PROSPECTUS DATED 5 DECEMBER 2016

EUROCLEAR INVESTMENTS SA

EUR 600,000,000 1.125 per cent. Notes due 2026

The issue price of the EUR 600,000,000 1.125 per cent. Notes due 2026 (the "**Notes**") of Euroclear Investments SA (the "**Issuer**") is 99.756 per cent. of their principal amount.

Interest on the Notes will accrue at the rate of 1.125 per cent. per annum from 7 December 2016 (the "**Issue Date**") and will be payable in Euro annually in arrear on 7 December in each year, commencing on 7 December 2017. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by Luxembourg to the extent described under Condition 7 (*Taxation*) of the Terms and Conditions of the Notes.

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 7 December 2026 (the "**Maturity Date**"). The Issuer will have the option (i) to redeem the Notes in whole, but not in part, at their principal amount together with accrued interest in the event that certain taxes are imposed, as more fully described in Condition 5(b) (*Redemption for tax reasons*) of the Terms and Conditions of the Notes and (ii) to redeem the Notes in whole, but not in part at any time prior to their Maturity Date, in accordance with Condition 5(c) (*Make-whole redemption at the option of the Issuer*) of the Terms and Conditions of the Notes.

Application has been made to The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the "**AFM**"), in its capacity as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) relating to prospectuses for securities, for approval of this Prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Application has also been made for the Notes to be listed and admitted to trading on Euronext in Amsterdam ("**Euronext Amsterdam**") on or around 7 December 2016.

References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading and listing on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Lead Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or 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.

The Notes will be in bearer form and in the denomination of Euro 100,000 each. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear Bank**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of Euro 100,000 each and with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Issuer has been rated AA- by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and AA by Fitch Ratings Limited ("**Fitch**"). The Notes will be rated AA- by S&P and AA by Fitch. S&P and Fitch are established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). S&P and Fitch appear on the latest update of the list of registered credit rating agencies (as of 1 December 2015) on the ESMA website http://www.esma.europa.eu. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

See the "Risk Factors" section for a description of certain factors which should be considered by potential investors in connection with any investment in the Notes.

Global Coordinator and Joint Lead Manager

SOCIÉTÉ GÉNÉRALE
CORPORATE & INVESTMENT BANKING

Joint Lead Managers

CITIGROUP **J.P. MORGAN**

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IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to the Joint Lead Managers named under "*Subscription and Sale*" below (the "**Joint Lead Managers**") that this Prospectus contains or incorporates by reference all information regarding the Issuer, the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer and the Group are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer, the Group or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer and the Group since the date of this Prospectus.

Except for the Issuer, no other party has separately verified or authorised the information or representations contained or incorporated by reference in this Prospectus in connection with the Issuer or the Group. The Joint Lead Managers do not have any fiduciary duties to investors and therefore assume no liability or obligation to investors. None of the Joint Lead Managers makes any representation, express or implied, or accepts any responsibility or liability, with respect to the sincerity, accuracy or completeness of any of the information in this Prospectus in connection with the Issuer or the Group. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained or incorporated by reference in this Prospectus and its purchase of Notes should be based upon such investigation and assessment as it deems necessary. Each potential purchaser of Notes should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Joint Lead Managers undertook or undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**", "**Euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in

Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

In connection with the issue of the Notes, Société Générale (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's and the Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the Group and the industry(ies) in which they operate together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

The following sets out the material risks relating to the Notes and the Issuer and the Group as at the date of this Prospectus. The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer and the Group that are not currently known to the Issuer and the Group, or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances and each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality and suitability of its acquisition of the Notes or as to the other matters referred to above.

Risks Relating To The Notes

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Group. Although application has been made for the Notes to be admitted to listing on Euronext Amsterdam, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for debt securities issued by the Issuer is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

The Notes may not be a suitable investment for all investors

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Joint Lead Managers' activities

In the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Legality of Purchase

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by several costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-

equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

As the Notes bear interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 5(b) (*Redemption for tax reasons*) of the Terms and Conditions of the Notes, the Issuer may redeem all outstanding Notes in accordance with such Terms and Conditions. In addition, the Issuer may redeem, in whole, but not in part, the then outstanding Notes at any time prior to the Maturity Date, as provided in Condition 5(c) (*Make-whole redemption at the option of the Issuer*) of the Terms and Conditions of the Notes.

The Issuer may choose to redeem the Notes at a time when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

In addition, the trading value of the Notes may be adversely affected should Condition 5(b) (*Redemption for tax reasons*) become capable or be perceived as having become more likely of being capable of being exercised by the Issuer.

Because the Global Notes are held by or on behalf of Euroclear Bank and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear Bank and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear Bank and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear Bank and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear Bank and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear Bank and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear Bank and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Market value of the Notes

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in The Netherlands or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The value of the Notes will also depend on the

creditworthiness of the Issuer and the Group. If the credit worthiness of the Issuer or the Group deteriorates, the value of the Notes may decrease and investors may lose all or part of their investment.

Credit Rating

The Notes will be assigned a rating of AA- by S&P and AA by Fitch. The ratings assigned by S&P and by Fitch to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating or the assignment of an unfavourable rating by another ratings agency could adversely affect the trading price for the Notes.

Credit risk

An investment in the Notes involves taking credit risk on the Issuer and the Group. If the financial situation of the Issuer or the Group deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes, and investors may lose all or part of their investment.

Change of law

The Terms and Conditions of the Notes are governed by the laws of England and Wales in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practice or the official application or interpretation of such laws after the date of this Prospectus. Furthermore, the Issuer is resident in Luxembourg and the Group operates in a heavily regulated environment and has to comply with extensive regulations. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

Modification and waiver

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Further, a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the subscription, acquisition, holding, transfer and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Luxembourg Insolvency Law

The Issuer is incorporated in Luxembourg. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Luxembourg insolvency laws. The insolvency laws of Luxembourg may not be as favourable to investors' interests as those of other jurisdictions with which investors may be familiar and may limit the ability of Noteholders to enforce the terms of the Notes. Insolvency proceedings may have an adverse effect on the Issuer's business and assets and its obligations under the Notes.

Regulatory action in the event of failure of the Issuer and/or any relevant Group entity could materially adversely affect the value of the Notes

Several of the powers granted to the Relevant Resolution Authorities, if the relevant conditions to resolution are satisfied, (as described in further detail on pages 36-37 "*The Bank Recovery and Resolution Directive*") could, if exercised, adversely impact the Notes. These include: (i) bail-in powers, (ii) powers to direct sales or transfers, and (iii) powers to amend contractual terms.

(i) "Bail-in" powers

Belgium

Under the BRRD and the Belgian Resolution Laws the Relevant Resolution Authorities may use bail-in powers to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of Euroclear Bank, Euroclear SA/NV and/or Euroclear Belgium SA/NV (each a "**relevant Group entity**") (which could include any loans, interest or payments between any relevant Group entity and the Issuer) and/or to convert certain debt claims (which could include any loans, interest or payments between any relevant Group entity and the Issuer) into another security, including ordinary shares of the surviving relevant Group entity, if any. Such powers are intended to aid recapitalisation of a failing financial institution by allocating losses to its shareholders and unsecured creditors, which both may include the Issuer. Any such actions are likely to adversely impact the Issuer since it is largely dependent on receiving dividends and payments from its operating subsidiaries to meet its financial obligations.

Luxembourg

Under the BRRD and the Luxembourg Resolution Laws the Issuer may be subject to bail-in by the Relevant Resolution Authorities and these bail-in powers may result in the writing down or conversion to equity of all or a part of certain claims of unsecured creditors, including the Noteholders and/or the writing-down or conversion to equity of certain unsecured debt claims (including the Notes). In addition, if the Issuer's financial condition deteriorates, the existence of the general bail-in tool could cause the market price or value of the Notes to decline more rapidly than would be the case in the absence of such power. The Relevant Resolution Authorities also have broader powers to implement other resolution measures, which may include (without limitation) the replacement or substitution of the Issuer as obligor in respect of the Notes and discontinuing the listing and admission to trading of the Notes.

(ii) Powers to direct sales or transfers

The BRRD and the Belgian Resolution Laws enable the Relevant Resolution Authorities to (i) direct the sale of the whole or part of the business of any relevant Group entity, (ii) transfer all or part of the business to a "bridge bank" (a publicly controlled entity) or (iii) transfer the impaired or problem assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. If any relevant Group entity is no longer part of the Group and the amounts that the Issuer receives from its subsidiaries are not sufficient, the Issuer may not be able to service its obligations under the Notes.

(iii) Powers to amend contractual terms

The BRRD and the Luxembourg Resolution Laws also provide the Relevant Resolution Authorities with wide powers to amend material provisions of eligible liabilities of the Issuer. These powers could include amending the maturity date and/or any interest payment date and/or imposing a temporary suspension of payments of the Notes.

Separately, the BRRD and the Belgian Resolution Laws provide the Relevant Resolution Authorities with the power to impose a temporary suspension of payments, or override, vary or impose contractual obligations between any relevant Group entity and its group undertakings in order to enable any transferee or successor bank (see further "*Powers to direct sales or transfers*" above) to operate effectively (which could include any loans, interest or payments between any relevant Group entity and the Issuer).

The exercise of the powers described in (i) – (iii) above in relation to the Issuer, any relevant Group entity and/or any Notes, or any suggestion of such exercise, could materially adversely affect the rights of holders of the Notes, the value of the Notes, and/or the Issuer's ability to satisfy its obligations under the Notes. As a result, Noteholders could lose some or all of their investment in the Notes.

Risks Relating To the Issuer and the Group

Credit Risk

Credit risk is the risk of loss (direct or contingent) arising from the default or failure of a participant or counterparty to meet its financial or other obligations to the Group.

Euroclear Bank

The main sources of credit risk to the Group come from Euroclear Bank's operating exposure on (i) participants and (ii) counterparties. Euroclear Bank extends short-term credit to its participants to facilitate the settlement of securities transactions. When the buyer does not have sufficient cash in its account to settle a transaction temporary credit is extended, which allows settlement to take place efficiently. Generally, the duration of this operating exposure is less than 24 hours (i.e. intra-day), but the duration varies with the sources of exposure and funding. In unforeseen circumstances (primarily as the result of settlement failures or delayed credits) part of the operating exposure can become an end-of-day overdraft, retained in the books of Euroclear Bank until the next day.

Euroclear Bank also faces credit risk on financial institutions on its treasury exposures resulting from the redepositing of its participants' end-of-day long cash balances.

The CSDs

The central securities depositaries ("**CSDs**") have no direct cash relationship with their clients. Consequently, they do not extend loans or credit facilities to their clients. However, they are exposed to the credit risk related to the reinvestment of their cash position (being held for regulatory purposes or not) with their bank counterparties. The CSDs can also face a certain level of credit risk arising from the non-payment of fees by their clients.

