



Registration of a Charge

Company Name: **YORKSHIRE AND CLYDESDALE BANK PENSION TRUSTEE LIMITED**

Company Number: **SC150005**



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Details of Charge

Date of creation: **06/04/2023**

Charge code: **SC15 0005 0001**

Persons entitled: **PACIFIC LIFE RE INTERNATIONAL LIMITED**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **CMS CAMERON MCKENNA NABARRO OLSWANG LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 150005

Charge code: SC15 0005 0001

The Registrar of Companies for Scotland hereby certifies that a charge dated 6th April 2023 and created by YORKSHIRE AND CLYDESDALE BANK PENSION TRUSTEE LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 17th April 2023 .

Given at Companies House, Edinburgh on 18th April 2023

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

DATE: 6 April 2023

FEE COLLATERAL SECURITY DEED

Between

**YORKSHIRE AND CLYDESDALE BANK PENSION TRUSTEE LIMITED (ACTING IN ITS
CAPACITY AS TRUSTEE FOR AND ON BEHALF OF THE YORKSHIRE AND
CLYDESDALE BANK PENSION SCHEME)**
(as Chargor)

and

PACIFIC LIFE RE INTERNATIONAL LIMITED (ACTING THROUGH ITS UK BRANCH)
(as Secured Party)

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THIS FEE COLLATERAL SECURITY DEED (this "Deed") is made on 6 APRIL 2023

BETWEEN:

- (1) **YORKSHIRE AND CLYDESDALE BANK PENSION TRUSTEE LIMITED**, a company incorporated and registered in Scotland with registered number SC150005, whose registered address is at 30 St. Vincent Place, Glasgow, United Kingdom, G1 2HL (acting in its capacity as trustee for and on behalf of the Yorkshire and Clydesdale Bank Pension Scheme) (the "**Chargor**"); and
- (2) **PACIFIC LIFE RE INTERNATIONAL LIMITED**, an exempted company incorporated in Bermuda bearing company registration number 55099, whose registered address is at Carey Olsen Services Bermuda Limited, Rosebank Centre, 5th Floor, 11 Bermudiana Road, Hamilton, Pembroke HM08, Bermuda, which is registered with the Bermuda Monetary Authority in accordance with the Bermuda Insurance Act as a Class E insurer, acting through its UK branch, and whose UK establishment address is at Tower Bridge House, St. Katharine's Way, London, United Kingdom, E1W 1BA with UK establishment number BR022755 (the "**Secured Party**").

RECITALS

- (A) The Chargor is the trustee of the Scheme and in that capacity has entered into the Insurance Agreement with Zurich Assurance Ltd, a company incorporated and registered in England and Wales with registered number 02456671, whose registered address is at Unity Place, 1 Carfax Close, Swindon, Wiltshire, United Kingdom, SN1 1AP (the "**Insurer**"), pursuant to which the Insurer has agreed to insure certain longevity and demographic risks of the Scheme on the terms set out therein.
- (B) The Insurer has entered into the Reinsurance Agreement with the Secured Party pursuant to which the Secured Party has agreed to reinsure the Insurer in respect of its obligations (relating to the longevity and demographic risks to which it is exposed) under the Insurance Agreement on the terms set out therein.
- (C) The Parties and the Insurer have also entered into the Framework Agreement, to co-ordinate certain aspects of the arrangements embodied in the Insurance Agreement and the Reinsurance Agreement between them for the good order of the contractual arrangements amongst the various parties to those agreements.
- (D) To secure the Secured Party in respect of certain payments to be made by the Chargor to:
 - (i) the Insurer pursuant to the Insurance Agreement and the Framework Agreement (the benefit of which has been assigned by the Insurer to the Secured Party pursuant to the Insurance Security Assignment); and
 - (ii) the Secured Party directly pursuant to clause 24.8 (*Transaction Restructuring*) of the Framework Agreement,the Chargor has agreed to enter into this Deed to grant security in favour of the Secured Party in respect of the Security Interest Accounts and any Scheme Assets contained therein.
- (E) It is intended that this document takes effect as a deed of the Chargor, even if it has not been duly executed by the Secured Party or has been executed by the Secured Party but not as a deed.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Capitalised terms used in this Deed and not otherwise defined herein shall have the meaning given to them in the Framework Agreement and the following words shall have the meanings set out below:

“Accrued Interest” means any interest which has accrued on the Posted Collateral consisting of cash and which has been credited to, and remains in, the Security Interest Cash Account;

“Alternative Fee Collateral Arrangements Notice” has the meaning given in Clause 5.6 (*Holding Posted Collateral*);

“Assigned Rights” means the following rights relating to the Charged Assets which the Chargor has from time to time against the Custodian or any third party (excluding, for the avoidance of doubt, any rights against the Secured Party):

- (a) any right to delivery of a security of the appropriate description which arises in connection with:
 - (i) any Posted Collateral being transferred to a Relevant System or any other clearance system or financial intermediary; or
 - (ii) any interest in or to any Posted Collateral being acquired while that Posted Collateral is in a Relevant System or any other clearance system or held through a financial intermediary; and
- (b) a right or claim which the Chargor has or may have against the Custodian under or in connection with the Fee Collateral Account Control Agreement and the Custody Agreement in relation to the Security Interest Accounts and the Posted Collateral.

“Charged Assets” means all present and future rights, title, benefit and interest of whatever nature which the Chargor may have or acquire:

- (a) in and to the Posted Collateral and the Security Interest Accounts (including the credit balance of the Security Interest Cash Account from time to time, the debt represented thereby and all interest accrued or other moneys received in respect thereof); and
- (b) against the Custodian, any sub-custodian, nominee, agent or any Relevant System in respect of any of the Charged Assets described in (a), above, (including any right of delivery);

“Charged Property” means the Charged Assets and the Assigned Rights;

“Collateral Agent” has the meaning given in Clause 10.1 (*Other Provisions*);

“Collateral Business Day” means:

- (a) in relation to a transfer of securities under this Deed, a day on which the clearance system agreed between the Parties for the delivery of the securities is open for acceptance and execution of settlement instructions; and
- (b) in relation to a transfer of cash or other property (other than securities) under this Deed, a day on which commercial banks are open for business in the place where the relevant account from which the transfer is being made is located and, if different, the principal financial centre (if any) of the currency of such payment;

“Credit Support Rights” means the rights of the Secured Party pursuant to Clauses 7.1 and 7.2 (*Rights of Enforcement*);

“Custodian” means, at any time, the Initial Custodian or a Replacement Custodian;

“Custodian Event” means:

- (a) the Custodian ceases to comply with or perform, or is otherwise unable to comply with or perform, any agreement or obligation to be complied with or performed by it in accordance with the Fee Collateral Account Control Agreement; or
- (b) the Custodian disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of the Custody Documents;

“Custodian Notice” has the meaning given in Clause 2.14 (*Security*);

“Custodian Replacement Event” has the meaning given in Clause 5.5.1 (*Holding Posted Collateral*);

“Custodian Replacement Event Notice” has the meaning given in Clause 5.5.1 (*Holding Posted Collateral*);

“Custody Agreement” means the master custody agreement dated 17 November 1997 (as subsequently amended and novated to date), or any Replacement Custody Agreement entered into in accordance with this Deed, in each case insofar as it relates to the Posted Collateral and the Security Interest Accounts;

“Custody Documents” means the Custody Agreement and the Fee Collateral Account Control Agreement;

“Delegate” means any person appointed pursuant to Clause 7.12 (*Rights of Enforcement*) and any person appointed as an attorney of the Secured Party and/or any Receiver;

“Demand Recipient” has the meaning given in Clause 3.6 (*Credit Support Obligations*);

“Exclusive Control Period” has the meaning given in Clause 6.4 (*Exclusive Control*);

“Fee Collateral Account Control Agreement” means:

- (a) the account control agreement between the Chargor, the Secured Party and the Initial Custodian in respect of the Scheme and in relation to the establishment and operation of the Security Interest Accounts entered into on or around the date of this Deed; or
- (b) any Replacement Fee Collateral Account Control Agreement entered into in accordance with this Deed;

“Framework Agreement” means the framework agreement between the Chargor (as trustee), the Insurer (as insurer) and the Secured Party (as reinsurer) in respect of the Scheme entered into on or around the date of this Deed;

“Ineligible Credit Support” has the meaning given in Clause 11.1 (*Ineligible Credit Support*);

“Initial Custodian” means the Northern Trust Company, a company established under the laws of the State of Illinois in the United States of America and whose UK establishment address is at 50 Bank Street, Canary Wharf, London, E14 5NT, with UK establishment number BR001960;

“Initial Delivery Amount” means GBP 23 million;

“Initial Delivery Date” means the date falling 30 Business Days after the Transaction Date;

“Initial Delivery Obligation” has the meaning given in Clause 3.1 (*Credit Support Obligations*);

“Initial Transfer” has the meaning given in Clause 3.1 (*Credit Support Obligations*);

