notice**") to the Holders of the Securities in accordance with Condition 12 (*Notices*) as soon as practicable after such determination (and, in any event, within such period as the Lead Regulator applicable to the Issuer may require).

### (b) *Write-down upon occurrence of a Capital Adequacy Trigger*

If a Capital Adequacy Trigger occurs:

- (i) each Security shall, subject to and as provided in this Condition 8(b), be irrevocably discharged and satisfied by its write-down by the Write-

down Amount (as defined below) and credited as fully paid, in the manner and in the circumstances described below;

- (ii) such write-down shall occur without delay upon the occurrence of such Capital Adequacy Trigger and, in any event, within one month from the time it is determined that the Capital Adequacy Trigger has occurred or within such shorter period as the Lead Regulator applicable to the Issuer may require (such date on which write-down is to occur shall be specified in the Capital Adequacy Trigger Notice and is referred to in these Conditions as the "**Write-down Date**" in respect of the Securities); and
- (iii) the Securities will be written-down in whole and not in part on the Write-down Date at which point all of the Issuer's obligations under the Securities shall be irrevocably discharged.

For the purposes of these Conditions, "**Write Down Amount**" means the outstanding principal amount (being such outstanding principal amount, in respect of a Security, as adjusted from time to time for any reduction or reinstatement of the principal amount or as may otherwise be required by applicable legislation or regulation) together with any accrued but unpaid interest.

(c) *Accrued Interest following Capital Adequacy Trigger*

Following the occurrence of a Capital Adequacy Trigger, in respect of the Securities, any interest otherwise falling due on any date which falls on or after the date on which a Capital Adequacy Trigger occurs shall be deemed to have been cancelled upon the occurrence of such Capital Adequacy Trigger and shall not become due and payable.

9. **Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. **Enforcement**

- (a) In circumstances where the Securities have become due for redemption in accordance with these Conditions, if default is made for a period of fourteen days or more in the repayment of any principal then due on such redemption of the Securities, then the Holder of any Security may, in order to enforce payment, at its discretion and without further notice institute proceedings for the winding-up of the Issuer in England and/or prove in any winding-up or administration of the Issuer in England.
- (b) Without prejudice to Condition 10(a), a Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit and may, subject as hereinafter provided, institute proceedings for the winding-up of the Issuer in England and/or prove in any winding-up or administration of

the Issuer in England, to enforce any obligation, condition or provision binding on the Issuer under the Securities (other than any obligation for the payment of any principal, interest or expenses in respect of such Securities or any other payment obligation in respect thereof) **provided that** the Issuer shall not by virtue of the institution of any such proceedings other than proceedings for the winding-up of the Issuer be obliged to pay any sum or sums (whether in respect of principal or interest or other sums in respect of the relevant Securities or by way of damages in respect of any breach of any such obligation, condition or provision or otherwise howsoever). A Holder of a Security may only institute proceedings for the winding-up of the Issuer to enforce the obligations above referred to in this paragraph and/or prove in any winding-up or administration of the Issuer in England if a default by the Issuer thereunder is not remedied to the satisfaction of such Holder within sixty days (or such longer period as the Holder may permit) after notice of such default has been given to the Issuer by the Holder requiring such default to be remedied.

- (c) No remedy against the Issuer (including any right of set-off) other than as specifically provided by this Condition 10 or the Deed of Covenant shall be available to the Securityholders in respect of any Securities whether for the recovery of amounts owing in respect of such Securities or under the Deed of Covenant or in respect of any breach by the Issuer of any obligation, condition or provision of such Securities or under the Deed of Covenant or otherwise.

#### 11. **Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Issuer, subject to all applicable laws, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### 12. **Notices**

Notices to the Securityholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

#### 13. **Modifications**

The terms and conditions of the Securities may be modified by agreement between the Issuer and the Holders of the Securities. For these purposes, the agreement of the Holders of the Securities to any such modification may be given by means of a resolution in writing signed by, or on behalf of, the Holders of not less than 100 per cent. in principal amount of the Securities for the time being outstanding.

#### 14. **Governing Law and Jurisdiction**

(a) ***Governing law***

The Securities and any non-contractual obligations arising out of or in connection with the Securities are governed by English law.

(b) ***English courts***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Securities (including a dispute regarding any non-contractual obligation arising out of or in connection with the Securities).