Consequently, the inability of participants to meet their own commitments due to a systemic failure, a default by a significant financial counterparty, and/or liquidity problems in the financial services industry generally could have an adverse effect on the Group's results and the Issuer may not be able to fulfil all or part of its payment obligations under the Notes.

Liquidity Risk

Liquidity risk is the risk of loss (financial and non-financial) arising from the Group being unable to settle an obligation for full value when due. The main source of liquidity risk to the Group comes from Euroclear Bank because, for reasons of settlement efficiency, it uses liquidity resources to bridge mainly intra-day imbalances in client cashflows. Indeed, liquidity risk results from the secured intra-day credit it extends to facilitate settlement on a Delivery Versus Payment basis. Consequently, any unforeseen inability of participants to fulfil their settlement and payment obligations may mean that Euroclear Bank may lack sufficient liquidity to meet its daily payment obligations and facilitate settlement or could incur increased refinancing costs as a result of liquidity bottlenecks and this could have an adverse effect on the Group's results. In such circumstances, the Issuer may not be able to fulfil all or part of its payment obligations under the Notes.

Operational Risk

All Group entities face operational risk. In line with the Basel framework, the Group defines operational risk as 'the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events'. The Group considers operational risk to encompass:

Processing Risk

The risk of loss resulting from inadequate or failed internal processes that is not related to the risks described hereafter. This includes the indirect consequences of operational risk on liquidity, credit and market risks, as well as relationship management risk (lack of adequate knowledge of customers and service partners) and inadequate communication with the media.

Accounting Risk

The risk of loss arising from the failure to produce timely and accurate management reporting and financial statements that provide a fair representation of the Issuer and/or the Group's financial situation.

Ethical, conduct, legal and compliance risk

The risk of loss arising from a failure to:

- act with integrity, fairness and honesty;
- adapt to changes in the legal and regulatory environment;
- anticipate, identify, understand or comply with relevant laws and regulations; and
- competently negotiate, implement, comply with or enforce contracts.

For more information on legal risk, please see "*Legal Risk*" below.

People Risk

The risk of loss due to failure to manage the performance of human resources adequately, social conflicts, lack of development of competencies, lack of appropriate human resources, inadequate management of external parties or a failure to (want to) change.

Project Risk

The risk of an uncertain event or condition that, if it occurs, effects one of the project objectives. Project risk management helps the project team to deliver the required functionalities on time within the predefined budget in a qualitative way.

Information and Systems

The risk of loss due to loss of data integrity and information or due to system unavailability, breach of confidentiality, lack of systems alignment to the business, or inadequate information or system support. This includes risks related to breaches in corporate security including third party unauthorised access, and malware and information security (including business continuity).

Ineffective control of any of the above operational risks could result in reputational damage, regulatory sanctions, litigation and substantial losses and could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Market Risk

Market risk is the uncertainty on future earnings and on the value of assets and liabilities (on or off balance sheet) due to changes in interest rates, foreign exchange rates, equity prices or commodity prices. Euroclear Bank, in particular, faces market risk in four main ways: the effect of the absolute level of interest rates on income, the potentially uneven effect of currency movements on revenues and expenses, the potential for market movements to reduce the value of the investment portfolio, and the potential interest and currency risk on its treasury activities. Any future worsening of the situation in the financial markets could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Business Risk

Business risk is the risk of revenues being different from forecast as a result of the inherent uncertainty associated with business planning or of unanticipated changes in the nature or level of market activity serviced by the Group. Any significant deviation from expectations or any considerable failure to anticipate expected revenues on a short–term or long-term basis could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Strategic Risk

Strategic risk is the risk of the business model not being appropriate to deliver the corporate vision as a result of limited ability to implement internal change, external changes in the environment in which the Group operates or the inherent uncertainty associated with business planning over a medium to long-term horizon. This could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Competition Risk

The Group is subject to competition in the global and local markets in which it operates, both at the level of Euroclear Bank and the CSDs. Competition is expected to intensify since, due to multiple new regulations, there is the increasing requirement for commoditisation of the settlement function, allowing clients to rationalise the number of CSD relationships, and the likelihood of further consolidation of CSDs. Further, the Group's competitors may be better positioned to take advantage of rationalisation and consolidation in the industry and may thereby gain a competitive advantage or increase an existing competitive advantage over the Group and this could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Business and general economic conditions

Over the past eight years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to reduced liquidity and greater volatility (such as volatility in spreads). Uncertainties remain concerning the outlook and the future economic environment, despite recent improvements in certain segments of the global economy. There can be no assurance that economic conditions in these segments will continue to improve or that the global economic condition as a whole will improve significantly or at all. The acute economic risks in the Eurozone are being addressed by on-going policy initiatives, and the prospects for many of the European economies are improving. Investors remain cautious and a slowing or failing of the economic recovery would likely aggravate the adverse effects of difficult economic and market conditions on the Group's clients and on others in the financial services industry. The results of the operations of the Group may therefore be adversely affected by the activity levels of clients as a consequence of changes in interest rates, exchange rates, inflation, deflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices and therefore reduces the demand for the Group's products and services as a CSD, and this could have an adverse impact on the Group's results. Such a deterioration in business and economic conditions may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Minimum regulatory capital requirements

The Group is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Capital requirements may increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which, in turn, may have an adverse impact on the Group's results. A shortage of available capital may restrict the Group's opportunities for expansion and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Default loss absorption and recapitalisation requirements

Further to the BRRD, which imposes upon credit institutions a minimum requirement for own funds and eligible liabilities ("**MREL**") with the aim of ensuring their loss absorption and recapitalisation capacity, a Commission delegated regulation (EU) 2016/1450 of 23 May 2016 has specified the components to be taken into account by the resolution authorities in determining the applicable MREL requirement with respect to a specific credit institution. As a general rule, the loss absorption and recapitalisation capacity of a credit institution should be determined on the basis of the applicable capital requirements (under Regulation (EU) 575/2013 of 26 June 2013 on minimum capital requirements) as well as certain eligible liabilities, by taking into account the business and funding models and risk profile of the relevant credit institution. However, pursuant to article 4(3) of the Commission delegated regulation referred to above, for those credit institutions which are subject to in particular Regulation (EU) 909/2014 of the European Parliament and of the Council, which is the case of Euroclear Bank in its capacity as CSD, only capital

requirements (as to which please see above "Minimum regulatory capital requirements") should be taken into account for assessing the default loss absorption and recapitalisation requirements which should apply to it, it though being noted that the resolution authorities may adjust the loss absorption amount. Euroclear Bank is therefore required to comply with the MREL loss absorption and recapitalisation requirements set out in the BRRD and in Commission delegated regulation (EU) 2016/1450 of 23 May 2016, as those requirements apply to CSDs which are also credit institutions (meaning that only the applicable capital requirements (as described under "Minimum regulatory capital requirements" above) will be taken into account in determining the MREL levels applicable to Euroclear Bank, rather than any capital add on related to the specific business and risk profile of Euroclear Bank). Any breach or likely breach of the loss absorption and recapitalisation requirements as they apply to Euroclear Bank could have an adverse effect on the trading value of the Notes.

Effect of government policy and regulation

The Group operates in a highly regulated environment and it is subject to extensive and comprehensive regulation under the laws of the various jurisdictions in which it operates Euroclear Bank and the CSDs. The longer-term effects of new regulations that have been implemented recently continue to drive the operating environment. Most recently, The Central Securities Depositories Regulation came into force in September 2014 and compliance with its provisions will be a major focus for CSDs over the next two years.

The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in Belgium, the European Union, the United States and elsewhere. Areas where changes could have an impact include, but are not limited to: the monetary, interest rate, crisis management, asset quality review, recovery and resolution and other policies of central banks and regulatory authorities; changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates; increased capital requirements and changes relating to capital treatment; changes and rules in competition and pricing environments; developments in the financial reporting environment; stress-testing exercises to which financial institutions are subject; implementation of conflicting or incompatible regulatory requirements in different jurisdictions relating to the same products or transactions; changes to policies aimed at combating money laundering, bribery and terrorist financing and enforcing compliance with economic sanctions; and unfavourable developments producing social instability or legal uncertainty. Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Laws and regulations can significantly affect the way that the Group does business, can restrict the scope of its existing businesses and limit its ability to expand its product and service offerings or to pursue acquisitions, or can result in an increase in operating costs for the business and/or make its products and services more expensive for clients, which could all have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes. In addition, non-compliance could lead to fines, public reprimands, damage to reputation, criminal and civic penalties, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

Legal Risk

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Group is exposed to many forms of legal risk, which may arise in a number of ways. The Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if the Group is successful. Failure to manage these risks could have a negative impact on the Group's reputation, could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Holding company risks

The Issuer is the holding company of the Group (although Euroclear plc is the ultimate holding company of Euroclear (as defined below)). The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries and loan balances receivable from Group entities. As a result, the Issuer is largely dependent on loans, interest, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of interest and

principal to its creditors, including the holders of the Notes. The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual restrictions. Consequently, if amounts that the Issuer receives from its subsidiaries are not sufficient, the Issuer may not be able to service its obligations under the Notes.

As an equity investor in its subsidiaries, the Issuer's right to receive assets on any liquidation or reorganisation would be effectively subordinated to the claims of creditors of its subsidiaries (including, without limitation, creditors under external financing arrangements entered into by such subsidiaries and the holders of any debt securities and regulatory capital securities issued by its subsidiaries to third party investors). To the extent that the Issuer is also recognised as a creditor of such subsidiaries, the Issuer's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that rank senior to the Issuer's claims.

Systemic Risk

The Group could be negatively affected by the weakness and/or perceived weakness of financial institutions, which could result in significant systemic liquidity problems, losses or defaults by financial institutions and counterparties. Financial institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges. This could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events

Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events and responses to those acts/ events may create economic and political uncertainties, which could have a negative impact on Belgian and other international economic conditions generally, and more specifically on the business and results of the Group in ways that cannot necessarily be predicted. This could have an adverse effect on the Group's results and may affect the Issuer's ability to fulfil all or part of its payment obligations under the Notes.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Prospectus.

Such documents will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent and the Issuer, unless such documents have been modified or superseded.

For ease of reference, the tables below set out the relevant page references for (i) the abridged, unaudited consolidated interim financial statements of Euroclear plc and its subsidiaries as of 30 June 2016 and the notes thereto, and (ii) the consolidated financial statements of Euroclear plc and its subsidiaries, the unconsolidated financial statements of the Issuer and the consolidated financial statements of Euroclear SA/NV and its subsidiaries, the notes thereto and the Auditors' reports for the years ended 31 December 2015 and 31 December 2014. With regards to the consolidated financial statements of Euroclear plc and its subsidiaries for the year ended 31 December 2015, these are as set out in the Euroclear plc annual report, the relevant pages of which are incorporated by reference in this Prospectus, as set out in the relevant table below. Any information not listed in the cross-reference table but included in the documents incorporated by reference is either not relevant to prospective investors or is covered elsewhere in this Prospectus.