“Insurance Agreement” means the insurance agreement between the Chargor (as trustee) and the Insurer (as insurer) in respect of the Scheme entered into on or around the date of this Deed;

“Insurance Security Assignment” means the deed of assignment between the Insurer (as assignor) and the Secured Party (as assignee) in respect of the Scheme entered into on or around the date of this Deed;

“New Posted Collateral” has the meaning given in Clause 4.4 (*Conditions Precedent, Transfers, Calculations and Substitutions*);

“Notice of Exclusive Control” has the meaning given in the Fee Collateral Account Control Agreement;

“Obligations” means:

- (a) the obligations of the Insurer to pay the Initial Termination Amount and the Final Termination Adjustment Amount to the Secured Party pursuant to the terms of the Transaction Documents;
- (b) the obligations of the Chargor to pay the Insurer Replacement Failure Amount to the Secured Party in accordance with clause 24.8 (*Transaction Restructuring*) of the Framework Agreement; and
- (c) any of the Secured Party’s costs and expenses in relation to enforcement of the security created in its favour under this Deed and which the Chargor is required to pay to the Secured Party or reimburse the Secured Party for pursuant to this Deed;

“Original Posted Collateral” has the meaning given in Clause 4.4 (*Conditions Precedent, Transfers, Calculations and Substitutions*);

“Party” means a party to this Deed (subject to Clause 1.2 (in respect of clause 1.2.1 (*Interpretation and Definitions*) of the Framework Agreement));

“Permitted Security Interest” means:

- (a) any Security Interest or right of set-off, retention or withholding created with the consent of the Reinsurer (as Secured Party under the Fee Collateral Security Deed);
- (b) any lien or right of set-off, retention, withholding or sale arising under the Custody Documents or the operating terms of (or which is otherwise routinely imposed on all securities in) a Relevant System; or
- (c) any Security Interest created under a Transaction Document;

“Posted Collateral” means, on any date, all Eligible Credit Support, Ineligible Credit Support, Distributions and Accrued Interest that have been transferred to or received into the Security Interest Accounts in accordance with this Deed and that have not been released and withdrawn or realised in accordance with the Framework Agreement and this Deed;

“Posted Non-Cash Collateral” means all Posted Collateral other than cash;

“Receiver” means a receiver appointed under this Deed;

“Regulations” has the meaning given in Clause 7.1.1(b) (*Rights of Enforcement*);

“Reinsurance Agreement” means the reinsurance agreement between the Insurer (as insurer) and the Secured Party (as reinsurer) in respect of the Scheme entered into on or around the date of this Deed;

“Relevant Collateral Matters” has the meaning given in Clause 10.1 (*Other Provisions*);

“Relevant Event” has the meaning given in Clause 6.1 (*Exclusive Control*);

“Relevant System” has the meaning given to that term by the Uncertificated Securities Regulations 2001 and means also any other system or facility (whether established in the United Kingdom or elsewhere) providing means for the deposit or holding or transfer of securities and/or the clearing and/or settlement of transactions in them;

“Replacement Custodian” means any custodian appointed in accordance with Clause 5.5 (*Holding Posted Collateral*) in replacement of the then current Custodian;

“Replacement Custodian Cut-Off Date” shall be, with respect to a Custodian Replacement Event, the 180th calendar day falling after the occurrence of such event;

“Replacement Custodian Effective Date” means the date on which the relevant arrangements appointing a Replacement Custodian in accordance with Clause 5.5 (*Holding Posted Collateral*) become effective;

“Replacement Custody Agreement” means a replacement custody agreement entered into between the Chargor and the Replacement Custodian in accordance with Clause 5.5 (*Holding Posted Collateral*);

“Replacement Fee Collateral Account Control Agreement” means a replacement account control agreement entered into between the Chargor, the Secured Party and the Replacement Custodian in accordance with Clause 5.5 (*Holding Posted Collateral*);

“Replacement Security Interest Accounts” means, together, the Replacement Security Interest Cash Account and the Replacement Security Interest Securities Account;

“Replacement Security Interest Cash Account” means any replacement cash account held by the Chargor with a Replacement Custodian which is intended to receive Posted Collateral, and to become the Security Interest Cash Account, upon the replacement of a Custodian with that Replacement Custodian;

“Replacement Security Interest Securities Account” means any replacement securities account held by the Chargor with a Replacement Custodian which is intended to receive Posted Collateral, and to become the Security Interest Securities Account, upon the replacement of a Custodian with that Replacement Custodian;

“Required Rating” means a long-term, unsecured and unsubordinated debt rating of at least A- (assigned by Standard & Poor’s or Fitch) or A3 (assigned by Moody’s) or the equivalent level for any other rating agency agreed for this purpose between the Chargor and the Secured Party in writing, each acting reasonably;

“Return Collateral” has the meaning given in Clause 3.3.3 (*Credit Support Obligations*);

“Scheme” means the Yorkshire and Clydesdale Bank Pension Scheme, a registered pension scheme (within section 153 of the Finance Act 2004) established by an interim trust deed dated 26 December 1951;

“Scheme Assets” means the assets of the Scheme from time to time;

“Security” means the security created under or pursuant to or evidenced by this Deed;

"Security Interest Accounts" means the Security Interest Cash Account and the Security Interest Securities Account;

"Security Interest Cash Account" means the cash account held by the Chargor with the Custodian (account name: _____; account number: _____) designated pursuant to the Fee Collateral Account Control Agreement as being the account into which cash in GBP will be deposited in accordance with this Deed or any Replacement Security Interest Cash Account established in accordance with this Deed;

"Security Interest Securities Account" means the securities account held by the Chargor with the Custodian (account name: _____; account number: _____) designated by the Chargor as being the account into which securities will be deposited in accordance with this Deed or any Replacement Security Interest Securities Account established in accordance with this Deed;

"Settlement Day" means, in relation to a date:

- (a) with respect to a transfer of cash or other property (other than securities), the next Collateral Business Day; and
- (b) with respect to a transfer of securities, the first Collateral Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the Relevant System in which the relevant securities are held and transferred or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Collateral Business Day after such date on which it is reasonably practicable to deliver such securities);

"Substitution Notice" has the meaning given in Clause 4.4 (*Conditions Precedent, Transfers, Calculations and Substitutions*);

"Transferred Eligible Credit Support" has the meaning given in Clause 8 (*Warranties*); and

"Trustee Non-Fault Termination Event" means an Early Termination Event specified in rows 1, 4 or 6 of column A of part 1 (*Independent Events*) of schedule 7 (*Early Termination Events*) of the Framework Agreement.

- 1.2 The provisions of clause 1.2 (*Interpretation and Definitions*) of the Framework Agreement (to the extent relevant) shall apply as though they were set out in full in this Deed, with such changes as are appropriate to align with the context of this Deed, including that references to:

- 1.2.1 the Framework Agreement shall be construed as references to this Deed;
- 1.2.2 the Trustee shall be construed as references to the Chargor; and
- 1.2.3 the Reinsurer shall be construed as references to the Secured Party.

Clawback

- 1.3 Where:

- 1.3.1 any discharge of the security constituted by this Deed is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or any amount paid pursuant to any such discharge or arrangement must be repaid on bankruptcy, liquidation or otherwise without limitation of any of the Chargor,

the Initial Custodian, a sub-custodian, nominee, agent, Collateral Agent or any other entity who may from time to time come into possession or control of the Charged Property, the security constituted by this Deed and the liability of the Chargor under this Deed shall continue as if there had been no such discharge or arrangement; and

- 1.3.2 the Secured Party (acting reasonably and in good faith) considers that any amount paid or discharged under or in relation to the Obligations is likely to be avoided or set aside in accordance with Applicable Law as referred to in Clause 1.3.1, that amount shall not be considered to have been paid or discharged for the purposes of determining whether all Obligations have been irrevocably paid.

2. SECURITY

Covenant to Perform

- 2.1 The Chargor covenants with the Secured Party that it shall pay, perform, and discharge the Obligations as and when the same fall due for payment, performance or discharge in the manner provided for in the Transaction Documents.

Security

- 2.2 The Chargor, with full title guarantee and free and clear of any other Security Interest, as security for the performance of the Obligations:
- 2.2.1 charges by way of a first ranking fixed charge in favour of the Secured Party all of its present and future right, title, benefit and interest in and to the Charged Assets; and
- 2.2.2 assigns absolutely, subject to a proviso for re-assignment on redemption, to the Secured Party all of its right, title, benefit and interest in and in respect of the Assigned Rights, subject, in each case, to any Permitted Security Interests.