(c) ***Appropriate forum***

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

#### 15. **Definitions**

**"Additional Tier 1 capital"** has the meaning given to it by the Lead Regulator applicable to the Issuer;

**"Applicable Rules"** means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy (including, without limitation, as to leverage) then in effect in the United Kingdom including, without limitation to the generality of the foregoing, any regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Lead Regulator applicable to the Issuer from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer or to the Issuer and any holding or subsidiary company of it or any subsidiary of any such holding company);

**"Assets"** means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Auditors of the Issuer may determine;

**"Auditors"** means the auditors for the time being of the Issuer or, if there shall be joint auditors of the Issuer, any one of such joint auditors or in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of these Conditions, such other firm of accountants as may be nominated by the Issuer;

**"Calculation Amount"** means USD1,000;

**"Call Option Date"** has the meaning given to it in Condition 5(c) (*Redemption at the Option of the Issuer*);

**"Capital Adequacy Trigger"** means that the Common Equity Tier 1 Capital Ratio of the Group as of any date is below 7.00 per cent;



**"Capital Adequacy Trigger Notice"** has the meaning given to it in Condition 8(a) (*Occurrence of Capital Adequacy Trigger*);

**"Capital Disqualification Event"** means an event that shall be deemed to have occurred if the Issuer determines at any time after the Issue Date that there is a change in the regulatory classification of the Securities that results in or will result in:

- (a) their exclusion in whole from the regulatory capital of the Group; or
- (b) reclassification in whole as a form of regulatory capital of the Group that is lower than Additional Tier 1 Capital;

**"CET1 Capital"** means, as at any date, the sum, expressed in U.S. dollars of all amounts that constitute Common Equity Tier 1 Capital of the Group as at such date, less any deductions from Common Equity Tier 1 Capital of the Group required to be made as of such date, in each case as calculated by the Issuer on a consolidated basis and without applying the transitional provisions set out in the UK CRR (or in any successor provisions thereto or any equivalent provisions of the Applicable Rules which replace or supercede such provisions) in accordance with the Applicable Rules applicable to the Group as at such date (which calculation shall be binding on the Holders);

**"Common Equity Tier 1 Capital"** has the meaning given to it in the Applicable Rules as interpreted and applied in accordance with the Applicable Rules then applicable to the Group or by the Lead Regulator applicable to the Issuer;

**"Common Equity Tier 1 Capital Ratio"** means, as at any date, the ratio of the CET1 Capital as at such date to the Risk Weighted Assets as at the same date, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated without applying the transitional provisions set out in the UK CRR (or in any successor provisions thereto or any equivalent provisions of the Applicable Rules which replace or supercede such provisions);

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), the actual number of days in the Calculation Period in respect of which payment is being made divided by 360 calculated on a formula basis as follows;

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**"Y1"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y2"** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day of the Calculation Period, expressed as a number, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

"**Distributable Items**" means the amount of the Issuer's profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of the Securities and any Parity Securities and Junior Securities less any losses brought forward, profits which are non-distributable pursuant to the Companies Act 2006 or other provisions of English law from time to time applicable to the Issuer or the Issuer's Articles of Association and sums placed to non-distributable reserves in accordance with the Companies Act 2006 or other provisions of English law from time to time applicable to the Issuer or the Issuer's Articles of Association, those losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts;

"**Existing Tier 2 Instruments**" means any instruments specified as being "Tier 2 Instruments" in the relevant Loan Particulars or, if none, any instruments intended at their issue date to constitute Tier 2 Capital of the Borrower;

"**Group**" means the Issuer and its consolidated subsidiaries;

"**Interest Payment Date**" has the meaning given to it in Condition 3(a) (*Interest Accrual*);

"**Issue Date**" has the meaning given to it in Condition 3(a) (*Interest Accrual*);

"**Junior Securities**" means, (i) any ordinary share or other securities of the Issuer which rank, or are expressed to rank, junior to the Securities in a winding-up or administration of the Issuer in England as described in Condition 2(c) (*Winding up*) and/or (ii) any securities issued by any other member of the Group where the terms of such securities benefit from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, junior to the Securities in a winding-up or administration of the Issuer in England as described in Condition 2(c) (*Winding up*) and /or (iii) any capital instruments of the Issuer which qualify as Common Equity Tier 1 instruments under the Applicable Rules;