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Unconsolidated Financial Statements of the Issuer for the year ended 31 December 2014

Consolidated Financial Statements of Euroclear SA/NV and its subsidiaries for the year ended 31 December 2014

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which will be endorsed on each Note in definitive form:

The issue of €600,000,000 1.125 per cent. Notes due 2026 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) by Euroclear Investments SA (the "**Issuer**") has been authorised by a decision of the board of directors of the Issuer dated 7 November 2016. The Notes are the subject of a fiscal agency agreement dated 7 December 2016 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citibank N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed under the Agency Agreement from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed under the Agency Agreement from time to time in connection with the Notes) and Citibank N.A., London Branch as calculation agent (the "**Calculation Agent**", which expression includes any successor calculation agent appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Title

The Notes are in bearer form in the denomination of €100,000 with Coupons attached at the time of issue. The Notes may be held and transferred, and will be offered and sold, in the principal amount of €100,000. Title to the Notes and Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

2. Status

The Notes constitute direct, unsubordinated, unsecured and unconditional obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of the Issuer's, or, as the case may be, the relevant Principal Subsidiary's, present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In these Conditions:

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases; and

(d) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted, traded or ordinarily dealt in on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Security Interest**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction save for any lien created by operation of law;

"**Principal Subsidiary**" means Euroclear SA/NV, Euroclear Bank SA/NV and any other subsidiary of the Issuer:

(a) whose total assets or total profits before tax ("**Gross Profits**") represent 10 per cent. or more of the total assets or Gross Profits (as the case may be) of Euroclear SA/NV and its subsidiaries taken as a whole, in each case calculated by reference to the audited consolidated accounts of Euroclear SA/NV (total assets and total Gross Profits will, in respect of the subsidiaries, exclude assets and profits eliminated in such consolidation); or

(b) to which is transferred (since the date of the most recent published audited accounts of the Issuer and the audited consolidated accounts of its subsidiaries) all or substantially all the assets and undertakings of a subsidiary which, immediately prior to such transfer, was a Principal Subsidiary; and

"**subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

4. **Interest**

The Notes bear interest from (and including) 7 December 2016 (the "**Issue Date**") at the rate of 1.125 per cent. per annum, (the "**Rate of Interest**") payable annually in arrear on 7 December in each year (each, an "**Interest Payment Date**") and for the first time on 7 December 2017, subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of all the Notes up to such seventh day (except to the extent that there is any subsequent default in payment to the relevant Noteholders under these Conditions).

The amount of interest payable on each Interest Payment Date shall be €1,125 in respect of each Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by the Calculation Amount, where:

"**Calculation Amount**" means €100,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 7 December 2026 (the "**Maturity Date**"), subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws, regulations or treaties of Luxembourg or any political subdivision thereof or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or treaties (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent:

(A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) *Make–whole redemption at the option of the Issuer*: The Issuer may, subject to compliance with all relevant laws, regulations and directives and to having given not more than 30 nor less than 15 days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14 (*Notices*), redeem the Notes in whole, but not in part, at any time prior to their Maturity Date (the "**Make-whole Redemption Date**") at an amount per Note calculated by the Calculation Agent (as defined below) and equal to the greater of:

(i) 100 per cent. of the principal amount of the Notes; or

(ii) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Make-whole Redemption Date) discounted to the Make-whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Rate (as defined below) plus 0.15 per cent.,

plus, in each case (i) or (ii) above, any interest accrued on the Notes to, but excluding, the Make-whole Redemption Date.

The Reference Rate will be published by the Issuer in accordance with Condition 14 (*Notices*).

The "**Reference Rate**" is the average of the four quotations given by the Reference Dealers of the mid-market annual yield of the Reference Bund on the fourth Business Day (as defined below) preceding the Make-whole Redemption Date at 11.00 a.m. (Central European Time ("**CET**")).

If the Reference Bund is no longer outstanding, a Similar Security will be chosen by the Calculation Agent at 11.00 a.m. (CET) on the third Business Day preceding the Make-whole Redemption Date, quoted in writing by the Calculation Agent.

Where:

"**Business Day**" means any day on which the TARGET System is open;

"**Reference Bund**" means the Federal Government Bund of Bundesrepublik Deutschland due August 2026, with ISIN DE0001102408;

"**Reference Dealers**" means each of the four banks selected by the Issuer upon consultation with the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues; and

"**Similar Security**" means a reference bond or reference bonds issued by the German Federal Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

The Issuer will procure that, so long as any Note is outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or if the Calculation Agent fails duly to establish the amount due in relation to this Condition 5(c), the Issuer shall appoint some other leading bank engaged in the Euro interbank market (acting through its principal Euro-zone office) to act as

such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5(c) by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and the Noteholders and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise of its powers, duties and discretions.

(d) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (c) (*Make-whole redemption at the option of the Issuer*) above.

(e) *Purchase*: The Issuer or any of its Principal Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* unmatured Coupons appertaining thereto are purchased therewith.

(f) *Cancellation*: All Notes so redeemed shall be cancelled and may not be reissued or resold. All Notes (including any unmatured Coupons attached to or surrendered with them) so purchased by the Issuer may, at the option of the Issuer, be cancelled or may be held, reissued or resold, in each case in accordance with all relevant laws and regulations. All Notes (including any unmatured Coupons attached to or surrendered with them) so purchased by any subsidiary of the Issuer may be held, reissued or resold or may, upon delivery by the relevant subsidiary to the Issuer, be cancelled, in each case in accordance with all relevant laws and regulations.

6. **Payments**

(a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) *Interest*: Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Interpretation*: In these Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in Euro; and

"**TARGET System**" means the TARGET2 system.

(d) *Payments subject to fiscal laws*: All payments in respect of the Notes 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 Noteholders or Couponholders in respect of such payments.

(e) Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the full amount of any such missing unmatured Coupon (or,

in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon, which sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment;

Each sum of principal so deducted shall be paid in the manner provided above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons;

(f) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which commercial banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

(g) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(h) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

7. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons 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 Luxembourg 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 as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts 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 Note or Coupon presented for payment:

(a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with Luxembourg or any political subdivision thereof or any authority therein or thereof other than the mere holding of the Note or Coupon; or

(b) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

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

If the Issuer becomes subject at any time to any taxing jurisdiction other than Luxembourg, references in these Conditions to Luxembourg shall be construed as references to Luxembourg and/or such other jurisdiction.

8. **Events of Default**

If any of the following events occurs:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within three days of the due date for payment thereof; or

(b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 10 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) *Cross-default of Issuer or Principal Subsidiary*:

(i) any Indebtedness of the Issuer or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity as a result of a default (howsoever described thereunder); or

(iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds €50,000,000 (or its equivalent in any other currency or currencies); or

(d) *Insolvency, etc.*: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, (x) in the case of a Principal Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, or (y) in the case of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent where the surviving entity assumes the obligations of the Issuer and benefits from a credit rating equal to or higher than the relevant rating assigned to the Issuer prior to the reorganisation); or

(e) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries (otherwise than, (x) in the case of a Principal Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, or (y) in the case of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent where the surviving entity assumes the obligations of the Issuer and benefits from a credit rating equal to or higher than the relevant rating assigned to the Issuer prior to the reorganisation); or

(f) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraph (e) (*Winding up, etc.*) above; or

(g) *Change of Ownership*: the Issuer (or the surviving entity that, for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent assumes the obligations of the Issuer and benefits from a credit rating equal to or higher than the relevant rating assigned to the Issuer prior to the reorganisation) ceases, directly or indirectly, to own more than 99 per cent. of the share capital or voting rights of any Principal Subsidiary, or such lower percentage of the share capital or voting rights of a Principal Subsidiary as is owned by the Issuer on the Issue Date or, if later, the date on which any person becomes a Principal Subsidiary; or

(h) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

10. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent and the Paying Agent having its Specified Office in Amsterdam, subject to all applicable laws and stock exchange or other relevant authority requirements, 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 Notes or Coupons must be surrendered before replacements will be issued.

11. Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and (b) a paying agent in the Netherlands.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Modification

(a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution

will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification*: The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

14. **Notices**

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*) and in a leading English language daily newspaper having general circulation in Europe (which is expected to be the Financial Times). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

15. **Rights of Third Parties**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16. **Governing Law and Jurisdiction**

(a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. For the avoidance of doubt, the provisions of article 84 to 94-8 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, do not apply to the Notes.

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

(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.

(d) *Service of Process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Daksha Hirani (Company Secretary of Euroclear UK & Ireland Limited) at Euroclear UK & Ireland Limited, Watling House, 33 Cannon St, London EC4M 5SB, United Kingdom, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and specified offices of the Fiscal Agent as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Issue Date with a common safekeeper for Euroclear Bank and Clearstream, Luxembourg.

The Notes will be issued in new global note ("**NGN**") form. On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the Euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear Bank and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear Bank and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of Euro 100,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear Bank or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of Euro 100,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5.00 p.m. (Central European Time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Central European Time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Central European Time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 7 December 2016 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear Bank and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global

Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear Bank and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear Bank and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which the TARGET System is open.

Notices: Notwithstanding Condition 14 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear Bank and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear Bank and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear Bank and Clearstream, Luxembourg.

Electronic Consent and Written Resolution: While any Temporary Global Note or Permanenet Global Note (each a "**Global Note**") is held on behalf of a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system(s) with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear Bank, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear Bank's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such

holding. The Issuer not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes.

DESCRIPTION OF THE ISSUER

Description of the Issuer

The Issuer was incorporated as a *société anonyme* under the laws of Luxembourg on 16 September 1986. It has its corporate seat in Luxembourg and is registered at the Luxembourg Company Register under number B 24.839.

The registered office of the Issuer is 12, Rue Eugène Ruppert, L-2453 Luxembourg and its telephone number is +352 27 48 50 53.

The Issuer is a wholly-owned subsidiary of Euroclear plc and it is the intermediary holding company through which Euroclear plc holds its investments in the various operating entities. It provides various management and administrative services, such as engaging Group insurance policies and providing real estate management for the benefit of the Group. As the holding company of the Group, the Issuer is largely dependent on the performance of its operating subsidiaries and the payment of dividends by them.