Release of Security

- 2.3 Where under this Deed (including in connection with a release from security under Clause 7.19 (*Rights of Enforcement*), and without prejudice to Clause 2.4), the Insurance Agreement or the Reinsurance Agreement, Posted Collateral is required to be transferred from any of the Security Interest Accounts to the Chargor (or as it or its Collateral Agent directs) or any other account (including any Replacement Security Interest Account):
- 2.3.1 the Secured Party and the Chargor (or its Collateral Agent on its behalf) shall give such instructions to the Custodian as are required pursuant to the Fee Collateral Account Control Agreement and this Deed, to effect such transfer;
- 2.3.2 upon such transfer of the Posted Collateral occurring, any Security Interest created under this Deed on that Posted Collateral shall be released immediately, and the Assigned Rights relating to that Posted Collateral will be reassigned to the Chargor, in each case without any further action by any Party, *provided, however, that* if such transfer is to a Replacement Security Interest Account such release shall only apply to the extent necessary to create new security over the Posted Collateral; and
- 2.3.3 for the purposes of Clause 3.3 (*Credit Support Obligations*), to the extent that the Posted Collateral comprises various types of asset, the Chargor (or its Collateral Agent on its behalf) may request the asset that it wishes to have transferred from the Security Interest Accounts, in which case that specified asset shall be so transferred in accordance with Clause 3.3 (*Credit Support Obligations*).

- 2.4 Upon the release of all the Security Interests created under this Deed, on or in respect of the Charged Assets, the Secured Party's rights in respect of the Assigned Rights shall automatically be reassigned to the Chargor absolutely, without any further action by any Party. Notwithstanding the foregoing, the Secured Party will at the request of the Chargor take whatever action is necessary to release the Charged Property from this security.

Negative Pledge

- 2.5 The Chargor undertakes that it will not, and will not instruct the Custodian to, during the subsistence of this Deed, except with the prior written consent of the Secured Party (not to be unreasonably withheld or delayed):

2.5.1 create, grant or permit to exist any Security Interest over all or any part of the Charged Property;

2.5.2 sell, transfer, license, lease, loan, grant any option over, declare a trust over or otherwise dispose of any of its rights in respect of the Charged Property,

other than and subject to, in each case, any Permitted Security Interest.

Preservation of Security

- 2.6 The security constituted by this Deed shall be a continuing security, shall remain in full force and effect as a continuing security until the date the Security is fully and unconditionally released in accordance with the provisions of this Deed and shall not be satisfied by any intermediate payment or satisfaction of the whole or any part of the Obligations but shall secure the ultimate balance of the Obligations. The security constituted by this Deed shall be in addition to and shall not be affected by any other security now or subsequently held by the Secured Party for all or any part of the Obligations.

Waiver of Defences

- 2.7 The obligations of the Chargor under this Deed shall not be affected by any act, omission or circumstance which might operate to release or otherwise exonerate the Chargor from its obligations under this Deed or affect such obligations including, whether or not known to the Chargor or the Secured Party:

2.7.1 any time or indulgence granted to or composition with the Chargor or any other person;

2.7.2 any irregularity, invalidity or unenforceability of any obligations of the Chargor under any Transaction Document or any present or future law or order of any government or authority (whether of right or in fact) purporting to reduce or otherwise affect any of such obligations to the intent that the Chargor's obligations under this Deed shall remain in full force and this Deed shall be construed accordingly as if there were no such irregularity, unenforceability, invalidity, law or order;

2.7.3 any amendment, variation, novation, supplement, extension (whether of maturity or otherwise), restatement (however fundamental and of whatsoever nature and whether or not more onerous) or replacement, compromise, renewal or release of, or refusal or neglect to perfect or enforce, any Transaction Document or any term of any Transaction Document or any rights or remedies against, or any security granted by, the Chargor or any other person; or

2.7.4 any legal limitation, disability, incapacity or other circumstance, including any lack of power, authority or legal personality of, or dissolution or change in the members or status of, any person relating to the Chargor, any guarantor or any other person or any

amendment to or variation of the terms of any Transaction Document or any other document or security.

Immediate Recourse

- 2.8 The Chargor waives any right it may have of first requiring the Secured Party to proceed against or claim payment from any other person or enforce any guarantee or security before enforcing this Deed.

Separate Security Interests

- 2.9 The first ranking charges referred to in Clause 2.2.1 and the assignment by way of security referred to in Clause 2.2.2 shall each constitute separate and independent security subject to the terms of this Deed. The failure of any charge or assignment to be valid and enforceable under the laws of any relevant jurisdiction, or the failure of a charge or any particular assignment to constitute a “*security financial collateral arrangement*” for the purposes of the Regulations as implemented under the laws of any relevant jurisdiction, shall not prejudice the validity and enforceability of such other charge or assignment, or, as applicable, the eligibility of such other charge or assignment to constitute a “*security financial collateral arrangement*” for such purposes.

Variation of Custody Agreement

- 2.10 The Chargor may not without the Secured Party’s consent (such consent not to be unreasonably withheld or delayed) permit or agree to: (i) any amendment or variation of; or (ii) any waiver or release of; or (iii) any assignment or novation of, in each case, any of its (or, as the case may be, the Custodian’s) rights or obligations (as applicable) under the Custody Agreement in any way which would, or might reasonably be expected to, be materially prejudicial to the Secured Party or materially adversely affect the provisions of the Fee Collateral Account Control Agreement and/or this Deed, including in respect of:

- 2.10.1 the segregation of the Security Interest Accounts;
- 2.10.2 the obligation on the Custodian to hold the Posted Collateral at all times for the exclusive benefit of the Chargor as beneficial owner; or
- 2.10.3 the standard of care applicable to the Custodian and/or any sub-custodian, and/or the Custodian’s liability and indemnity provisions pursuant to clause 24 (*Limitation of Liability, Indemnity*) of the Custody Agreement.

Breach of Custody Agreement

- 2.11 The Chargor shall promptly notify the Secured Party of any breach of or default under the Custody Agreement by it or the Custodian in respect of the Charged Property which would, or might reasonably be expected to, be materially prejudicial to the Secured Party or materially adversely affect the provisions of the Fee Collateral Account Control Agreement and/or this Deed.

Performance of Obligations under Custody Agreement

- 2.12 Without prejudice to the terms of the Custody Agreement, the Chargor shall perform all of its obligations under the Custody Agreement in respect of the Charged Property.

Information and Notification

- 2.13 The Chargor shall promptly supply to the Secured Party such information as the Secured Party may reasonably request about the Charged Property, and/or the Chargor’s compliance with the terms of this Deed.

- 2.14 Subject to Clause 2.15, the Chargor shall provide the Secured Party with a copy of any written notice, communication, statement or document reasonably considered as relating to the Charged Property (a “**Custodian Notice**”) that it (or its agent) receives from the Custodian promptly, and in any event within five Business Days, after such receipt.
- 2.15 The Chargor shall not be required to provide the Secured Party with a copy of a Custodian Notice under Clause 2.14 where:
- 2.15.1 the Custodian is required to provide such Custodian Notice to the Secured Party under the terms of the Fee Collateral Account Control Agreement;
 - 2.15.2 the Custodian Notice does not relate to the Fee Collateral Account Control Agreement or the Charged Property; or
 - 2.15.3 the Custodian Notice indicates that the Custodian has sent a copy to the Secured Party.
- 2.16 The Chargor shall notify the Secured Party promptly in writing of any material action, claim or demand made by or against it in connection with all or any part of the Charged Property that it does not consider (acting reasonably and in good faith) to be frivolous.

Security Interest Account Access

- 2.17 The Chargor and the Secured Party shall:
- 2.17.1 act in good faith and use all reasonable endeavours to ensure, as soon as practicable following the date of this Deed, that the Custodian grants appropriate access to the Security Interest Accounts to allow each Party to satisfy its obligations under the Fee Collateral Account Control Agreement and this Deed; and
 - 2.17.2 confirm the same to each other by written notice as soon as practicable following it being satisfied that such access has been granted.

3. CREDIT SUPPORT OBLIGATIONS

Security Interest Delivery Amount

- 3.1 On or before the Initial Delivery Date, the Chargor will transfer or procure the transfer (the “**Initial Transfer**”) to the Security Interest Accounts of Eligible Credit Support having a Value as of the date of transfer at least equal to the Initial Delivery Amount (the “**Initial Delivery Obligation**”).
- 3.2 Subject to Clauses 3.4 and 4.1 (*Conditions Precedent, Transfers, Calculations and Substitutions*), upon a demand made in writing by the Secured Party following the provision in respect of a Valuation Date of:
- 3.2.1 the Fee Collateral Requirements Report pursuant to paragraph 2.1.2(a)(ii) or 2.1.3 (*Reporting*) (as applicable) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement; and, if applicable
 - 3.2.2 any related Collateral Recalculation Notification pursuant to paragraph 3.1.2 (*Manifest Errors*) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement,
- if there is a Security Interest Delivery Amount (or an undisputed portion thereof) in respect of such Valuation Date that equals or exceeds the Minimum Transfer Amount:

- 3.2.3 the Chargor (or its Collateral Agent on its behalf) shall, within five Business Days after the later of (i) the delivery of such demand, and (ii) the first Business Day falling immediately after the end of the period referred to in paragraph 3.2.1 (*Collateral Disputes*) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement, transfer, or procure to be transferred, into the Security Interest Accounts, Eligible Credit Support having a Value as of the date of transfer at least equal to the applicable Security Interest Delivery Amount; and
- 3.2.4 the Secured Party shall give such instructions to the Custodian as may be required from time to time to effect such transfer.