"**Lead Regulator applicable to the Issuer**" means the PRA or any successor entity primarily responsible for the prudential supervision of the Issuer;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Auditors of the Issuer may determine and for these purposes excluding (without double counting) any indebtedness which will not constitute

liabilities according to the criteria that would be applied by the High Court of Justice of England and Wales (or the relevant authority of such other jurisdiction in which the Issuer may be organised) in determining whether the Issuer is "unable to pay its debts" under Section 123(2) of the UK Insolvency Act 1986 or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organised);

**"Parity Securities"** means, in relation to any Series of Securities, (i) the most senior ranking class or classes of preference shares in the capital of the Issuer from time to time and any other securities of the Issuer ranking, or expressed to rank, *pari passu* with the Securities and/or such preference shares in a winding-up or administration of the Issuer as described in Condition 2(c) (*Winding up*), and/or (ii) any securities issued by any other member of the Group where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Securities and/or such preference shares in a winding-up or administration of the Issuer as described in Condition 2(c) (*Winding up*);

**"PRA"** means the Prudential Regulation Authority;

**"Prior Ranking Creditors"** means the creditors of the Issuer (a) who are unsubordinated creditors, or (b) whose claims are, or are expressed to be subordinated to the claims of unsubordinated creditors but not further or otherwise, or (c) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the Securityholders in a winding-up occurring prior to the Capital Adequacy Trigger and includes creditors in respect of the principal and interest in respect of the Existing Tier 2 Instruments;

**"Redemption Date"** means, in respect of the Securities, the date (if any) on which such Securities are redeemed in accordance with Condition 5 (*Redemption and Purchase*);

**"Relevant Supervisory Consent"** means in relation to any redemption or purchase of the Securities, any required permission of the Lead Regulator applicable to the Issuer for such redemption and purchase;

**"Risk Weighted Assets"** means, as at any date, the aggregate amount, expressed in U.S. dollars, of the risk weighted assets of the Group as of such date, as calculated by the Issuer on a consolidated basis and without applying the transitional provisions set out in the UK CRR (or in any successor provisions thereto or any equivalent provisions of the Applicable Rules which replace or supercede such provisions), in accordance with the Applicable Rules applicable to the Group as of such date (which calculations shall be binding on the Securityholders) and where the term "risk weighted assets" means the risk weighted assets or total risk exposure amount, as calculated by the Issuer in accordance with the Applicable Rules applicable to the Group as of such date;

**"Solvent"** means, in respect of the Issuer, (a) it is able to pay its debts to its Prior Ranking Creditors as they fall due; and (b) its Assets at least equal its Liabilities;

**"Specified Office"** means the address specified as the specified office of the Issuer on each Certificate issued in respect of the Securities or such other address as may from time to time be notified to the Securityholders pursuant to Condition 12 (*Notices*);

a **"Taxation Event"** is deemed to have occurred if:

- (a) as a result of a Tax Law Change, in making any payments on the Securities the Issuer has paid or will or would on the next payment date be required to pay any withholding or make deduction for or on account of any present or future tax, duty, assessment or governmental charge of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any authority thereof or therein having power to tax; and/or
- (b) a Tax Law Change would:
  - (i) result in the Issuer not being entitled to claim a deduction in respect of any payments in respect of the Securities in computing its taxation liabilities or materially reduce the amount of such deduction;
  - (ii) prevent the Securities from being treated as loan relationships for United Kingdom tax purposes;
  - (iii) as a result of the Securities being in issue, result in the Issuer not being able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist);
  - (iv) result in a United Kingdom tax liability, or the receipt of income or profit which would be subject to United Kingdom tax, in respect of a write-down of the principal amount of the Securities;
  - (v) result in a Security or any part thereof being treated as a derivative or an embedded derivative for United Kingdom tax purposes; or
  - (vi) result in the Issuer having to bring into account credits or debits arising out of the valuation of a Security or any part thereof;

**"Tax Law Change"** means a change in, or amendment to, the laws or regulations of the United Kingdom, or any political subdivision or authority therein or thereof, having the power to tax, including any treaty to which the United Kingdom is a party, or any change in any generally published application or interpretation of such laws, including a decision of any court or tribunal or any change in the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, which change, amendment or pronouncement (x) (subject to (y)) becomes effective on or after the Issue Date, or (y) in the case of a change in law, if such change is enacted by United Kingdom Act of Parliament or implemented by statutory instrument, on or after the Issue Date;

**"Tier 2 Capital"** has the meaning given to it by the Lead Regulator applicable to the Issuer from time to time; and

**"UK CRR"** means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council

of 26 June 2013, as amended, or supplemented from time to time, as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended; and

"USD", "U.S. dollars" and "U.S.\$" means the lawful currency of the United States of America.