Board of Directors and management structure of the Issuer

The Issuer has a board of Directors, currently comprising three Directors. The Issuer has limited activity and therefore has no executive management. The board has appointed an "Administrative Manager" who is responsible for the day-to-day management of the Issuer and has been delegated authority by the board with respect to the same. The task of daily management covers any administrative act covering not more than the day to day needs of the Issuer or any act that does not need an action by the board (for example opening a bank account on behalf of the Issuer and signing any documentation as part of such daily management). The Administrative Manager is assisted by up to two staff. All matters not within the remit of the Administrative Manager remain within the authority of the board.

Name	Position	Outside Directorships/Activities
Koenraad Geebels	Chairman and Director	Executive Secretary of Euroclear plc
Masashi Kurabe	Director	Deputy Managing Director at Mitsubishi UFJ Investors Services & Banking (Luxembourg) S.A. Non-Executive Director at Euroclear SA/NV, Euroclear PLC and Euroclear RE
Danilo Giuliani	Director	Senior Vice President at Marsh & McLennan
Catherine Van Cauwelaert	Administrative Manager and Company Secretary	Company Secretary of Euroclear Re

The Directors of the Issuer may, from time to time, hold directorships or other significant interests with companies outside of the Group which may have business relationships with the Group. Directors have a statutory duty to avoid conflicts of interest with the Issuer. The Issuer's articles of association allow its directors to authorise conflicts of interest and the board has adopted a policy and effective procedures to

manage and, where appropriate, approve conflicts or potential conflicts of interest. Under these procedures, Directors are required to declare all directorships to companies which are not part of the Group, along with other appointments which could result in conflicts or could give rise to a potential conflict.

The Issuer confirms that there are no potential conflicts of interest between any duties owed to it and the private interests or other duties of the board of Directors or the Administrative Manager.

The business address for each of the above Directors and the Administrative Manager is the Issuer's registered office (see address above).

Board of Directors

(A) Role and Responsibilities

Subject to the provisions of relevant law, the articles of association or any specific direction of the shareholders, the business of the Issuer shall be managed by the board, which may exercise all the powers of the Issuer whether relating to the management of the business of the Issuer or not. The board may delegate the daily management of the Issuer and the representation of the Issuer within such daily management to one or more Directors, officers, executives, employees or other persons, or delegate special powers or proxies or entrust determined permanent or temporary functions to persons or agents chosen by it.

(B) Operating Rules

The board has at least two scheduled meetings per year. Additional meetings can be called whenever the specific needs of the business require it. Board members are expected to attend the board meetings regularly and in person. In exceptional and justified circumstances, board members can attend meetings by telephone conference or authorise a fellow Director to represent them and vote on their behalf. The quorum necessary for the transaction of business at board meetings is at least two Directors. Board resolutions are passed by a majority of votes of the Directors present or represented. In the event of a tie, the Chairman of the meeting has the casting vote. The Chairman is responsible for directing, advising and leading the board. Discussions held during board meetings are minuted. In exceptional circumstances, duly justified by the urgency of the matter, decisions of the board may be taken by written consent if signed by a majority of the Directors.

A Company Secretary has been appointed by the board with a view to assisting and advising the board and the Chairman in the performance of their roles and responsibilities. The board has also granted specific powers to the Company Secretary.

(C) Composition

The board comprises at least three members. There is no maximum number prescribed by the articles of association. The actual number of Directors is usually three, all of whom are non-executive Directors.

(D) Appointment, Renewal and Resignation of Board Members

In accordance with Luxembourg law, board members are appointed by the shareholders for a mandate as set out in the Issuer's articles of association. They are eligible for re-election and may be removed at any time, with or without cause, by the general meeting. When a board member leaves the board before the end of her/his term, the board can appoint a new board member to fill the vacancy with such appointment being confirmed by the shareholders at their next general meeting**.**

(E) Chairman

The board appoints a Chairman from among its members, and may at any time remove him from office as Chairman. The Chairman chairs every meeting of the board.

(F) Remuneration

The Issuer's Directors are remunerated in accordance with the compensation policy of Euroclear plc and the Group (together, "**Euroclear**"), which is in place to align the interests of employees with the long-term interests of Euroclear's stakeholders. The compensation framework is designed to attract and retain talented human capital in a market infrastructure business where technical knowledge is not widely available in the general market and it takes into account the risk profile of the Group. Each non-executive Director is paid an annual nominal fee (unless such fee is waived) pro-rated to the number of board meetings attended and reflects any additional formal responsibilities held. Such fee is not linked to the performance of Euroclear. No other remuneration or benefits are received in respect of that role (other than the reimbursement of expenses).

History of the Group

Euroclear was founded in 1968 by the Brussels office of Morgan Guaranty Trust Company of New York ("**Morgan Guaranty**") (a part of J.P. Morgan & Company) to settle trades on the developing Eurobond market. Morgan Guaranty operated the Euroclear system via their Belgian Branch until these activities were transferred to Euroclear Bank SA/NV ("**Euroclear Bank**") in 2001 and it took over all Euroclear-related operating and banking responsibilities from Morgan Guaranty.

Between 2000 and 2008, a number of national central securities depositaries ("**CSDs**") joined the Group and it now acts as the CSD for Belgium, France, The Netherlands, Finland, Sweden, the United Kingdom and Ireland.

In January 2005, the Group reorganised its corporate structure to separate Euroclear Bank from the national CSDs into which they were merged. The international central securities depository ("**ICSD**"), Euroclear Bank, became a sister company of the CSDs. A new, non-bank parent company – Euroclear SA/NV – became the parent of all the Operating Entities (as defined below) and is a 99.99% owned subsidiary of the Issuer.

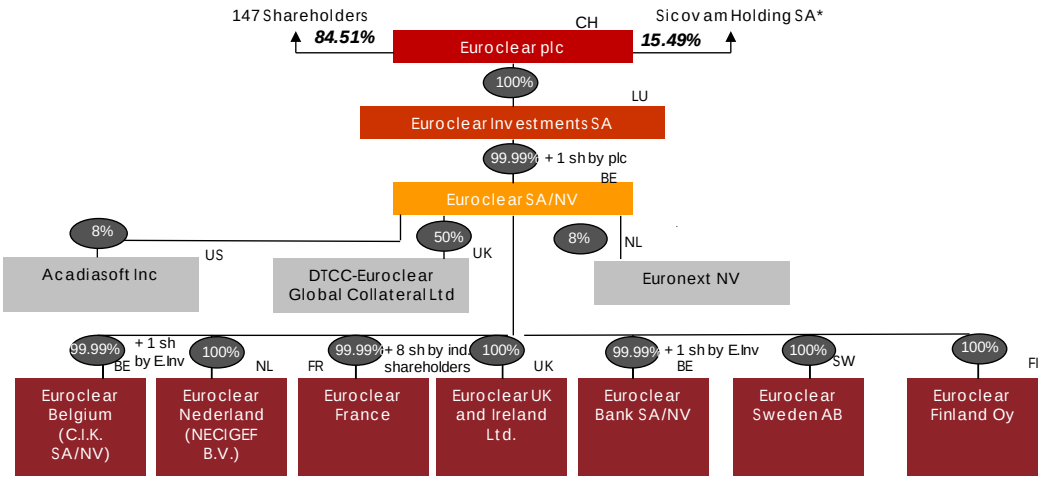
In 2007 and 2011 Euroclear Bank opened representative offices in Frankfurt and Dubai, respectively. Over the same period, the Group significantly increased its Hong Kong Branch operations to support both regional and global client needs and also opened a Beijing office to service its Chinese client base. In January 2013, Euroclear Bank opened a branch in Krakow, Poland to extend its "dual-office" arrangement to complement its operations teams in Brussels, Belgium, and provide additional capability for business continuity purposes. Euroclear has implemented this arrangement – two geographically-dispersed business operation sites – to secure business continuity and limit the risk that a single event would impact the main site and its back-up.

In June 2014, the Group (via Euroclear SA/NV) acquired an 8% stake in Euronext as part of Euronext's initial public offering. The Group is one of a group of reference shareholders who have a strategic interest in the future of Euronext which is the trading venue for the Euroclear Settlement of Euronext-zone Securities ("**ESES**") markets.

In 2012, the Euroclear Collateral Highway was launched. It is the first fully open global market infrastructure to source and mobilise collateral across borders. By December 2015, Euroclear's Collateral Highway mobilised an average of EUR 1,063 billion of collateralised transactions daily.

Building on the success of the Euroclear Collateral Highway, the group established an equally shared joint venture with the Depository Trust & Clearing Corporation ("**DTCC**") - DTCC-Euroclear GlobalCollateral Ltd ("**GlobalCollateral**"), which was incorporated on 26 September 2014. The joint venture seeks to deliver a collateral processing infrastructure that leverages and integrates both companies' capabilities.

Below is a simplified chart of the current corporate structure of the Euroclear group.



Group overview

Euroclear plc

Euroclear plc is the ultimate parent company which owns, directly or indirectly, the entire issued ordinary share capital of the Group. Euroclear plc is an unlisted public limited company incorporated under the laws of England and Wales. The issued share capital of Euroclear plc is held mainly by clients. There are 148 shareholders. Sicovam Holding SA is the largest shareholder. Several of the shareholders of Sicovam Holding SA are also clients of Euroclear. The 20 largest shareholders of Euroclear plc represent 61% of the shares of the company, making Euroclear plc a company with dispersed ownership.

The shares of Euroclear plc may be transferred. Trading in shares has historically been very limited. Under the articles of association of Euroclear plc, the board of Euroclear plc can refuse to register a transfer. The board considers a share transfer on the merits of the request and identity of the proposed transferee. Pursuant to the Belgian legal requirements applicable to Euroclear SA/NV, the NBB (as defined below) is informed about the identity, participation and voting rights of each shareholder that holds 5% or more of the capital of Euroclear plc, if any.

Citigroup Global Markets Limited, J.P. Morgan Securities plc and Société Générale, and certain of their respective affiliates, are shareholders in Euroclear plc, and have each appointed a director of Euroclear plc.

The Issuer

See page 31 (*Description of the Issuer*) for further details.

Euroclear SA/NV

Euroclear SA/NV ("**ESA**") is the parent company of the Group's Operating Entities (as defined below) and provides system development and support services to those entities. Due to the limited nature of Euroclear plc and the Issuer's activity, neither company has a dedicated internal audit, risk management or compliance function. Instead, these control functions are established for the Group at the level of ESA (except where there is a specific legal or regulatory requirement for an individual entity to have a dedicated function). Services centralised in ESA are: commercial; communications, marketing and CSR; compliance and ethics; continuous improvement and transformation; corporate secretariat; financial; group management; HR; internal audit; IT production and development; legal; product management; risk management; and strategy and public affairs.