Security Interest Return Amount

- 3.3 Subject to Clauses 3.4 and 4.1 (*Conditions Precedent, Transfers, Calculations and Substitutions*), upon a demand made in writing by the Chargor (or by its Collateral Agent on its behalf) following the provision in respect of a Valuation Date of:

- 3.3.1 the Fee Collateral Requirements Report pursuant to paragraph 2.1.2(a)(ii) or 2.1.3 (*Reporting*) (as applicable) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement; and, if applicable
- 3.3.2 any related Collateral Recalculation Notification pursuant to paragraph 3.1.2 (*Manifest Errors*) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement,

if there is a Security Interest Return Amount in respect of such Valuation Date that equals or exceeds the Minimum Transfer Amount:

- 3.3.3 the Posted Collateral specified by or on behalf of the Chargor (or if not, chosen by the Secured Party) having a Value as of the date of transfer as close as practicable to the applicable Security Interest Return Amount (the “**Return Collateral**”) shall, within five Business Days after the later of (i) the delivery of such demand, and (ii) the first Business Day falling immediately after the end of the period referred to in paragraph 3.2.1 (*Collateral Disputes*) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement, be transferred from the Security Interest Accounts to the Chargor (or to such other person as the Chargor or its Collateral Agent may direct) in accordance with the terms of the Fee Collateral Account Control Agreement;
- 3.3.4 the Secured Party and the Chargor (or its Collateral Agent on its behalf) shall give such instructions to the Custodian as are required pursuant to the Fee Collateral Account Control Agreement and this Deed to effect such transfer; and
- 3.3.5 the provisions of Clause 2.3 (*Security*) shall apply in respect of the Return Collateral upon such transfer occurring.
- 3.4 The Parties hereby acknowledge and agree that no demand may be made in accordance with this Clause 3 (*Credit Support Obligations*) prior to the earlier of:
 - 3.4.1 the agreement of the relevant Fee Collateral Requirements Report or a related Collateral Recalculation Notification (as applicable); and

- 3.4.2 the end of the period referred to in paragraph 3.2.1 (*Collateral Disputes*) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement.

Rounding

- 3.5 Each Security Interest Delivery Amount and each Security Interest Return Amount will be rounded up or down to the nearest integral multiple of GBP 10,000.

Fee Collateral Valuation Disputes

- 3.6 If a demand in respect of a Security Interest Delivery Amount or a Security Interest Return Amount is made on the Secured Party or the Chargor (the “**Demand Recipient**”), the Demand Recipient may promptly notify the Party making the demand that it disputes the requested Security Interest Delivery Amount or Security Interest Return Amount (other than by reason of a dispute in relation to any matter within the Fee Collateral Requirements Report) and if it does so:

- 3.6.1 the Secured Party and the Chargor shall consult with each other in good faith and in a commercially reasonable manner in an attempt to resolve the dispute within five Business Days (or such longer period as they may agree in writing (each acting reasonably)); and

- 3.6.2 at the end of such period:

- (a) the Chargor (or its Collateral Agent on its behalf) shall transfer, or procure to be transferred, into the Security Interest Account (and the Chargor (or its Collateral Agent on its behalf); or
- (b) the Secured Party and the Chargor (or its Collateral Agent on its behalf) shall give such instructions to the Custodian as are required pursuant to the Fee Collateral Account Control Agreement and this Deed to transfer to the Chargor,

(as applicable) the undisputed amount in accordance with this Clause 3 (*Credit Support Obligations*); but there shall be no obligation to transfer or to give instructions to transfer (as applicable) the disputed amount unless and until any such obligation arises pursuant to paragraph 3.2.5 (*Collateral Disputes*) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement (following the application of this Clause 3.7) in respect of the same.

- 3.7 If the Chargor or the Secured Party wishes to dispute any demanded Security Interest Delivery Amount or Security Interest Return Amount, to the extent that such dispute remains after consultation under Clause 3.5.1, then it shall serve a Collateral Dispute Notice in accordance with paragraph 3.2.1 (*Collateral Disputes*) of part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement.

4. CONDITIONS PRECEDENT, TRANSFERS, CALCULATIONS AND SUBSTITUTIONS

Conditions Precedent

- 4.1 Without prejudice to, or derogation from, any other provision of the Transaction Documents:

- 4.1.1 each obligation of the Chargor under this Deed to (i) make any transfer into; or (ii) join in giving any instructions to the Custodian to make any transfer out of, any Security

Interest Account pursuant to the Fee Collateral Account Control Agreement and this Deed, shall be conditional upon no Reinsurer Relevant Event having occurred and being continuing, *provided, however, that* this Clause 4.1.1 shall cease to apply if the Chargor has not served a Termination Notice in accordance with clause 12.1 (*Termination*) of the Insurance Agreement in respect of such Reinsurer Relevant Event by 23:59 (London time) on the 60th Business Day following (but excluding) the later of:

- (a) the date on which such Reinsurer Relevant Event occurred; and
- (b) the date on which the Chargor became aware of the occurrence of such Reinsurer Relevant Event; and

4.1.2 each obligation of the Secured Party under this Deed to give (or join in giving) any instructions to the Custodian to make any transfer out of any Security Interest Account pursuant to the Fee Collateral Account Control Agreement and this Deed (other than pursuant to Clause 7.19 (*Rights of Enforcement*)) shall be conditional upon no Trustee Relevant Event having occurred and being continuing, *provided, however, that* this Clause 4.1.2 shall cease to apply if the Secured Party has not served a Termination Notice in accordance with clause 11.2 (*Termination*) of the Reinsurance Agreement in respect of such Trustee Relevant Event by 23:59 (London time) on the 60th Business Day following (but excluding) the later of:

- (a) the date on which such Trustee Relevant Event occurred; and
- (a) the date on which the Secured Party became aware of the occurrence of such Trustee Relevant Event.

Transfers

4.2 All transfers under this Deed shall be made:

- 4.2.1 in the case of cash, by transfer into one or more bank accounts specified by the recipient;
- 4.2.2 in the case of certificated securities which cannot, or which the Parties have agreed will not, be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of the transferring Party's legal title and beneficial interest to the recipient; and
- 4.2.3 in the case of securities which the Parties have agreed will be delivered by book-entry, by the giving of written instructions (including, for the avoidance of doubt, instructions given by telex, facsimile transmission or electronic messaging system) to the relevant depository institution or other entity specified by the recipient, together with a written copy of the instructions to the recipient, sufficient, if complied with, to result in a legally effective transfer of the transferring Party's legal title and beneficial interest to the recipient.

Calculations

4.3 All calculations of Value of Posted Collateral will be made by the Valuation Agent and all calculations of the Security Interest Credit Support Amount, the Security Interest Delivery Amount and the Security Interest Return Amount for the purposes of the Framework Agreement and this Deed will be made by the Calculation Agent in accordance in each case with part 1 (*Provisions Common to Experience Collateral and Fee Collateral*) of schedule 8 (*Collateral Calculation Mechanism*) of the Framework Agreement.

Substitutions

- 4.4 Unless otherwise specified in this Deed, and subject always to Clause 4.5, the Chargor (or its Collateral Agent on its behalf) may on any Business Day by notice (a “**Substitution Notice**”) inform the Secured Party that it wishes to transfer or cause to be transferred Eligible Credit Support as specified in that notice (the “**New Posted Collateral**”) into the relevant Security Interest Account in substitution of certain Posted Collateral then held in the Security Interest Accounts as specified in that Substitution Notice (the “**Original Posted Collateral**”). In connection with delivery of a Substitution Notice, the Chargor will deliver a joint instruction, signed on behalf of the Chargor, to give effect to the substitution if the Secured Party agrees to such substitution, which joint instruction shall provide for the transfers necessary to give effect to the substitution to be settled within two Business Days from the date on which the joint instruction is signed and provided by the Secured Party under Clause 4.6.
- 4.5 The Secured Party shall no later than five Business Days after receiving a copy of a Substitution Notice notify the Chargor if it gives its consent (not to be unreasonably withheld) to the substitution requested by the Chargor and, if such consent is given:
- 4.5.1 the Chargor will transfer, or procure to be transferred, the New Posted Collateral into the Security Interest Accounts on the first Settlement Day after the third Business Day after the date on which it receives notification (which may be an oral telephone notification) from the Secured Party of its consent; and
- 4.5.2 the Secured Party shall sign and provide to the Custodian the joint instruction referred to in Clause 4.5, *provided, however, that* the Secured Party will only be obliged to give (or join in giving) instructions pursuant to this Clause 4.6 in respect of Original Posted Collateral with a Value as of the date of transfer as close as practicable to, but in any event not more than, the Value of the New Posted Collateral as of that date.