**SCHEDULE 3**  
**REGULATIONS CONCERNING TRANSFERS AND REGISTRATION OF**  
**SECURITIES**

1. The securities are in the denominations of USD 1,000,000 and integral multiples of USD 1,000 in excess thereof. Securities may only be held in holdings in the aggregate principal amount of USD 1,000,000 and integral multiples of USD 1,000 in excess thereof (each, an "**authorised holding**").
2. Subject to paragraph 9 below, Securities may be transferred by execution of the relevant form of transfer under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing. Where the form of transfer is executed by an attorney or, in the case of a corporation, under seal or under the hand of two of its officers duly authorised in writing, a copy of the relevant power of attorney certified by a financial institution in good standing or a notary public or in such other manner as the Issuer may require or, as the case may be, copies certified in the manner aforesaid of the documents authorising such officers to sign and witness the affixing of the seal must be delivered with the form of transfer. In this Schedule, "**transferor**" shall, where the context permits or requires, include joint transferors and shall be construed accordingly.
3. The Certificate issued in respect of the Securities to be transferred must be surrendered for registration, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed thereon, duly completed and executed, at the Specified Office of the Issuer, and together with such evidence as the Issuer may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. The signature of the person effecting a transfer of a Security shall conform to any list of duly authorised specimen signatures supplied by the Holder of such Security or be certified by a financial institution in good standing, notary public or in such other manner as the Issuer may require.
4. The executors or administrators of a deceased Holder of a Security (not being one of several joint Holders) and, in the case of the death of one or more of several joint Holders, the survivor or survivors of such joint Holders, shall be the only persons recognised by the Issuer as having any title to such Security.
5. Any person becoming entitled to any Securities in consequence of the death or bankruptcy of the Holder of such Securities may, upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Issuer may require (including legal opinions), become registered himself as the Holder of such Securities or, subject to the provisions of these Regulations, the Securities and the Conditions as to transfer, may transfer such Securities. The Issuer shall be at liberty to retain any amount payable upon the Securities to which any person is so entitled until such person is so registered or duly transfers such Securities.
6. Unless otherwise required by him and agreed by the Issuer, the Holder of any Securities shall be entitled to receive only one Certificate in respect of his holding.

7. The joint Holders of any Security shall be entitled to one Certificate only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint Holder whose name appears first in the Register in respect of the joint holding.
8. Where there is more than one transferee (to hold other than as joint Holders), separate forms of transfer (obtainable from the Specified Office of the Issuer) must be completed in respect of each new holding.
9. A Holder of Securities may transfer all or part only of his holding of Securities provided that both the principal amount of Securities transferred and the principal amount of the balance not transferred are an authorised holding. Where a Holder of Securities has transferred part only of his holding of Securities, a new Certificate in respect of the balance of such holding will be delivered to him.
10. The Issuer shall, save in the case of the issue of replacement Securities pursuant to Condition 11 (*Replacement of Certificates*), make no charge to the Holders for the registration of any holding of Securities or any transfer thereof or for the issue of any Securities or for the delivery thereof at the Specified Office of any Issuer or by uninsured post to the address specified by the Holder, but such registration, transfer, issue or delivery shall be effected against such indemnity from the Holder or the transferee thereof as the Issuer may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery.
11. Provided a transfer of a Security is duly made in accordance with all applicable requirements and restrictions upon transfer and the Security(s) transferred are presented to the Issuer in accordance with these Regulations, and subject to unforeseen circumstances beyond the control of the Issuer arising, the Issuer will, within five business days of the request for transfer being duly made, deliver at its Specified Office to the transferee or despatch by uninsured post (at the request and risk of the transferee) to such address as the transferee entitled to the Securities in relation to which such Certificate is issued may have specified, a Certificate in respect of which entries have been made in the Register, all formalities complied with and the name of the transferee completed on the Certificate by or on behalf of the Issuer, and, for the purposes of this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Issuer has its Specified Office.