Group operating entities

The Group's operating entities ("**Operating Entities**") include six national CSDs and an ICSD. The Group's CSDs, Euroclear Belgium, Euroclear France SA, Euroclear Nederland, Euroclear UK and Ireland Limited, Euroclear Sweden and Euroclear Finland serve as local securities CSDs and settlement systems in the countries where they are based.

Euroclear Bank

Euroclear Bank is the only credit institution in the Group and performs the ICSD role. In this role it provides multi-currency settlement and related securities services for transactions involving domestic and international bonds, equities and investment funds and other financial instruments to a wide range of international clients, which are mostly banks, custodians, broker-dealers and central banks. In addition, Euroclear Bank offers related services such as new issues distribution, collateral management and securities lending services, related treasury and credit services and information services (see pages 38 – 40 for further details). Euroclear Bank is rated AA+ by Fitch Ratings and AA by Standard & Poor's, with a stable outlook. Euroclear Bank operates two branches in Hong Kong and Krakow, Poland.

Group Corporate Organisation

The Group has set up a strong, integrated corporate structure to help it deliver on its objectives.

The Euroclear plc board is responsible for all shareholder matters, setting values and standards in governance matters and ensuring that necessary financial resources are in place to meet strategic aims.

The ESA board is responsible for overseeing the ESA management, setting Group strategy and overseeing its implementation, ensuring effective risk management controls are in place, and setting a Group policies framework. The ESA board has established a management committee and delegated to it responsibility for managing the business of Euroclear within the strategy and general policy decided by the board, and to implement such strategy and general policy. ESA establishes the overall strategy and policies for the Group as a whole.

Within this framework, each Operating Entity sets its own strategic and operational objectives, which must be consistent with those set by ESA. These Operating Entities are separate legal entities, which are subject to their respective legal and regulatory environments. The board of Directors (and board committees) of each of these Operating Entities is responsible for ensuring a consistent implementation of the Group's strategy and due observance of the legal and regulatory requirements applicable to them. The boards of these entities are chaired by members of the ESA management committee and composed also of other senior Group executives and of one or more independent Directors (according to the respective entities' legal and regulatory requirements) affiliated neither with the Group executives nor with any user firm. This board composition is designed to ensure a coherent, effective and timely implementation across the Group of the strategy and policies set by ESA for the Group as a whole, while at the same time ensuring that each Operating Entity is governed consistently in line with its legal and regulatory requirements.

The Group's senior management, by playing a role both within ESA and at the boards of the Operating Entities, helps ensure that there is coherence between the interests of the parent companies and those of the Operating Entities and that the sensitivities of the Operating Entities are well understood by the boards of the parent companies of the Group (Euroclear plc and ESA) and vice versa.

In addition, numerous structural interactions are set up between the audit committee/risk committee of ESA and the Operating Entities. These include the minutes of the meetings of the Operating Entities' audit and risk committees being provided to ESA's audit and risk committees and a member of ESA's audit and risk committees attending an audit and risk committee meeting of each Operating Entity once a year. This formal interaction is strengthened by an open relationship between the chairmen of the Operating Entities and of the ESA audit/risk committee. At least one member of the audit/risk committee in each Operating Entity is an independent Director.

Regulatory Oversight

(i) The Bank Recovery and Resolution Directive

The existence of Euroclear Bank (which is a credit institution) in the Group means that certain entities in the Group (including its parent company ESA and the latter's subsidiary Euroclear Belgium SA/NV) are subject to various powers granted under legislation at a national and European level aimed at, amongst other things, managing bank failures, safeguarding financial stability and strengthening depositor protection. The key legislation includes (i) the European Union bank recovery and resolution directive establishing a framework for the recovery and resolution of credit institutions and investment firms of the European Parliament and of the EU Council of 15 May 2014 (the "**BRRD**") and (ii) the Belgium Bank Law of 25 April 2014, the Royal Decree of 18 December 2015 and the Royal Decree of 26 December 2015 amending the law of 25 April 2014, which implement into Belgian law the BRRD (the "**Belgian Resolution Laws**"). Further, the Issuer is also within the scope of the BRRD as a "financial holding company" that is established in the EU. The BRRD was implemented in Luxembourg in the Luxembourg law of 18 December 2015 (the "**Luxembourg Resolution Laws**").

The BRRD is designed to provide the relevant regulatory authorities (the "**Relevant Resolution Authorities**") with a set of tools to enable them to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimizing the impact of an institution's failure on the economy and financial system. If the Relevant Resolution Authorities consider that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest, the Relevant Resolution Authorities may use the following resolution tools and powers alone or in combination without the consent of the institution's creditors: (i) sale of all or part of the business on commercial terms; (ii) transferring all or part of the business to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) transferring impaired or problem assets to one or more publicly owned asset management vehicles with a view to maximizing their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in powers to write down liabilities or to convert to equity certain unsecured debt claims as a means of recapitalising the failing institution.

The BRRD also provides the Relevant Resolution Authorities with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation) the replacement or substitution of the issuer as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

(ii) Belgian Regulatory Oversight

The National Bank of Belgium (the "**NBB**") supervises each of the Belgian regulated entities of the Group, i.e., it supervises ESA as a Belgian institution assimilated to a settlement institution, Euroclear Bank as a Belgian credit institution and Euroclear Belgium as a Belgian settlement institution. The NBB also oversees ESA as a financial holding company (i.e. as the parent entity of a credit institution (Euroclear Bank) and a settlement institution (Euroclear Belgium)). Euroclear plc and the Issuer, as the parent companies of ESA, are also both considered financial holding companies under Belgian law. This status makes neither Euroclear plc nor the Issuer subject to the NBB's supervision on an individual basis, but implies that the supervision of each of their Belgian-regulated subsidiaries will be made on the basis of the consolidated financial situation of Euroclear (although certain derogations have been obtained from the Belgian regulator in respect of financial reporting by the Issuer).

The control on a consolidated basis exercised by the NBB on Euroclear plc, the Issuer and ESA relates, among other things, to their: (i) financial situation, (ii) compliance with the requirements in terms of shareholdings in other undertakings, (iii) management, business organisation, internal audit procedures and group impact, and (iv) adequacy of administrative and accounting organisation.

As mentioned above, ESA is regulated as an institution assimilated to a settlement institution within the meaning of article 36/26 of the law of 22 February 1998 establishing the organic status of the NBB. The prudential framework (licensing requirements, operating requirements and prudential controls) applicable to ESA is set out in the Royal Decree of 26 September 2005 relating to the status of settlement institutions and institutions assimilated to settlement institutions. This legislation also applies to Euroclear Belgium SA/NV as a settlement institution.

For the purposes of prudential supervision, ESA has been designated by the Belgian regulator as a "systemically important institution". It is therefore subject to reinforced supervisory rules under the law of 22 February 1998. In particular, this means that the NBB has a right to object to strategic decisions taken by ESA if they endanger the sound and prudent management of the institution or create a material risk for the stability of the financial sector and it may impose specific measures on ESA in areas such as liquidity, solvability and concentration of risks if deemed necessary to ensure the stability of the financial system.

In addition, the NBB has designated ESA as a domestic systemically important institution (referred to in the Capital Requirements Directive ("**CRD IV**") as "other systemically important institution" or "O-SII") under Belgian banking law and the CRD IV. In 2016 the NBB therefore started applying a common equity Tier 1 ("**CET1**") surcharge of 0.75% (phased in over a period of three years (i.e. 0.25% in 2016, 0.50% in 2017 and 0.75% in 2018)) to both Euroclear Bank (taken on a stand-alone basis) and Euroclear Bank and Euroclear SA (taken together on a consolidated basis). With a CET1 ratio of above 30% the Group holds around 4 times the minimum CET1 capital required under CRD IV.

The supervision of the activities of ESA, Euroclear Bank and Euroclear Belgium SA/NV is shared between (i) the NBB, which is in charge of the prudential supervision and exercises oversight over the payment and securities settlement systems in Belgium, and (ii) the Financial Services and Market Authority ("**FSMA**"), which is competent, amongst other things, for the supervision of the financial market and of conduct of business rules. The FSMA also partially supervises the compliance function of these entities.

The various non-Belgian direct or indirect subsidiaries of ESA are supervised by their relevant local supervisors.

Principal Activities of the Group

Background

Euroclear is one of the world's largest providers of settlement and related services for cross-border transactions in domestic and international bonds, equities and investment funds.

Euroclear's main strategic objective is to be one of the world's pre-eminent providers of post-trade services through reliability, innovation and leadership by (i) building long-term partnerships with clients and (ii) supporting the stability and development of the markets, locally and globally.

The Group's strategy aims to provide clients with increased processing efficiency and cost-saving opportunities through:

- ISO-based access to services, which will be rolled out progressively, thereby facilitating client adoption;
- an open global market infrastructure to source and mobilise collateral across borders and times zones;
- a choice of communication channels for screen based or computer-to-computer based access;
- competitive tariffs;
- increased ISO compliance; and
- new corporate action standards.

The Group has a multi-channel approach by which clients access the Group's different platforms through a choice of channels.

Euroclear is a financial infrastructure company whose fundamental role is to provide specialised services to market participants, thus supporting stability in existing markets and further developing local and global markets. In doing so, the Group works closely with clients and key market entities.

Euroclear is owned mainly by clients and operates under a strong market infrastructure regulatory framework. While the Group retains the financial discipline of a "for profit" entity, it operates as a profit moderated enterprise. Consequently, the Group is significantly different from most credit institutions in its management and protection of the Group, as well as its clients, from various forms of risk. For example, credit risk is managed on an intra-day basis and is 99% collateralised.

Euroclear Bank – the Group's ICSD

Euroclear Bank serves major financial institutions located across more than 90 countries, offering a single access point to international and domestic securities. It connects over 2,000 financial market participants around the world and provides the following services and sub-services:

- securities settlement (equities and debt);
- funds order processing;
- asset servicing, including full custody and tax services; and
- asset optimisation through securities lending and borrowing, money transfer and integrated collateral management services.

Euroclear Bank services over 1 million securities on its platform, covering almost all markets in the Eurozone and other selected key markets around the world. It settles securities transactions free of or against payment in 51 eligible settlement currencies.

Euroclear Bank provides settlement, custody, collateral management and related services. It is also a limited-purpose bank for settlement-related purposes only. It provides intra-day credit to facilitate settlement to increase settlement efficiency.

(A) Settlement and asset servicing

Euroclear Bank's services focus on the settlement and asset servicing of domestic and international transactions.

Clients can settle transactions in Euroclear Bank either against payment or free of payment. Euroclear Bank operates a Delivery Versus Payment ("**DVP**") settlement system (BIS-DVP model 1) i.e. simultaneous settlement of securities and assisted cash transfers with immediate settlement finality for internal and bridge instructions for internationally traded securities. For cross-border instructions, local rules apply. The full range of internationally traded securities eligible for transfer and settlement includes Government bonds, bills, and notes, exchange traded interest rates, bond and currency futures and also equities, warrants, investment funds and depository receipts.