5. HOLDING POSTED COLLATERAL

Care of Posted Collateral and Dual Control over Security Interest Accounts

- 5.1 The Chargor has appointed the Initial Custodian to hold the Posted Collateral in accordance with and subject to the terms of the Custody Documents.
- 5.2 Outside an Exclusive Control Period, the Security Interest Accounts shall be operated by way of joint instructions of the Chargor and the Secured Party in accordance with the terms of the Fee Collateral Account Control Agreement. During any Exclusive Control Period, the Security Interest Accounts shall be operated by way of instructions by the Secured Party in accordance with the terms of the Fee Collateral Account Control Agreement and this Deed.

Initial Custodian and Replacement of Custodian

- 5.3 The Parties:
- 5.3.1 acknowledge that the Initial Custodian has been appointed as such pursuant to the Custody Documents; and
- 5.3.2 agree that, for the purposes of this Deed:
- (a) the appointment of a Replacement Custodian (if any) shall (unless and to the extent otherwise agreed in writing between the Chargor and Secured Party) take effect with effect from the relevant Replacement Custodian Effective Date; and

- (b) with effect from such date, references in this Deed to (to the extent applicable):
 - (i) the Security Interest Accounts shall be deemed to be references to the Replacement Security Interest Accounts;
 - (ii) the Custody Agreement shall be deemed to be references to the Replacement Custody Agreement; and
 - (iii) the Fee Collateral Account Control Agreement shall be deemed to be references to the Replacement Fee Collateral Account Control Agreement.

5.4 Without prejudice to the terms of the Custody Agreement or, as the case may be, the Fee Collateral Account Control Agreement, the Chargor shall:

- 5.4.1 perform all its obligations under the Custody Agreement or the Fee Collateral Account Control Agreement in respect of the Charged Account where a failure to do so would have an adverse effect on the rights and interests of the Secured Party under this Deed or the Fee Collateral Account Control Agreement (as determined by the Secured Party, acting reasonably); and
- 5.4.2 pay all Custodian fees and charges in accordance with the terms of the Custody Agreement and, to the extent that the Secured Party is required to pay the Custodian under clause 4.2 (*Indemnification*) of the Fee Collateral Account Control Agreement in respect of any Losses (as defined in the Fee Collateral Account Control Agreement) sustained or incurred by the Custodian prior to the date of delivery of a Notice of Exclusive Control by the Secured Party in accordance with clause 3.2 (*Control of the Charged Portfolio*) of the Fee Collateral Account Control Agreement (together the “**Custodian Indemnification Costs**”), indemnify the Secured Party with respect to any such Custodian Indemnification Costs.

Replacement of Custodian

5.5 The following provisions shall apply in connection with the replacement of the Custodian:

- 5.5.1 Subject to Clause 5.5.2, the Chargor shall notify the Secured Party in writing (a “**Custodian Replacement Event Notice**”) as soon as reasonably practicable and in any event within five Business Days after the date on which it becomes aware of the occurrence of any of the following events (each such event, whether or not a Custodian Replacement Event Notice has been served by the Chargor, a “**Custodian Replacement Event**”):
 - (a) *Custodian termination notice*: The Chargor gives to, or receives from, the Custodian a termination notice which will, after the expiry of any applicable notice period, result in the termination of the Custody Agreement;
 - (b) *Termination of Custody Documents*: The Custody Documents (or, if applicable, either of them) cease to be in full force and effect (other than as a result of a termination notice);
 - (c) *Required Rating failure*: The credit rating of the Custodian is below the Required Rating;
 - (d) *Custodian Insolvency Event*: An Insolvency Event has occurred with respect to the Custodian; or

(e) *Custodian Event*: A Custodian Event has occurred.

5.5.2 The relevant Custodian Replacement Event Notice shall specify the type of Custodian Replacement Event and the date on which (as far as the Chargor can ascertain) such Custodian Replacement Event occurred.

5.5.3 If and for so long as a Custodian Replacement Event has occurred and is continuing, the Chargor shall use all reasonable endeavours to procure that a replacement custodian is appointed by no later than the applicable Replacement Custodian Cut-Off Date.

5.5.4 In connection with the appointment (or proposed appointment) of a Replacement Custodian under Clause 5.5.3, each of the Secured Party and the Chargor shall act reasonably and in good faith and shall, as soon as reasonably practicable:

(a) (if necessary) execute and deliver a new or replacement security deed in substantially the form of (and on substantively identical terms (*mutatis mutandis*) as) this Deed (or such other form or terms as the Parties may agree in writing); and

(b) execute and deliver such documents, and give such consents as may reasonably be required by the other Party (acting reasonably and in good faith), including where applicable, to:

(i) facilitate the appointment of a Replacement Custodian and related matters including, to the extent relevant, the Replacement Custody Agreement and the Replacement Fee Collateral Account Control Agreement; and

(ii) instruct and/or require the existing Custodian (if any) to transfer the Posted Collateral to the Replacement Security Interest Accounts:

(A) save where (B) applies, as soon as reasonably practicable; or

(B) to the extent relevant, as soon as reasonably practicable on or after the date on which the (or each of the) Replacement Custody Agreement and the Replacement Fee Collateral Account Control Agreement have been entered into in accordance with this Deed.

5.5.5 For the avoidance of doubt, while the relevant Custodian Replacement Event is continuing, if the relevant Replacement Custodian Effective Date has not occurred by the relevant Replacement Custodian Cut-Off Date:

(a) Clause 5.6 shall apply; and

(b) unless and to the extent otherwise agreed in writing between the Parties, the obligations of the Parties with respect to the appointment (or proposed appointment) of a Replacement Custodian shall continue to apply until the relevant Replacement Custodian Effective Date.

Alternative Fee Collateral Arrangements

5.6 Without prejudice to Clause 5.5, following a Custodian Replacement Event which has occurred and is continuing, the Chargor may, at any time prior to the Replacement Custodian Effective

Date, elect, by written notice (an “**Alternative Fee Collateral Arrangements Notice**”) to the Secured Party, to satisfy its obligations relating to the provision of Eligible Credit Support by:

- 5.6.1 entering into an arrangement that provides security over a cash account (credited with cash in an amount equal to the Security Interest Credit Support Amount from time to time) in a form satisfactory to the Secured Party (acting reasonably and in good faith);
- 5.6.2 if agreed by the Secured Party in its absolute discretion, procuring the issuance of a letter of credit in favour of the Secured Party in an amount not less than the then applicable Security Interest Credit Support Amount; or
- 5.6.3 otherwise by electing, until such time as a Replacement Custodian is appointed pursuant to Clause 5.4 above, that references to “Experience Collateral Required Value” in the definition of “Insurance Exposure” shall be replaced with references to “Collateral Required Value”,

provided, however, that:

- (a) if neither the arrangements in Clause 5.6.1 nor 5.6.2 have been implemented by the relevant Replacement Custodian Cut-off Date, the Chargor shall be deemed to have elected that Clause 5.6.3 applies; and
- (b) if the Chargor makes an election pursuant to Clause 5.6.3 above, or is deemed to make such an election pursuant to (a) above:
 - (i) the election shall be effective from the Valuation Date immediately after the Replacement Custodian Cut-off Date until (and excluding) the Valuation Date immediately after the Replacement Custodian Effective Date, unless otherwise agreed; and
 - (ii) the Secured Party shall, if requested by the Chargor (or its Collateral Agent on its behalf) for the purposes of satisfying its obligations to provide Eligible Credit Support under the terms of the Transaction Documents, give (or join in giving) such instructions to the Custodian as are required pursuant to the Fee Collateral Account Control Agreement and this Deed to effect the transfer of Eligible Credit Support from the Security Interest Account to the relevant account of the Secured Party.

Voluntary replacement of Custodian proposed by the Chargor

- 5.7 The Chargor may notify the Secured Party that it proposes to replace the Custodian with a new Custodian identified by the Chargor, in which case the Chargor and the Secured Party shall, acting in good faith and using reasonable endeavours, co-operate in order to take the steps referred to in paragraphs (a) and (b) of Clause 5.5.4 above but the other provisions relating to Custodian Replacement Events shall not apply.

Voting Rights

- 5.8 Unless and until a Relevant Event occurs and is continuing, the Chargor may exercise, or direct that the Custodian exercises, any voting rights attached to any of the Posted Collateral and any powers or rights which may be exercised by the person or persons in whose name or names the Posted Collateral is registered or who is the holder or bearer of them including all the powers given to trustees by the Trustee Act 2000 in respect of securities or property subject to a trust, in a manner consistent with the terms of this Deed, and the Secured Party shall promptly, upon the

request of the Chargor given in a reasonable and timely manner, give (or join in giving) such instructions to the Custodian as are required pursuant to the Fee Collateral Account Control Agreement and this Deed to enable the Chargor or the Custodian to exercise such rights. The Secured Party shall be entitled to refuse to give (or to join in giving) such instructions where the exercise of such votes, powers or rights in the manner requested:

- 5.8.1 would be, if utilised in such manner, contrary to any provisions of the Transaction Documents; or
- 5.8.2 in the reasonable opinion of the Secured Party, would have a material adverse effect on the value of the Posted Collateral or otherwise materially prejudice the interests of the Secured Party under the Transaction Documents.