Executed as a deed by Morgan Stanley International Limited acting by a directors and its secretary

Director

\_\_\_\_\_

Company Secretary

 \_\_\_\_\_



**C L I F F O R D  
C H A N C E**

**CLIFFORD CHANCE LLP**

**EXECUTION VERSION**

MORGAN STANLEY INTERNATIONAL LIMITED

USD 800,000,000

PERPETUAL UNSECURED FIXED RATE SECURITIES ISSUED 2022

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SUBSCRIPTION AGREEMENT

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**THIS AGREEMENT** is made on 13 June 2022

**BETWEEN**

- (1) **Morgan Stanley International Limited** (the "**Issuer**"); and
- (2) **Morgan Stanley International Holdings Inc** (the "**Purchaser**").

**WHEREAS**

- (A) The Issuer has authorised the creation and issue of USD 800,000,000 in aggregate principal amount of Perpetual Unsecured Fixed Rate Securities issued 2022 (the "**Securities**").
- (B) The Securities will be constituted by a deed of covenant (the "**Deed of Covenant**"), a draft of which is in the agreed form.
- (C) The Securities will be in registered form and in the denomination of USD 1,000,000 and integral multiples of USD 1,000 in excess thereof. The Securities will be represented by individual certificates (the "**Certificates**"), substantially in the form scheduled to the Deed of Covenant.

**IT IS AGREED** as follows:

1. **INTERPRETATION**

1.1 **Definitions**

In this Agreement the following expressions have the following meanings:

"**Closing Date**" means, subject to Clause 6.2 (*Postponed closing*), 13 June 2022;

"**Conditions**" means the terms and conditions of the Securities as scheduled to the agreed form of the Deed of Covenant as the same may be modified prior to the Closing Date, and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof;

"**FSMA**" means the Financial Services and Markets Act 2000;

"**Issue Price**" means 100 per cent. of the aggregate principal amount of the Securities;

"**Loss**" means any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses and any value added tax thereon);

"**Related Party**" means, in respect of any person, any affiliate of that person or any officer, director, employee or agent of that person or any such affiliate or any person by whom any of them is controlled (where the terms "affiliate" and "controlled" have the meanings given to them by the Securities Act and the regulations thereunder);

"**Securities Act**" means the United States Securities Act of 1933; and

"**USD**" and "**US Dollars**" denote the lawful currency for the time being of the United States of America.

Capitalised terms and expressions used in this Agreement and not otherwise defined have the meanings given to them in the Conditions.

## 1.2 **Clauses and Schedules**

Any reference in this Agreement to a Clause, a sub-clause or a Schedule is, unless otherwise stated, to a clause or sub-clause hereof or a schedule hereto.

## 1.3 **Legislation**

Any reference in this Agreement to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

## 1.4 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Agreement.

## 1.5 **Agreed Form**

Any reference herein to a document being in "**agreed form**" means that the document in question has been agreed between the proposed parties thereto, subject to any amendments that the parties may agree upon prior to the Closing Date.

## 2. **ISSUE OF THE SECURITIES**

### 2.1 **Undertaking to issue**

The Issuer undertakes to the Purchaser that:

2.1.1 *Issue of Securities:* subject to and in accordance with the provisions of this Agreement, the Securities will be issued on the Closing Date, in accordance with this Agreement; and

2.1.2 *Issue documentation:* it will, on the Closing Date, execute the Deed of Covenant.

### 2.2 **Undertaking to subscribe**

The Purchaser undertakes to the Issuer that, subject to and in accordance with the provisions of this Agreement, it will subscribe the Securities on the Closing Date at the Issue Price.