Euroclear provides clients with the following asset servicing solutions:

- intra-day corporate action notification and real-time processing and reporting of related corporate action instructions;
- income and redemption processing and reporting;
- proactive withholding tax assistance;
- streamlined proxy voting procedures; and

- efficient market claims management. At Euroclear Bank, a principal aim is to provide the client with the full range of settlement and additional services for multiple asset classes in multiple markets.

(B) Safekeeping

Euroclear Bank accepts a range of national and international securities for safekeeping, including:

- international bonds, i.e. Eurobonds, foreign bonds and global bonds;
- domestic debt;
- convertibles;
- warrants;
- equities;
- depository receipts;
- investment funds; and
- exchange-traded funds.

Securities deposited in the Euroclear system may be in either physical or dematerialised form. Securities in the Euroclear System are held on a fungible basis. Each client is entitled to a portion, represented by:

- the amounts credited to its "Securities Clearance and Transit Account"; and
- book entries on the books of Euroclear Bank.

New issues

Euroclear Bank offers assistance to issuers, lead managers and issuing agents through a broad range of services for an expanding range of international and domestic securities by:

- helping to identify the optimal structure for a new issue to guarantee efficient asset servicing;
- allocating a code for the issue: Euroclear Bank is a numbering agency for international securities deposited in an ICSD;
- securing the funds raised, offering simultaneous exchange of cash and securities (DVP);
- issuance; and
- taking over several administrative tasks related to a new issue.

(C) Collateral management services

Clients can benefit from Euroclear's market leadership in the provision of collateral management services in support of their bilateral repurchase agreements, securities loans, secured loan facilities, derivative

transactions and margining for central counterparties. This, together with the securities lending facilities, can help clients to optimise returns on their assets and manage their risks effectively.

Euroclear's Collateral Highway, the world's first open architecture global infrastructure for collateral management, provides clients with a neutral, inter-operable, venue-agnostic utility to source and mobilise collateral across geographical borders and time zones.

GlobalCollateral, which was launched in September 2014, builds on our leadership position in collateral management and seeks to deliver operating efficiencies to client and improve the stability and soundness of financial markets.

(D) Intra-day credit services

Time-critical payments will be made on a client's behalf should they experience any short-term liquidity shortfalls in their cross-border transactions.

Euroclear Bank also offers specialist products:

- EquityReach – a dedicated equities service, offering easy and direct access to multiple equity markets.

- FundSettle – a dedicated platform for automated fund transaction processing.

Clients have access to 46 markets with a network management department overlooking CSD links and depositary links. This department is dedicated to maintaining and monitoring the network of sub-custodians with day-to-day contacts with all of Euroclear Bank's sub-custodians.

The Group's CSDs

The Group's domestic CSDs covering Belgium, Finland, France, Ireland, the Netherlands, Sweden and the United Kingdom serve local clients for local transactions.

Each CSD provides settlement, custody, collateral management and issuer services tailored to meet the needs of their clients and particular market environment.

More than 65% of European blue-chip equities and 50% of European domestic debt outstanding are covered by Euroclear's depositories:

- **ESES** – Euroclear Belgium, Euroclear France and Euroclear Nederland are the only group of CSDs in the world operating with a single settlement platform and harmonised rules and practices. The ESES platform makes cross-border settlement as low-cost and straightforward as domestic transactions. The ESES CSDs also provide certain services to issuers.

- **Euroclear UK & Ireland** – the CSD of the UK, Ireland, Jersey, Guernsey and the Isle of Man which operates the CREST settlement system. It also operates the EMX Message System, Europe's leading investment fund messaging platform. In addition to a wide range of domestic securities, Euroclear UK & Ireland provides automated settlement and related services for UK fund transactions, significantly reducing the costs and risks associated with manual processing.

- **Euroclear Finland and Euroclear Sweden** – core to the Finnish and Swedish capital markets, these CSDs keep the register of almost all local shares and debt securities. Comprehensive settlement, custody and issuer services are fundamental to their markets. Euroclear Finland and Euroclear Sweden also provide certain services to issuers.

Risk Management for the Group

Euroclear plays a central role in securities settlement in Europe. Euroclear has adopted a robust risk management framework to protect its participants from the risk of the settlement institution failing in its obligations. This framework ensures that any risk faced by entities of the Euroclear group are managed adequately.

The risks that Euroclear faces in pursuing its corporate mission are credit, liquidity, operational, market, business and strategic risks. (See *Risks Relating to the Issuer and the Group*) for further details on these risks, amongst others). Reputational risk is not considered as a risk type on its own but more of a risk that can arise from all of the others. The impact of these six risks on the different entities within the Group is assessed based on the assessment and rating methodology developed by the Group.

To manage those risks and in line with best practice, the Group has adopted a model with three main lines of defence:

- The first line of defence, line management, identifies, defines and operates the control environment to help them achieve their business objectives.

- The second line of defence, risk management, defines the control environment framework in line with regulation and internal policies. They monitor the risk and internal control environment and challenge, report and escalate to management risks and control defects.

- Internal audit, as the third line of defence, independently reviews and tests the control framework and reports to management about the adequacy and effectiveness of the control environment.

Credit Risk

Credit risk is the risk of loss (direct or contingent) arising from the default or failure of a participant or counterparty to meet its financial or other obligations to Euroclear.

Credit decisions are made at the discretion of Euroclear Bank, which accepts credit risk only within its risk appetite. The risk appetite for credit risk in Euroclear Bank is limited by:

- the available capital allocated annually for credit risk by the Euroclear Bank board;

- regulatory limits - caps - including risk concentration limits and capital adequacy ratios; and

- internal limits, for example, credit, country or treasury limits.

The risk of a credit loss for Euroclear Bank is very low and Euroclear Bank has never suffered a credit loss in its entire history, not even during the period of market turmoil. This is largely due to the uncommitted nature and the very short duration of the credit exposure, which, in general, is intra-day.

Additionally, Euroclear Bank applies very strict collateralisation rules in quality and quantity. This results in average collateralisation levels for its client exposure above 99%.

Euroclear Bank also has treasury exposures resulting from participants' end-of-day cash balances. Such positions are usually re-deposited in the market with high quality counterparties. Where possible reverse repos are used, but some limited exposure remains unsecured. The risks are limited by their short duration, as well as by policy limits.

To comply with the qualitative and quantitative requirements of the Basel framework, Euroclear Bank uses an internal rating model. The model allows credit officers to rate all participants, counterparties and all the countries where Euroclear Bank has credit exposure.

Market Risk

Market risk is the uncertainty on future earnings and on the value of assets and liabilities (on or off balance sheet) due to changes in interest rates, foreign exchange rates, equity prices or commodity prices.

The majority of market risk in the Group is concentrated at Euroclear Bank. An adequate risk framework has been put in place to measure, monitor and control the interest rate and foreign exchange risk supported by Euroclear Bank. Value-at-Risk methodologies are used to measure interest rates and currency risk.

In accordance with the Group's policies, Euroclear Bank's core equity (shareholders' equity plus retained earnings) is invested in debt instruments rated AA- or higher. The duration of these assets is limited to five years and is currently around four months.

Interest rate risk exists only to a limited extent in the CSDs and in ESA. Indeed, the CSDs do not operate commercial cash accounts but invest their cash positions in accordance with regulatory liquidity requirements. The duration of the investments cannot exceed three years, and the types of instruments to be used are limited to straight overnight or term deposits.

Foreign exchange risk is also very limited in the CSDs and in ESA. To avoid the potential foreign exchange risk that could arise from the investment of their surplus cash, these investments can only be made in their local currency, i.e. in EUR for entities whose functional currency is EUR, in GBP for the entities located in the United Kingdom, and in SEK for the Swedish entities. The most significant source of foreign exchange risk stems from the potential change in net asset values of ESA's non-Euro shareholdings (e.g. Euroclear UK & Ireland, Euroclear Sweden and DTCC Euroclear Global Collateral Ltd).

Liquidity Risk

Liquidity risk is the risk of loss (financial and non-financial) arising from Euroclear being unable to settle an obligation for full value when due.

Euroclear Bank is the main entity within the Group facing liquidity risk. Liquidity is an important factor in offering efficient settlement and custody services in Euroclear Bank. Liquidity ensures timely payments and timely cross-border settlement with domestic markets, supports new issues and custody activity and allows clients to receive sales and income proceeds in a timely manner. The successful management of liquidity risk allows Euroclear Bank to provide liquidity to the market and to facilitate settlement and related operations.

Euroclear Bank's liquidity risk is largely intra-day and transactional and results from the secured intra-day credit it extends to facilitate settlement on a DVP basis. Euroclear Bank's overnight settlement process, which allows clients to settle a wide range of currencies within a single time window, efficiently recycles and minimises liquidity needs, as clients have to fund only the resulting net debit position. Although the daily incoming and outgoing cash payments are typically matched, Euroclear Bank may still end up with cash positions at the end of the day. Daily, Euroclear Bank is typically long of cash, which is invested mostly on a very short term basis to match the volatility of clients' settlement and money transfer activity.

Euroclear Bank liquidity is managed centrally. Specific policies exist to describe how Euroclear Bank's liquidity risks are monitored and controlled. Euroclear Bank does not depend on other Group entities for its liquidity.

Euroclear Bank's capital (+/- EUR 1.5 billion) is invested in European Central Bank eligible, highly liquid and highly rated securities that can be used for liquidity generation if needed. In addition, Euroclear Bank has a set of committed liquidity facilities in the major settlement currencies (EUR, USD, GBP, and JPY) that could be used in the event of a crisis situation or if the day-to-day liquidity resources are not sufficient. It should be noted that Euroclear Bank has never had to use the committed facilities to ensure sufficient intra-day liquidity.

In addition to other requirements, Euroclear complies with the requirements detailed in the Principles for Sound Liquidity Management and Supervision published by the Basel Committee on Banking Supervision and with principle 7 of Committee on Payment and Market Infrastructures-International Organization of Securities Commissions.

Operational Risk

In line with the Basel framework, Euroclear defines operational risk as “the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events”. Euroclear considers operational risk to encompass: (i) processing risk; (ii) accounting risk; (iii) ethical, conduct, legal and compliance risk; (iv) people risk; (v) project risk; and (vi) information and systems.

Euroclear uses an "Enterprise Risk Management" ("**ERM**") framework to ensure the coherence of its risk management activities, in particular in the area of operational risk management. The ERM framework describes how operational risks are identified, who bears responsibility for managing these risks, and how they can be mitigated. The ERM framework also describes all relevant operational risk processes, the role of people within the processes, and the information needed to make sound management decisions. It has been implemented consistently across the Group, but in ways that are appropriate to the businesses of the different entities.