If any expense is reasonably incurred by the Secured Party in exercising, or giving (or joining in giving) instructions to exercise, such votes, powers or rights at the Chargor's request, the Chargor shall upon demand by the Secured Party reimburse that expense.

- 5.9 At any time after the occurrence of a Relevant Event that is continuing and without any further consent or authority on the part of the Chargor, the Secured Party may exercise (or direct the Custodian to exercise) at its discretion (in the name of the Chargor or otherwise) in respect of any of the Posted Collateral any voting rights and any powers or rights which may be exercised by the person or persons in whose name or names the Posted Collateral is registered or who is the holder or bearer of them including all the powers given to trustees by the Trustee Act 2000 in respect of securities or property subject to a trust. If the Secured Party exercises (or directs the Custodian to exercise) any such rights or powers, it will give notice of the same to the Chargor as soon as practicable.

Calls and Other Obligations

5.10

5.10.1 Payment of Calls

The Chargor will pay or procure the payment of all calls or other payments which may become due in respect of any of the Posted Collateral and if it fails to do so the Secured Party may elect to make such payments on behalf of the Chargor. Any sums so paid by the Secured Party shall be repayable by the Chargor to the Secured Party on demand together with interest at the Default Rate from the date of such payment by the Secured Party and pending such repayment shall form part of the Obligations.

5.10.2 Requests for Information

The Chargor shall promptly copy to the Secured Party and comply with all requests for information in relation to the Posted Collateral which is within its knowledge and which are made under section 793 of the Companies Act 2006 or any similar provision contained in any articles of association or other constitutional document relating to any of the Posted Collateral (or to the issuer of any Posted Collateral) and if it fails to do so the Secured Party may elect to provide such information as it may have on behalf of the Chargor.

5.10.3 Continuing Liability of Chargor

The Chargor shall remain liable to observe and perform all of the other conditions and obligations assumed by it in respect of any of the Posted Collateral.

5.10.4 No Liability of Secured Party

Subject to the Chargor's rights to make a request to the Secured Party pursuant to Clause 5.8, the Secured Party shall not be required to perform or fulfil any obligation of the Chargor in respect of the Posted Collateral or to make any payment, or to make any enquiry as to the nature or sufficiency of any payment received by it (if any) or the Chargor, or to present or file any claim or take any other action to collect or enforce the payment of any amount to which it may have been or to which it may be entitled under the Reinsurance Agreement, the Framework Agreement or this Deed at any time.

Distributions and Interest

- 5.11 Any Distributions shall be received into the Security Interest Accounts and any Accrued Interest shall be credited into the Security Interest Cash Account. For the avoidance of doubt, any Distributions or Accrued Interest will constitute Posted Collateral and will be subject to the Security Interests granted under Clause 2.2 (*Security*).

6. EXCLUSIVE CONTROL

Relevant Event

- 6.1 For the purposes of this Deed, a "**Relevant Event**" will have occurred if:
- 6.1.1 a Trustee Relevant Event (including, for the avoidance of doubt, a Payment/Transfer Default relating to the Trustee in respect of the Initial Termination Amount, the Final Termination Adjustment Amount and/or the Insurer Replacement Failure Amount); or
- 6.1.2 a Trustee Non-Fault Termination Event,
- has occurred and is continuing, and has not been cured, remedied or waived in accordance with the Transaction Documents.

Notice of Exclusive Control

- 6.2 The Secured Party may serve a Notice of Exclusive Control on the Custodian in accordance with the Fee Collateral Account Control Agreement at any time after the occurrence of a Relevant Event which is continuing.
- 6.3 If the Secured Party serves a Notice of Exclusive Control then (without prejudice to the validity of such notice) it shall deliver a copy of such notice to the Chargor at the same time. For the avoidance of doubt, the Parties agree that, in respect of any dispute regarding the proper delivery to the Custodian by the Secured Party of a Notice of Exclusive Control, the provisions of clauses 44 (*Dispute Resolution*) to 48 (*Joinder of Parties*) (inclusive) of the Framework Agreement shall apply.
- 6.4 The period following the service of a Notice of Exclusive Control is referred to in this Deed as an "**Exclusive Control Period**".
- 6.5 Unless a Relevant Event has occurred and is continuing, the Secured Party may not without the written consent of the Chargor (such consent not to be unreasonably withheld or delayed) give any instructions to the Custodian for the transfer of any Posted Collateral from the Security Interest Accounts to any person or account other than an account nominated by the Chargor (or its Collateral Agent on its behalf) for receipt of such Posted Collateral, except pursuant to Clause 2.3 (*Security*).

7. RIGHTS OF ENFORCEMENT

Secured Party's Rights

7.1 If at any time a Relevant Event has occurred and is continuing, unless the Chargor has paid in full all of its Obligations that are then due:

7.1.1 the Secured Party shall be entitled to put into force and to exercise immediately or as and when it may see fit any and every power possessed by the Secured Party by virtue of this Deed or available to a secured creditor (so that section 93 and section 103 of the Law of Property Act 1925 shall not apply to this Deed) and in particular the Secured Party shall have power in respect of Posted Non-Cash Collateral:

- (a) to sell all or any of the Posted Non-Cash Collateral in any manner permitted by law upon such terms as the Secured Party shall in its absolute discretion determine;
- (b) to the extent that any Posted Non-Cash Collateral constitutes "financial collateral" and this Deed constitutes a "security financial collateral arrangement" (in each case, within the meaning of the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) and the Financial Collateral Arrangements (Amendment) Regulations 2010 (SI 2010 No. 2993) (together, the "**Regulations**")) the Secured Party shall have the benefit of all of the rights of a collateral taker conferred upon it by the Regulations, with immediate effect to appropriate with notice to the Chargor all or any part of the Posted Non-Cash Collateral comprising "financial collateral" and apply it in or towards the payment and discharge of the Obligations in such order and manner as the Secured Party in its absolute discretion may from time to time determine. For this purpose, the Parties agree that the value of such Posted Non-Cash Collateral shall be the Value of it as calculated in accordance with the Transaction Documents and the Parties agree that the method of valuation provided for in this Clause 7.1.1 shall constitute a commercially reasonable method of valuation for the purposes of the Regulations;
- (c) to collect, recover or compromise and to give a good discharge for any moneys payable to the Chargor in respect of any of such Charged Property; and
- (d) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Deed) on mortgagees and by this Deed on any Receiver or otherwise conferred by law on mortgagees or receivers; and

7.1.2 the Secured Party may in respect of Charged Assets in the form of cash (including for the avoidance of doubt any cash realised or recovered pursuant to the rights conferred on the Secured Party pursuant to this Clause 7.1) immediately or at any subsequent time apply or appropriate such Charged Assets in or towards the payment or discharge of any amounts payable by the Chargor with respect to any Obligation in such order as the Secured Party sees fit.

7.2 The rights and powers of the Secured Party contained in this Clause 7 (*Rights of Enforcement*) shall be in addition to and not to the prejudice of all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Deed) on mortgagees or otherwise conferred by law on mortgagees. For the purposes of all powers implied

by the Law of Property Act 1925 such powers shall arise (and the Obligations shall be deemed due and payable for that purpose) on the date of this Deed and shall be immediately exercisable by the Secured Party at any time after the Security has become enforceable.

Appointment of Receiver

7.3 At any time after the security created by or pursuant to this Deed has become enforceable, the Secured Party may by deed or otherwise (acting through an authorised officer of the Secured Party), without prior notice to the Chargor:

- 7.3.1 appoint one or more persons to be a Receiver in respect of the Charged Property;
- 7.3.2 remove (so far as it is lawfully able) any Receiver so appointed; and
- 7.3.3 appoint another person (or persons) as an additional or replacement Receiver (or Receivers).

7.4 Any Receiver may be appointed in respect of the whole or any part of the Charged Property specified in the relevant appointing instrument and different Receivers may be appointed in respect of different parts of the Charged Property.

7.5 The powers of appointment of a Receiver conferred on the Secured Party by this Deed shall be in addition to all statutory and other powers of appointment conferred by the Law of Property Act 1925 (as extended by this Deed), the Insolvency Act 1986 or otherwise and such powers shall remain exercisable from time to time by the Secured Party in respect of any part of the Charged Property.