## 3. **REPRESENTATIONS AND WARRANTIES BY THE ISSUER**

### 3.1 **Issuer's representations**

The Issuer represents and warrants to the Purchaser that:

3.1.1 *Incorporation, capacity and authorisation:* the Issuer is duly incorporated under the laws of England and Wales and has full power and capacity to create and issue the Securities, to execute this Agreement and the Deed of Covenant

and to undertake and perform the obligations expressed to be assumed by it herein and therein, and the Issuer has taken all necessary action to approve and authorise the same;

- 3.1.2 *No breach:* the creation, issue and sale of the Securities, the execution of this Agreement and the Deed of Covenant and the undertaking and performance by the Issuer of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of or default under, the laws of England and Wales, any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety or any provision of the constitutive documents of the Issuer;
- 3.1.3 *Legal, valid, binding and enforceable:* this Agreement constitutes and, upon due execution by or on behalf of the Issuer, the Deed of Covenant and the Certificates, the Securities will constitute legal, valid, binding and enforceable obligations of the Issuer;
- 3.1.4 *Status:* the Securities will constitute direct, general and unconditional obligations of the Issuer which (i) rank *pari passu* among themselves and (ii) are subordinated in the event of the winding-up of the Issuer in England to the Prior Ranking Creditors as provided in the Conditions;
- 3.1.5 *Approvals:* all authorisations, consents and approvals required by the Issuer in connection with the creation, issue and sale of the Securities, the execution of this Agreement and the Deed of Covenant and the performance by the Issuer of the obligations expressed to be undertaken by it herein and therein have been obtained and are in full force and effect; and
- 3.1.6 *Taxation:* all payments of principal and interest in respect of the Securities and all payments by the Issuer under this Agreement and the Deed of Covenant may be made free and clear of, and without withholding or making any deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision or authority thereof or therein having power to tax.

### 3.2 **Change in matters represented**

The Issuer shall forthwith notify the Purchaser of anything which at any time prior to the closing of the issue of the Securities has or may have rendered, or will or may render, untrue or incorrect in any respect any representation and warranty by the Issuer in this Agreement as if it had been made or given at such time with reference to the facts and circumstances then subsisting.

### 3.3 **Representations repeated**

The representations and warranties in Clause 3.1 (*Issuer's representations*) shall be deemed to be repeated (with reference to the facts and circumstances then subsisting) on each date falling on or before the Closing.

#### 4. **SELLING RESTRICTIONS**

Each of the parties to this Agreement represents, warrants and undertakes as set out in the Schedule.

#### 5. **FEES AND EXPENSES**

##### 5.1 **Expenses**

Each party shall be responsible for its own costs and expenses incurred by it in connection with the management of the issue of the Securities.

##### 5.2 **Taxes**

All payments in respect of the obligations of the Issuer under this Agreement shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Purchaser of such amounts as would have been received by it if no such withholding or deduction had been required.

##### 5.3 **Stamp duties**

The Issuer shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which may be payable upon or in connection with the creation and issue of the Securities and the execution of this Agreement and the Deed of Covenant, and the Issuer shall indemnify the Purchaser against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees) which it may incur as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

#### 6. **CLOSING**

##### 6.1 **Closing**

Subject to Clause 6.3 (*Conditions precedent*), the closing of the issue shall take place on the Closing Date, whereupon the Issuer shall:

- (a) *Registration*: cause the Securities to be registered in the name of the Purchaser on the Register;
- (b) *Delivery*: deliver a duly completed Certificate (with the Purchaser as the named Holder of all of the Securities), duly executed on behalf of the Issuer in accordance with the Conditions;
- (c) *Payment of issue proceeds*: against such registration and delivery, the Purchaser shall procure the payment of the proceeds of the issue of the Securities (namely the Issue Price) to the Issuer by credit transfer in USD for same day value to such account as the Issuer has designated to the Purchaser.

## 6.2 **Postponed closing**

The Issuer and the Purchaser may agree to postpone the Closing Date to another date not later than 28 June 2022 whereupon all references herein to the Closing Date shall be construed as being to that later date.

## 6.3 **Conditions precedent**

The Purchaser shall only be under obligation to subscribe and pay for the Securities if:

- 6.3.1 *Issue documentation*: the Deed of Covenant is executed on the Closing Date by the Issuer;
- 6.3.2 *No material adverse change*: there has, since the date of this Agreement, been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer that is material in the context of the issue of the Securities; and
- 6.3.3 *Accuracy of representations*: the representations and warranties by the Issuer in this Agreement are true and correct on the date of this Agreement and on each date on which they are deemed to be repeated and would be true and correct if they were repeated on the Closing Date with reference to the facts and circumstances then subsisting,

*provided, however, that* the Purchaser may, at its discretion, waive satisfaction of any of the conditions specified in this Clause 6.3.