Operational risk is monitored and managed with the help of a number of tools:

- Euroclear has set up a database of potential risks and control weaknesses and carefully records incidents. Euroclear’s database now has more than ten years of historical data on operational losses. Internal data is complemented by external loss data, as Euroclear is among the banks that provide information to the ORX database. The Operational Riskdata eXchange Association ("**ORX**") was founded in 2002 with the primary objective of creating a platform for the secure exchange of (anonymous) high-quality operational risk loss data. ORX currently has more than 90 members and has developed a database with more than 525,000 operational risk losses, totalling just under EUR 350 billion (June 2016). In benchmarking exercises conducted among the banks that contribute to the ORX database, losses related to operational risks (expressed relative to gross income), appeared to be significantly lower for Euroclear, compared to the other contributors to the database;

- each of the departments within the Group participates in annual risk & control self-assessments. Through workshops, the business owners revalidate both the high level and level two control objectives and identify weaknesses;

- standard operating procedures, written by each department in which they are to be used, help employees to execute their tasks appropriately and reduce the risk of errors; and

- in recent years, Euroclear has developed control maps or equivalent tools that map key processes and key controls against stated control objectives as a continuous controls effectiveness monitoring tool.

Business Risk and Strategic Risk

Business risk is the risk of revenues being different from forecast as a result of the inherent uncertainty associated with business planning or of unanticipated changes in the nature or level of market activity serviced by Euroclear.

Euroclear defines its general business risks through a bottom-up process, where all business areas assesses their risks in a structured and recurring process, including strategic and business risks. These are consolidated for each Euroclear entity. The top-down approach is done by the management team in strategic and business risk assessments, including horizon scanning and out-of-the-box views on the CSD business.

The business risks are monitored through group functions and in the local management team. A systematic and continuous analysis of client preferences and regulatory changes are done in product and client relation functions as well as in the legal department.

Strategic risk is the risk of the business model not being appropriate to deliver the corporate vision as a result of limited ability to implement internal change, external changes in the environment in which Euroclear operates or the inherent uncertainty associated with business planning over a medium to long-term horizon.

The product management and finance functions conduct a monthly revenue assessment of all revenue streams. Market intelligence, regulatory changes and external sources of market statistics are used to evaluate internal revenue outcome and predictions. Forecasts of volumes, value and revenues are officially re-evaluated at the Group level 3 times per year. The monthly analysis and forecasts are sent to the CEO, the group product management function and the executive committee of each entity of the group.

Strategic Developments

Euroclear is committed to supporting its clients in an operating environment that is being shaped by two major trends. Firstly, market authorities and regulators, particularly in Europe, have played an increasingly active role in defining capital markets since the last financial crisis in 2008. Secondly, over the medium term, globalisation continues to be a major driver of economic growth.

The Group's ambition remains to reduce risk and complexity for the market, as well as reducing clients' cost and improving operating efficiency. Euroclear continues to invest in regulation-driven initiatives that ensure compliance with the market infrastructure regulatory framework, support cost mutualisation and foster open access.

Clients and other market participants are seeking enhanced post-trade visibility, greater access to liquidity and collateral mobility, and the operational benefits of increased process automation. Euroclear continues to invest in developing products and services that fulfil these evolving requirements.

Investing in the European franchise

Europe is becoming a single marketplace as a result of a broad range of regulations that impact every facet of its financial markets and, in particular, through the development of a Capital Markets Union ("**CMU**"). The post-trade sector has already taken some important steps towards becoming a single market, with the new CSD Regulation ("**CSDR**") providing a single, pan-European rulebook for the sector, while the launch of the European Central Bank's TARGET2-Securities ("**T2S**") platform will provide a single settlement environment for the Eurozone.

The longer-term effects of the many new regulations that have been implemented since 2008 continue to drive the operating environment. The cost of regulatory compliance and the de-leveraging of balance sheets have spurred the quest for further operating efficiencies and cost savings. This, in turn, is driving market participants to consolidate and rationalise market access, and embrace services that help realise latent efficiencies.

At the same time, authorities have been playing a more active role as market participants since the financial crisis. Most notably, the European Central Bank continued to undertake its quantitative easing programme, while moving interest rates beyond their historic low levels and into negative territory.

These unprecedented developments, along with continued historically low interest rates and meagre economic growth in Europe, have proven a further challenge to clients, prompting many to adapt their approach to funding and collateral management activities.

(A) Capital Markets Union

On 30 September 2015, the European Commission published its Action Plan for the CMU. The plan sets out a wide range of steps that aim to remove barriers between investors and businesses through better integration of Europe's capital markets. In addition, the European Commission began an important review of the cumulative impact of recent legislation.

Although the post-trade environment is not the central focus of the plan, there are potential implications for the sector in two core areas. First, the European Commission will gather evidence on the main barriers

to the cross-border distribution of investment funds. Secondly, it will take forward previous work to clarify securities ownership and conflict of law rules. Euroclear fully supports the European Commission's plans to efficiently link savings with growth, while enhancing financial stability.

(B) CSD Regulation

Although CSDs in the EU had performed well during the crisis and were regulated extremely tightly under domestic law and under international principles, they were not regulated consistently across the EU. The need for a consistent regulatory approach to settlement systems and settlement processes was made even more pressing by the development of the Eurozone's T2S project, covering initially 24 European CSDs (see (C) below for further details).

As a result, a specific CSD regulation - CSDR - is being implemented in the EU (final rules are expected towards the end of 2016). It includes prudential rules (including capital requirements) and conduct of business rules for CSDs and CSDs with a banking licence largely based on international standards. CSDR also aims at making the EU CSD business more competitive, e.g. by giving issuers the choice of CSD, by opening access between CSDs and between CSDs, CCPs and trading venues. CSDR should be seen as complementary to, and consistent with, both the European Market Infrastructure Regulation (EMIR) (in respect of central counterparties) and the Markets in Financial Instruments Directive (MiFID2) (in respect of trading platforms).

The CSDR not only introduces a complete review and standardisation of regulation (including prudential rules and conduct of business rules) applying to CSDs in the EU, but also standardises settlement cycles and settlement discipline procedures across Europe.

Preparing for CSDR is a major focus for the Group as the Euroclear CSDs and ICSD are required to apply for authorisation as central securities depositories under the new regulation. EU CSDs (including all Euroclear CSDs and ICSD) aim to file for their CSD licenses by mid-2017, and obtain an authorisation/licence under the new rules by the end of 2017. CSDR will also require changes by clients to comply with record keeping requirements, in particular. The introduction of standardised settlement discipline and buy-in regimes across Europe is expected to occur in early 2019. Euroclear is well advanced with its CSDR implementation projects and detailed discussions with regulators are underway.

Euroclear's current expectation based upon draft regulatory technical standards published by the European Banking Authority is that the Operating Entities' (excluding Euroclear Bank, whose capital requirements are not expected to increase as a result of the CSD Regulation) capital requirements would increase from the current level of approximately EUR 170 million to approximately EUR 300 million. Due to its strong capital base, the Group is in a position to fully self-finance the increase of its CSDs' regulatory capital requirements.

(C) TARGET2-Securities

The arrival of the ECB's T2S platform will significantly alter the European post-trade landscape.

In September 2016, the Group bought T2S to fruition, with settlement activity for Euroclear's ESES CSDs in Belgium, France and the Netherlands migrating to the T2S platform in September. Euroclear Finland's CSD will migrate in late 2017.

In the T2S environment, Euroclear will provide the same level of asset servicing across asset classes, regardless of the service access option and the asset location. The Group will offer a range of harmonised services across all T2S markets, despite the continuing co-existence of varying market practices.

(D) Investing in the Nordics

As part of its investment in the broader European franchise, and in preparation for T2S, Euroclear has also been replacing Euroclear Finland's entire securities processing infrastructure with a new settlement system, known as Infinity. Infinity's first launch, comprising its fixed income system, was successfully completed in February 2015, with further developments planned ahead of its migration to T2S which is scheduled to take place in September 2017.

The Group is also investing to replace Euroclear Sweden's platform, following an agreement with the Swedish Market Advisory Committee, in a move that will bolster the Swedish financial market's competitiveness. The new platform, known as EuroclearSafe, will leverage the Group's investments made in Finland, bringing scale efficiencies to both financial markets and meeting the requirements of CSDR.

(E) Optimising pan-European liquidity and collateral management

The investments in the European franchise are aimed at helping clients to further optimise their liquidity across European markets.

The Group has already completed a number of investments to increase interoperability between Euroclear Bank and the ESES CSDs. Once the ESES CSDs' migration to T2S has been completed, Euroclear's clients will benefit from access to both global commercial and European central bank liquidity, a unique proposition that will enable clients to improve management of their short-term liquidity requirements.

In addition, €GCPlus, which launched in 2014, enables clients to manage their medium-term funding requirements using standardised baskets of securities, complementing the global collateral management services offered through Euroclear Bank.

Realising opportunities in the global capital markets

As an open financial market infrastructure, Euroclear supports the evolving requirements of participants as they look to benefit from the opportunities created by globalisation and an increasingly interconnected global economy.

(A) Global Collateral Management

Financial market participants are increasingly demanding collateral that can be mobilised across borders and time zones. With new global regulations in the un-cleared, over-the-counter ("**OTC**") derivative market coming into force in 2016 and 2017, demand for collateral is poised to accelerate in the years ahead.

A key tenet of Euroclear's strategy has been to support the financial market's requirement for a neutral, inter-operable utility to source, mobilise and segregate such collateral. This led the Group to launch the Euroclear Collateral Highway in 2012, the world's first open architecture global infrastructure for collateral management.

The Euroclear Collateral Highway provides a comprehensive solution for managing collateral, offering clients a complete view of exposures across the full spectrum of asset classes. In addition to more traditional collateral management functions (typically repos, securities lending, derivatives and access to central bank liquidity), the Group's range of collateral management solutions includes dedicated services for corporate treasurers, and a specialised equity financing service. By the end of 2015, average daily collateralised outstandings on the Euroclear Collateral Highway reached €1,063 billion, up 19.9% on the prior year.

The Group's joint venture with the Depository Trust & Clearing Corporation, GlobalCollateral, connects two of the largest pools of collateral to provide a truly global, end-to-end collateral management solution. By leveraging Euroclear's Collateral Highway financing and OTC derivative solutions domestically in the United States, GlobalCollateral will enable the automated transfer and segregation of collateral in DTC for OTC derivatives margin and other collateralised contracts.

GlobalCollateral's collateral margin transit utility will standardise, centralise and optimise OTC derivative margin processing from the point of margin call agreement to settlement, segregation and reporting via a global and end-to-end STP solution, bringing unprecedented operating efficiencies to market participants and improving the stability and soundness of financial markets.

In addition, the Group took a further step to consolidate its collateral management offering, by investing in AcadiaSoft, an industry-leading provider of electronic messaging for the OTC derivatives market.

(B) International markets

Across the globe, growth economies are establishing international market infrastructure links to attract foreign investors to help fund long-term development needs. At the same time, international investors are seeking opportunities to diversify and increase the profitability of their investments around the world, particularly during a period of historically low yields in Europe and North America.

The Group made further progress in bringing benefits to domestic capital markets that might otherwise have limited access to global participants, enabling more efficient capital flows while seeking to provide stability in the domestic markets. Since 2015, a number of banks have added "Euroclear eligibility" as a criteria for inclusion in their emerging market bond indices, further illustrating the strength of Euroclear's global franchise.

Asia is widely expected to be a driving force of global economic growth in the coming decades. As an open post-trade infrastructure, Euroclear is committed to supporting the growth and stability of the region's financial markets, building on its continued presence in Asia for over 25 years.

Euroclear's focus on growing the Asia Pacific franchise was demonstrated by the relocation of Frédéric Hannequart to Asia (Chairman of Euroclear Bank and Euroclear UK & Ireland and the Group's Chief Business Development Officer), as well as the creation of a Head of Government Relations and Strategy for Asia function to be based in Hong Kong.

Further progress was made in strengthening Euroclear's franchise around the world, with continued success in bringing 'Euroclearability' to domestic capital markets that might otherwise have limited access to global participants. The Group reached agreement with the Indian authorities to provide access to India's government bonds through Euroclear's platform.

(C) Global Funds

Funds are increasingly the means by which investors are choosing to participate in international markets, and a way for issuers to efficiently access a global investor base.

Through its expanding network of funds markets, Euroclear is establishing itself as the place for funds, providing a single entry point for the effective distribution of cross-border, offshore and domestic funds.

In early 2016, Euroclear FundsPlace was launched. This is the Group's new umbrella brand for fund solutions, providing clients with access to a range of fully automated trade and post-trade services for funds that drive out cost, risks and complexity of fund trade processing. These services include order routing, account opening, settlement and asset servicing, providing access to a network of over 900 fund administrators.

Euroclear is now one of the largest providers of fund processing services in Europe, with over 12.7 million orders routed through its FundSettle platform in 2015. Client uptake in fund services has continued to grow in the Swedish market, following the launch in 2014 of a link from Euroclear Sweden to FundSettle. In the UK, the Group has been supporting clients in achieving compliance with the new "Clients Asset Sourcebook" regulations for their own client reporting.

Euroclear has further expanded its funds network outside of Europe, opening an account with Hong Kong's Central Securities Depositary, the Central Moneymarkets Unit, in 2015. This opening coincided with a decision by Hong Kong and China's regulatory bodies to allow eligible Hong Kong-domiciled funds to be sold to retail investors in China. As a result, Euroclear Bank clients are now able to access China-domiciled funds through FundSettle, as well as Hong Kong-domiciled funds.

ETF issuers are increasingly looking to Euroclear to support them in broadening their international investor base. On behalf of BlackRock, the world's largest ETF issuer, Euroclear recently supported the largest ever corporate action in the ETF industry, finalising the transfer of its USD 200 billion domestic ETF programme to the international structure, with a final tranche of 165 ETFs migrating in the first half of 2016. Meanwhile, State Street decided to move 29 ETFs to the international structure, as part of its decision to transfer settlement for 40 of its SPDR ETFs to Euroclear's FundSettle platform. Euroclear also collaborated with Hong Kong based fund manager, Fullgoal Asset Management to issue an RMB-denominated ETF in the international structure in the first half of 2016.

(D) Simplifying the client experience

Clients around the world expect a user-friendly client experience, and Euroclear continues to meet this demand through the growth of the EasyWay™ communication tool. With the launch of new corporate action and settlement functionality, as well as a new more user-friendly and mobile compatible web interface, client uptake for EasyWay™ increased substantially since 2015. There are now over 300 clients using the service, with users ranging from investment banks to corporate treasury teams.

Euroclear also continues to develop innovative solutions that support the financial markets, often working in collaboration with market participants. Notable initiatives include those looking at potential applications of blockchain technology in London's gold bullion market and for European small- and medium-sized enterprises, as well as the launch of its e-data Liquidity product in 2016, a new service that allows users to gain insight of the liquidity of specific debt instruments.

TAXATION

Luxembourg Taxation

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. This summary is based upon the law as in effect on the date of this Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Prospective holders of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes on the basis of this Prospectus, including the effect of any state or local taxes, under the tax laws of Luxembourg and each country of which they are residents. Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment

All payments of interest and principal by a Luxembourg paying agent under the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as amended, which has introduced a 10% (to be increased to 20% as from 1 January 2017 if the bill of law n°7020 is adopted) withholding tax (which is final when Luxembourg resident individuals are acting in the context of the management of their private wealth) on interest payments.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg law of 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of this law and not by the Issuer.

In addition, pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals who are the beneficial owners of interest paid by a paying agent established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, can opt to self-declare and pay a 10% (to be increased to 20% as from 1 January 2017 if the bill of law n°7020 is adopted) tax on these savings income. This tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

The Netherlands Taxation

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of this summary it is assumed that no holder of Notes who is an individual and tax resident in the Netherlands has or will have a substantial interest in an Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has or is deemed to have, or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of Notes, an individual holding Notes or an entity holding Notes, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Notes or otherwise being regarded as owning Notes for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate and gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch", it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers as to the tax consequences of acquiring, holding and disposing of Notes.

WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

TAXES ON INCOME AND CAPITAL GAINS

Residents

Resident entities

An entity holding Notes which is or is deemed to be resident in the Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from Notes at rates up to 25%.

Resident individuals

An individual holding Notes who is or is deemed to be resident in the Netherlands for Dutch income tax purposes will be subject to income tax in the Netherlands in respect of income or a capital gain derived from the Notes at rates up to 52% if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (Wet inkomstenbelasting 2001), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, such individual will be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Notes. The deemed return amounts to 4 % of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Notes). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30%.[1]

Non-residents

A holder of Notes which is not, and is not deemed to be, resident in the Netherlands for the relevant tax purposes will not be subject to taxation in the Netherlands on income or a capital gain derived from the Notes unless:

[1] Note that a legislative proposal has entered into force based on which a (progressive) deemed return from 2.9 up to 5.5% (2017) of the value of shares at the beginning of each concerning year will be subject to tax at a rate of 30% as from 1 January 2017.

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the holder of Notes derives profits from such enterprise (other than by way of the holding of securities); or

(ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Notes by way of gift by, or on the death of, a holder of Notes, unless:

(i) such holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

VALUE ADDED TAX

There is no Dutch value added tax payable by a holder of Notes in respect of payments in consideration for the acquisition of Notes, payments of interest or principal under the Notes, or payments in consideration for a disposal of Notes.

OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of the Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

RESIDENCE

A holder of Notes will not be and will not be deemed to be resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Notes or the execution, performance, delivery and/or enforcement of Notes.

SUBSCRIPTION AND SALE

Société Générale, Citigroup Global Markets Limited and J.P. Morgan Securities plc (the "**Joint Lead Managers**") have, in a subscription agreement dated 5 December 2016 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 99.756 per cent. of their principal amount less the relevant commissions. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

Each of the Joint Lead Managers, and certain of their respective affiliates, are shareholders in Euroclear plc, and each have appointed a director of Euroclear plc.

General Restrictions

Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

United States of America

The Notes 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 account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio

management for the account of third parties (*personnes fournissant le service de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by resolutions of the Board of Directors of the Issuer dated 7 November 2016.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

Significant/Material Change

3. Since 31 December 2015 there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer and the Group.

Auditors

4. The consolidated financial statements of Euroclear plc and its subsidiaries for the years ended 31 December 2015 (as included in the Euroclear plc annual report for the year ended 31 December 2015) and 31 December 2014, the unconsolidated financial statements of the Issuer for the years ended 31 December 2015 and 31 December 2014 and the consolidated financial statements of Euroclear SA/NV and its subsidiaries for the years ended 31 December 2015 and 31 December 2014 have been audited without qualification by PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg and PwC Bedrijfsrevisoren BCVBA, Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Belgium, respectively. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales, PricewaterhouseCoopers, Société coopérative is a member of the Luxembourg institute of registered independent auditors (*l'Institut des Réviseurs d'Entreprises*) and PwC Bedrijfsrevisoren BCVBA is a member of *l'Institut des Réviseurs d'Entreprises.*

Documents on Display

5. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of Issuer at 12, Rue Eugène Ruppert, L-2453 Luxembourg and from the specified offices of the Fiscal Agent for the time being as long as any of the Notes remain outstanding:

   (a) the *statuts coordonnés* of the Issuer;

   (b) this Prospectus;

   (c) drafts (subject to modification) of the Agency Agreement and the Deed of Covenant and, upon their execution, copies of the executed Agency Agreement and the executed Deed of Covenant;

   (d) the abridged, unaudited consolidated interim financial statements of Euroclear plc and its subsidiaries as of 30 June 2016;

   (e) the annual report of Euroclear plc for the year ended 31 December 2015; and

   (f) the audited unconsolidated financial statements of the Issuer for the years ended 31 December 2015 and 31 December 2014, the consolidated financial statements of Euroclear SA/NV and its subsidiaries for the years ended 31 December 2015 and 31 December 2014 and the consolidated financial statements of Euroclear plc and its subsidiaries for the year ended 31 December 2014.

No Material Contracts

6. There are, at the date of this Prospectus, no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

Yield

7. The yield of the Notes is 1.151 per cent. per annum, as calculated at the Issue Date on the basis of the issue price of the Notes.

Legend Concerning US Persons

8. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

ISIN and Common Code

9. The Notes have been accepted for clearance through Euroclear Bank and Clearstream, Luxembourg. The ISIN is XS1529559525 and the common code is 152955952.

   The address of Euroclear Bank is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Third Party Information

10. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

Interests Material to the Issue

11. Save for the commissions and any fees payable to the Joint Lead Managers and as disclosed on page 52, no person involved in the issue of the Notes has an interest including conflicting ones material to the offer.

No Conflicts of Interest

12. In the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Listing Expenses

13. The total expenses related to the admission to trading of the Notes are estimated to be Euro 8,000 (excluding tax).

Common Safekeeper

14. The Global Notes will be deposited with Euroclear Bank as common safekeeper for Euroclear Bank and Clearstream, Luxembourg. Euroclear Bank has organisational and administrative arrangements in place to identify and manage any potential conflicts of interest between itself and its participants or their clients, and to resolve any such conflicts of interest which should occur.

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