7.6 Each Receiver shall be:

- 7.6.1 entitled to act individually or together with any other person appointed or substituted as Receiver (except as otherwise stated in any relevant appointing instrument);
- 7.6.2 deemed for all purposes to be the agent of the Chargor which shall be solely responsible for its acts, defaults and liabilities and for the payment of its remuneration (as described in Clause 7.6.3) and no Receiver shall at any time act as agent for the Secured Party; and
- 7.6.3 entitled to remuneration for its services at a reasonable rate to be fixed by the Secured Party from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

7.7 Every Receiver shall (subject to any restrictions in the relevant appointing instrument but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property in respect of which it was appointed (in the name of or on behalf of the Chargor or in its own name and, in each case, at the cost of the Chargor):

- 7.7.1 all the powers conferred by the Law of Property Act 1925 on mortgagees and mortgagees in possession and on receivers appointed under that Act;
- 7.7.2 all the powers of an administrative receiver set out in schedule 1 of the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- 7.7.3 all the powers and rights of an absolute owner and the power to do or omit to do anything which the Secured Party itself could do or omit to do; and
- 7.7.4 the power to do all things (including bringing or defending proceedings in the name or on behalf of the Chargor) which the Receiver considers incidental or conducive to:

- (a) any of the functions, powers, authorities or discretions conferred on or vested in it;
- (b) the exercise of the Credit Support Rights (including realisation of all or any part of the Charged Assets); or
- (c) bringing to its hands any assets of the Chargor constituting, or which when got in would be Charged Property.

7.8 To the fullest extent permitted by law, any right, power or discretion conferred by this Deed (expressly or impliedly) upon a Receiver may, at any time after the security created by or pursuant to this Deed becomes enforceable, be exercised by the Secured Party, without prior notice to the Chargor in relation to any Charged Property, irrespective of whether or not it has taken possession of the Charged Property and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

7.9 Section 109(1) of the Law of Property Act 1925 shall not apply to this Deed.

Power of Attorney

7.10 The Chargor, by way of security and solely for the purpose of more fully securing the performance of the Obligations, irrevocably appoints the Secured Party, any Receiver and any Delegate (or such person as the Secured Party, Receiver or Delegate may nominate), with full powers of substitution and delegation, as the attorney of the Chargor on its behalf and in the name of the Chargor or the Secured Party (as the attorney may decide) to do all acts, and execute all documents which the Chargor could itself execute, in relation to any of the Charged Property or in connection with any of the matters provided for in this Deed, including:

- 7.10.1 to perfect and protect the security created over the Security Interest Accounts, in the event that the Chargor fails to take any reasonably required step in relation thereto pursuant to Clause 10.5 (*Other Provisions*) within 10 Business Days of a written request so to do;
- 7.10.2 to execute any transfer, bill of sale or other assurance in respect of the Charged Property;
- 7.10.3 to exercise all the rights and powers of the Chargor in respect of the Charged Property;
- 7.10.4 to ask, require, demand, receive, compound and give a good discharge for any and all moneys and claims for moneys due and to become due under or arising out of any of the Charged Property;
- 7.10.5 to endorse any cheques or other instruments or orders in connection with any of the Charged Property; and
- 7.10.6 to make any claims or to take any action or to institute any proceedings which the Secured Party considers to be necessary or advisable to protect or enforce the Security.

The Secured Party shall only exercise any rights and powers under this Clause 7.10, other than any arising in relation to Clause 7.10.1, following the occurrence of a Relevant Event which is continuing.

Power of Attorney: Ratification

7.11 The Chargor shall ratify and confirm all things reasonably done and all documents reasonably executed by the Secured Party or the Receiver or any Delegate in the exercise of that power of attorney.

Power of Attorney: General Delegation

- 7.12 Each of the Secured Party and any Receiver shall have the full power to delegate to any person (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including any power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude the subsequent exercise of those powers, authorities or discretions by the Secured Party or the Receiver, any revocation of the delegation or any subsequent delegation of any such powers, authorities and discretions. Neither the Secured Party nor any Receiver shall be bound to supervise, or be in any way responsible for, any loss incurred by reason of any misconduct or default on the part of, any Delegate.

No Liability

- 7.13 Neither any Receiver nor any Delegate (or, in each case, any of its respective officers, employees, agents or attorneys) shall be liable to the Chargor or any other person by reason of:
- 7.13.1 taking any action permitted by this Deed;
 - 7.13.2 taking possession of or realising all or any part of the Charged Property in accordance with the terms of this Deed; or
 - 7.13.3 the exercise, or the attempted or purported exercise, of any of the rights, powers and remedies of the Secured Party provided by this Deed,
- in each case, except in the case of fraud, gross negligence or wilful default on its part.
- 7.14 Without limiting Clause 7.13, entry into or taking possession of all or any part of the Charged Property shall not render any Receiver or any Delegate liable to account as a mortgagee in possession and, if and whenever any Receiver or any Delegate enters into or takes possession of the Charged Property, it shall be entitled at any time at its discretion to go out of such possession.

Protection of Purchaser

- 7.15 No purchaser or other person dealing with the Secured Party or with its attorney or agent shall be concerned to enquire:
- 7.15.1 whether any power exercised or purported to be exercised by the Secured Party under this Deed has become exercisable;
 - 7.15.2 whether any Obligation remains due;
 - 7.15.3 as to the propriety or regularity of any of the actions of the Secured Party; or
 - 7.15.4 as to the application of any money paid to the Secured Party.
- 7.16 In the absence of bad faith on the part of such purchaser or other person, such dealings shall be deemed, so far as regards the safety and protection of such purchaser or other person, to be within the powers conferred by this Deed and to be valid accordingly. The remedy of the Chargor in respect of any impropriety or irregularity in the exercise of such powers shall be in damages only.

Deficiencies and Excess Proceeds

- 7.17 The Secured Party will promptly transfer to the Chargor any proceeds in respect of the Charged Property remaining after enforcement, appropriation, liquidation and/or application in accordance with Clause 7.1 and after satisfaction in full of all amounts payable by the Chargor with respect to any Obligations.

- 7.18 The Chargor, in all events, will remain liable for any amounts payable by it with respect to the any Obligations and remaining unpaid after any enforcement, appropriation, liquidation and/or application in accordance with Clause 7.1.

Final Returns

- 7.19 Where either: (i) following the occurrence of an Early Termination Date (other than an Early Termination Date which has occurred in respect of an Interregnum Event), the Initial Termination Amount has been determined in accordance with the Transaction Documents and is not positive (so not payable by the Chargor to the Insurer pursuant to the terms of the Insurance Agreement, and the Insurer to the Secured Party under the terms of the Reinsurance Agreement); or (ii) no amounts are or may become payable by the Chargor to the Secured Party with respect to any Obligations:

- 7.19.1 the Security will be automatically released;
- 7.19.2 the Secured Party will execute such deeds and documents, including instructions to the Custodian, as the Chargor reasonably requests in order to confirm and/or acknowledge such release;
- 7.19.3 all Posted Collateral held in the Security Interest Accounts shall be transferred to the Chargor (or as it or its Collateral Agent directs); and
- 7.19.4 Clause 2.3 (*Security*) shall apply in respect of such transfer.

8. WARRANTIES

- 8.1 The Chargor warrants to the Secured Party (which warranties will be deemed to be repeated as of each date on which it transfers (or on which it procures the transfer of) Eligible Credit Support into the Security Interest Accounts under this Deed ("**Transferred Eligible Credit Support**")) that:

- 8.1.1 it has the requisite power to grant the Security Interests which this Deed purports to create in any Transferred Eligible Credit Support and in respect of the other Charged Property and has taken all necessary corporate actions to authorise the granting of such Security Interests;
- 8.1.2 in its capacity as trustee of the Scheme, it is the sole owner (or otherwise has the right to transfer or procure the transfer of title) of all Transferred Eligible Credit Support and in respect of the other Charged Property, and has the ability to transfer (or procure the transfer of) all such Eligible Credit Support free and clear of any Security Interest, lien, encumbrance or other interest or restriction other than any Permitted Security Interests;
- 8.1.3 upon the transfer of any Transferred Eligible Credit Support into the relevant Security Interest Account, it will, subject to:
- (a) the completion of any perfection requirements required by law;
 - (b) any Permitted Security Interests; and
 - (c) any rule of law having the effect that any security which is expressed as (or intended to be) fixed security takes effect as floating security,
- create the Security Interests which this Deed purports to create and those Security Interests are valid and effective; and

- 8.1.4 the performance by it of its obligations under this Deed will not result in the creation by it of any Security Interest in or on any Charged Property other than as contemplated by this Deed or any Permitted Security Interests.

9. EXPENSES

General

- 9.1 Except as otherwise provided in Clauses 9.2 and 9.3, each Party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Deed) in connection with performing its obligations under this Deed and neither Party shall be liable for any such costs and expenses incurred by the other Party.

Enforcement Expenses

- 9.2 The Chargor shall pay to the Secured Party on demand and on a full indemnity basis all the costs and expenses (including legal fees) reasonably and properly incurred by the Secured Party following the occurrence of a Relevant Event which is continuing in connection with the exercise, preservation and/or enforcement of any rights, powers or remedies of the Secured Party in relation to the Charged Property or any proceedings instituted by or against the Chargor as a consequence of the Secured Party taking or holding the Charged Property or otherwise enforcing any of its rights, powers or remedies under this Deed.

Liquidation/Application of Posted Collateral/Release of Security

- 9.3 All reasonable costs and expenses incurred by the Secured Party in connection with the liquidation and/or application of any Posted Collateral under the Security Interest Documents following the occurrence of a Relevant Event which is continuing will be payable, on demand, by the Chargor.

10. OTHER PROVISIONS

Collateral Agent

- 10.1 Subject to clause 38 (*Use of Agents*) of the Framework Agreement, the Chargor and the Secured Party agree and acknowledge that certain actions to be carried out by the Chargor in accordance with or pursuant to this Deed (the “**Relevant Collateral Matters**”) may be carried out by an agent duly appointed from time to time by the Chargor to perform such actions on its behalf and whose appointment is promptly notified by the Chargor to the Secured Party in writing (together with such further information regarding the identity of such agent and its appointment as the Secured Party may reasonably request) (a “**Collateral Agent**”).
- 10.2 The Parties agree that the Secured Party shall be entitled to deal with a Collateral Agent in respect of the Relevant Collateral Matters (except in relation to any matters where the Secured Party has been expressly notified to the contrary by the Chargor in writing) until such time as the Chargor has notified the Secured Party of the termination of the appointment of such Collateral Agent.
- 10.3 The Secured Party shall be entitled to assume that any instructions, demands or notices given by a Collateral Agent under, or in connection with, this Deed or the Fee Collateral Account Control Agreement are within the scope of its appointment as a Collateral Agent, unless expressly notified to the contrary by the Chargor in writing and shall not be required to carry out any investigations into whether such instructions, demands or notices are in fact within the scope of its appointment. Any instructions, demands or notices given by a Collateral Agent in respect of the Relevant Collateral Matters shall bind the Chargor for the purposes of this Deed and the Fee Collateral Account Control Agreement.

- 10.4 Notwithstanding the appointment of a Collateral Agent and clause 38.2 (*Use of Agents*) of the Framework Agreement, the Secured Party shall remain entitled to deal directly with the Chargor in respect of the Relevant Collateral Matters. In the event of conflicting instructions, demands, notices or confirmations being given by the Chargor and its Collateral Agent, the Secured Party shall act on the instruction, demand, notice or confirmation of the Chargor only.

Further Assurances

- 10.5 Promptly following a demand made by a Party, the Party to which such demand is addressed will execute, deliver, file and record any specific assignment or other document and take any other action (including giving instructions to the Custodian) that may be necessary or desirable and (in each case) is reasonably requested by the demanding Party to:

10.5.1 create, preserve, perfect to validate any Security Interest granted under Clause 2.2 (*Security*);

10.5.2 to enable the demanding Party to exercise or enforce its rights under this Deed with respect to the Charged Property or to effect or document a release, reassignment and discharge of a Security Interest on or in respect of the Charged Property in accordance with the Reinsurance Agreement, the Framework Agreement, the Fee Collateral Account Control Agreement and/or this Deed.

Further Protection

- 10.6 The Chargor will promptly give notice to the Secured Party of, and defend itself against, any suit, action, proceeding or lien that involves the Charged Property or that could adversely affect the Security Interests granted by it under Clause 2.2 (*Security*).

Performance of Obligations

- 10.7 Performance of all obligations under this Deed, including all calculations, valuations and determinations made by either Party, will be made in good faith and in a commercially reasonable manner.

Financial Collateral Regulations

- 10.8 It is the intention of the Parties that, to the extent that the relevant provisions of this Deed so permit:

10.8.1 the Posted Collateral should constitute “financial collateral” for the purposes of the Regulations;

10.8.2 the collateral and associated arrangements entered into pursuant to this Deed should constitute a “security financial collateral arrangement” for the purposes of the Regulations; and

10.8.3 the right to appropriate pursuant to this Deed is in accordance with regulation 17 of the Regulations.

Notices

- 10.9 Clause 34 (*Notices*) of the Framework Agreement applies to the giving of notices and other communications under or in connection with this Deed.

Agents for Service of Process

- 10.10 Clause 35 (*Agents for Service of Process*) of the Framework Agreement applies to this Deed.

Amendments

- 10.11 Any amendment or alteration to the terms of this Deed must be in writing and signed by the Parties.

Counterparts

- 10.12 This Deed may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement. Delivery of an executed counterpart of this Deed by email attachment (PDF or similar) or telecopy shall be as delivery of a manually executed counterpart of this Deed.

No third party rights

- 10.13 A person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

Subsequent Interests and Security Interest Accounts

- 10.14 Following the occurrence of a Relevant Event which is continuing, all monies received, recovered or realised by the Secured Party under this Deed (including the proceeds of any conversion of currency) may in its discretion be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Obligations.

11. INELIGIBLE CREDIT SUPPORT

Return of Ineligible Credit Support

- 11.1 Subject always to Clause 4.1 (*Conditions Precedent, Transfers, Calculations and Substitutions*), if any of the securities or cash transferred by the Chargor into the Security Interest Accounts is not, or ceases to qualify as, Eligible Credit Support ("**Ineligible Credit Support**"):

- 11.1.1 upon request by the Chargor identifying such Ineligible Credit Support, that Ineligible Credit Support shall be transferred from the Security Interest Accounts to the Chargor (or as it or its Collateral Agent directs) on the first Settlement Day after the fifth Business Day thereafter, *provided, however, that:*

- (a) on the date of such request the Chargor is not in default in respect of any outstanding Security Interest Delivery Amount and no Trustee Relevant Event has occurred and is continuing; and
- (b) immediately following such transfer the Value of the Posted Collateral is at least equal to the most recently determined Security Interest Credit Support Amount;

- 11.1.2 the Secured Party shall give (or join in giving) such instructions to the Custodian as are required pursuant to the Fee Collateral Account Control Agreement and this Deed to effect such transfer; and

- 11.1.3 the provisions of Clause 2.3 (*Security*) shall apply in respect of the Ineligible Credit Support upon such transfer occurring.

12. GENERAL

- 12.1 The provisions of this Deed shall be binding upon and inure to the benefit of the Parties hereto and their respective successors whether by merger, consolidation or other transaction.

- 12.2 If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, it shall not affect or impair:
- 12.2.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Deed; or
- 12.2.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed.
- 12.3 The failure to exercise or delay in exercising a right, power or remedy provided by this Deed or by law shall not impair and does not constitute a waiver of the right, power or remedy or a waiver of other rights, powers or remedies. A waiver of a breach of any of the terms of this Deed or of a default under this Deed does not constitute a waiver of any other breach or default and shall not affect the other terms of this Deed. No single or partial exercise of a right, power or remedy provided by this Deed or by law prevents the further exercise of the right, power or remedy or the exercise of another right, power or remedy.
- 12.4 The security constituted by this Deed and all rights, powers and remedies of either Party provided by or pursuant to this Deed or by law shall be cumulative and in addition to, and independent of, any right of set-off, combination, lien or other rights exercisable by such Party against any person and of any other guarantee or Security Interest now or subsequently held by the Secured Party for the Obligations or any other obligations or any rights, powers and remedies provided by law.
- 13. GOVERNING LAW, DISPUTE RESOLUTION AND CONFIDENTIALITY**
- 13.1 This Deed, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and shall be construed and take effect in accordance with, English law.
- 13.2 Any dispute, claim, difference or controversy arising out of, relating to or having any connection with this Deed shall be resolved in accordance with clauses 44 (*Dispute Resolution*) to 48 (*Joinder of Parties*) (inclusive) of the Framework Agreement.
- 13.3 Clause 49 (*Confidentiality*) of the Framework Agreement applies to Confidential Information relating to this Deed.
- 14. EXECUTION**
- 14.1 The Chargor has shown its acceptance to the terms of this Deed by executing it as a deed, and this Deed is delivered by the Chargor on the date stated at the beginning of this Deed.
- 14.2 The Secured Party has shown its acceptance to the terms of this Deed by signing it as an agreement.

Executed as a deed by
YORKSHIRE AND CLYDESDALE BANK
PENSION TRUSTEE LIMITED
(acting in its capacity as trustee for and on
behalf of the Yorkshire and Clydesdale Bank
Pension Scheme)

acting by Inder Dhillra

and CAVIN HILL

Director

Director

Signed by

...HOWARD...TIMOTHY...

and...ANDREW MGALEESE...

for and on behalf of
**PACIFIC LIFE RE INTERNATIONAL
LIMITED**
(acting through its UK branch)

[Redacted Signature]

Authorised Signatory

[Redacted Signature]

Authorised Signatory