## 7. **TERMINATION**

### 7.1 **Purchaser's right to terminate**

The Purchaser may give a termination notice to the Issuer at any time prior to the payment of the net proceeds of the issue of the Securities to the Issuer on the Closing Date if:

- 7.1.1 *Inaccuracy of representation*: any representation and warranty by the Issuer in this Agreement is or proves to be untrue or incorrect on the date of this Agreement or on any date on which it is deemed to be repeated;
- 7.1.2 *Breach of obligation*: the Issuer fails to perform any of its obligations under this Agreement; or
- 7.1.3 *Failure of condition precedent*: any of the conditions in Clause 6.3 (*Conditions precedent*) is not satisfied or waived by the Purchaser on the Closing Date.

## 7.2 Consequences

Upon the giving of a termination notice under Clause 7.1 (*Purchaser's right to terminate*) and subject to Clause 7.3 (*Saving*):

7.2.1 *Discharge of Issuer*: the Issuer shall be discharged from performance of its obligations under Clauses 2.1 (*Undertaking to issue*) and sub-clause 6.1 (*Closing*); and

7.2.2 *Discharge of Purchaser*: the Purchaser shall be discharged from performance of its obligations under Clause 2.2 (*Undertaking to subscribe*) and sub-clause 6.1(c) (*Payment of issue proceeds*).

## 7.3 Saving

A discharge pursuant to Clause 7.2 (*Consequences*) shall not affect the other obligations of the parties to this Agreement and shall be without prejudice to accrued liabilities.

## 8. SURVIVAL

The provisions of this Agreement shall continue in full force and effect notwithstanding the completion of the arrangements set out herein for the issue of the Securities and regardless of any investigation by any party to this Agreement.

## 9. TIME

Any date or period specified herein may be postponed or extended by mutual agreement among the parties but, as regards any date or period originally fixed or so postponed or extended, time shall be of the essence.

## 10. NOTICES

### 10.1 Addresses for notices

All notices and other communications hereunder shall be made in writing and in English (by letter or email) and shall be sent as follows:

10.1.1 *Issuer*: if to the Issuer, to it at:

20 Bank Street  
Canary Wharf  
London  
E14 4AD

email: [emeacapmgmt@morganstanley.com](mailto:emeacapmgmt@morganstanley.com)  
Attention: Treasury Department

10.1.2 *Purchaser*: if to the Purchaser, to it at:

20 Bank Street  
Canary Wharf



London  
E14 4AD

email: [emeacapmgt@morganstanley.com](mailto:emeacapmgt@morganstanley.com)  
Attention: Treasury Department

## 10.2 Effectiveness

Every notice or other communication sent in accordance with Clause 10.1 (*Addresses for notices*) shall be effective upon receipt by the addressee; *provided, however, that* any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the addressee.

## 11. LAW AND JURISDICTION

### 11.1 Governing law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

### 11.2 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) or the consequences of its nullity.

### 11.3 Appropriate forum

The parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

## 12. RIGHTS OF THIRD PARTIES

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

## 13. COUNTERPARTS

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when so executed shall constitute one and the same binding agreement between the parties.

**AS WITNESS** the hands of the duly authorised representatives of the parties to this Agreement the day and year first before written.

## SCHEDULE Selling Restrictions

### 1. GENERAL

The Purchaser undertakes to the Issuer that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes any offering material, in all cases at its own expense.

### 2. UNITED STATES

The Purchaser represents and warrants that it is purchasing the Securities for its own account and not with a view to the distribution thereof. The Purchaser acknowledges that the Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

### 3. UNITED KINGDOM

The Purchaser represents, warrants and undertakes to the Issuer that:

- 3.1 *Financial promotion*: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA would not apply to the Issuer;
- 3.2 *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and
- 3.3 *PI Rules*: it has complied and will comply with the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, with the Purchaser deemed to be a "firm" for these purposes.

### 4. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Purchaser represents, warrants and agrees, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer

would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

## 5. **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

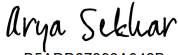
The Purchaser represents, warrants and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

## SIGNATURES

**For and on behalf of**

**Morgan Stanley International Limited**

DocuSigned by:  
  
B5ADD27993A042B...  
By: Arya Sekhar

**For and on behalf of**

**Morgan Stanley International Holdings Inc**

By: